



# AGRICULTURE INDUSTRY ACTION PLAN

## **Taskforce recommendations to government**

*Agriculture Industry Action Plan – taskforce recommendations to government*

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**More information**

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**Acknowledgments**

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## Foreword

Agriculture, which includes farm production through the aquaculture, cropping, horticulture, livestock and viticulture sectors supplies the food processing and manufacturing industry and is serviced and supported by agribusiness. Agriculture is a critical contributor to the State's economy and crucial to the economic well-being of rural and regional NSW.

In addition to its economic importance in terms of production and productivity, employment, investment and export revenue, the industry has an impact on the quality of life of all NSW residents, by supporting health and nutrition, and supplying richly diverse social and cultural lifestyles.

Based on current global and national trends, the industry has enormous potential for growth, but also faces significant challenges that must be overcome to realise that potential. This will only be possible through the coordinated efforts of all agriculture stakeholders.

This is the first time that a whole of industry and government approach to strategic planning for the industry has been undertaken in NSW. There is a growing urgency to adopt such an approach, in order to address the opportunities and challenges, community concerns around agricultural production systems, food safety and security, resource use, climate change, and animal welfare.

The NSW Government's recognition of the value agriculture has to the NSW economy has provided an opportunity through the Industry Action Plan (IAP) process, to develop and implement an integrated, comprehensive yet cost-effective strategy that will fully realise the development position of this valuable industry over the next decade and beyond to 2030.

The plan marks the first step for the industry towards a new vision and a radical shift in thinking. It is aimed at strengthening the role of the industry as a driver of sustainable economic growth, based on a coordinated and cooperative effort from industry and the NSW Government.

It recognises that commercial outcomes will ultimately be achieved by viable and resilient companies identifying and meeting customer demands; but it also recognises that the NSW Government has a key role in setting in place supportive policies and in providing essential infrastructure, services and regulatory frameworks that allow business to be conducted efficiently.

This plan contains recommendations arising from industry consultation that address key issues for the industry in the areas of productivity, innovation, labour, education, regulation, markets and community trust.

For the industry, 'business as usual' is not an option. By working together – businesses, government and the community – we can ensure that the industry will achieve its vision of *'Agriculture in NSW is profitable, productive and innovative, valued for their economic, environmental and social contribution to the State with NSW recognised as a world leader in the provision of high quality food and fibre products'*.

Lucinda Corrigan  
Agriculture Industry Action Plan  
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# SECTION 1: OVERVIEW

## Executive summary

**NSW 2021: A plan to make NSW number one** sets the Government's agenda for change in NSW. NSW 2021 recognises the importance of agriculture in improving the economic development of NSW and growing regional economies. NSW 2021 includes targets to improve agricultural productivity through sustainable land, water and vegetation management, promoting the co-existence of resource-based industries through the mapping of strategic agricultural lands and ensuring that the development efforts of industry and government are effective and well-coordinated. NSW 2021 also recognises the vital role investment in key infrastructure plays in increasing industry productivity and competitiveness.

The taskforce holds a long term vision for the NSW agriculture industry to 2030.

It sees agriculture in NSW being profitable, productive and innovative; and is valued for its economic, environmental and social contribution to the state. It believes that the industry will be a world leader in the provision of high quality food and fibre products, through the use of innovative technologies and sustainable resource management.

The taskforce sees the agricultural industry in NSW being resilient in face of change and agile in the pursuit of opportunities. It believes that the future of the industry is to be driven by industry, supported by government, providing the industry growth and opportunity that will be attractive to future generations.

NSW is a significant contributor to Australian agricultural production and the most significant domestic market for its products. However, the industry operates in a challenging environment, with continually declining terms of trade, strong and increasing competition in both the international and domestic marketplace, an aging workforce, a need to increase business and regulatory efficiency and changing consumer sentiment.

The Agriculture Industry Action Plan (IAP) taskforce welcomes the NSW Government's leadership and sees the IAP as a critical opportunity for the industry to work with government to capitalise on recent trends in increasing international demand for agriculture based products, particularly in Asia. If such market opportunities can be realised and maintained through increased industry competitiveness and growth, the economic benefits, to the State and regional economies in particular, would be immense.

The [Agriculture IAP Issues Paper](#) released by the taskforce in June 2013, outlined what the taskforce saw as the challenges and opportunities for the industry in NSW. Through public consultation the taskforce gathered further insights into the key industry issues and on what industry and government can do to address them and facilitate growth.

Stakeholder feedback and analysis has led to development of the [Agriculture IAP – Draft taskforce recommendations to government](#) was released in April 2014. This finalised document of the recommendations for action is based around six broad themes for action:

1. Build the appropriate frameworks to maintain the **profitability, productivity and innovation** that have underpinned competitiveness of the agriculture industry in the face of declining terms of trade.
2. Maximise the efficient use of human capital through a focus on **workforce and skills**.
3. Review the **business and regulatory** operating environment in NSW to ensure the focus is on business development in the industry.

4. Investigate new models for **investment and ownership** within the industry to facilitate the capital investment required to underpin growth.
5. Develop the partnerships, supply chains and operating environment to capitalise on the widely foreshadowed **markets and export** opportunities.
6. Create support for agriculture by protecting and enhancing the **social licence** of the industry and **connecting with community**.

The taskforce acknowledges the IAP process is not a one-sided funding commitment from government, rather a collaborative approach between industry and the NSW Government toward an informed, sustainable industry.

The taskforce views the role of government in the IAP process as:

- facilitating the industry led development of the IAP
- committing to addressing identified drivers and barriers to growth
- assisting industry to identify the appropriate measures required to re-align to the new industry priorities developed in the IAP.

The taskforce supports the inclusion of this IAP within the context of the NSW Government's Economic Development Framework to position the recommendations for action.

## Summary of recommendations

1. Building the appropriate frameworks to maintain the **profitability, productivity and innovation** that have underpinned the competitiveness of the agriculture industry in the face of declining terms of trade.

**Recommendation 1:** Industry to continue to invest in research through industry Research and Development Corporations at the same or greater level than 2011 and to encourage increasing public-industry-private partnerships in research, development and extension (R,D&E) and international collaboration.

**Recommendation 2:** Industry and government to investigate R,D&E models that are best suited to the industry – for example: partnership / collaboration / co investment – hubs and spokes model under the National R,D&E framework.

**Recommendation 3:** Government to investigate new investment models for public private partnerships that facilitate investment in R,D&E. These will increase the profitability, productivity and sustainability of businesses, to benefit regional primary industries, secondary industries and the stewardship of natural resources in NSW.

**Recommendation 4:** Government to investigate the development of a comprehensive database of all rural research and development projects conducted through rural research and development organisations and the Australian Government relevant to the sector in NSW.

**Recommendation 5:** Industry and government to jointly develop the vision for individual sectors to 2030 and identify a collaborative pathway to achieve the vision.

**Recommendation 6:** Government to investigate the socio-economic drivers (demographics, economic values) of the sector with a view to policy development that best guides transformation of the industry to achieve the industry vision.

**Recommendation 7:** Government to adopt an approach to policy development that actively addresses market and government failures that constrain profitability and productivity or impede sustainability of the industry.

**Recommendation 8:** Government to work with industry to identify opportunities and linkages across the metropolitan and regional business sectors to assist broader economic development.

**Recommendation 9:** Government to adopt the role of facilitator of the information market place, such that the industry is enabled in respect of access to information, knowledge and innovation that ensures profitability and productivity.

Within this information market place:

- Local Land Services (LLS) and NSW Department of Primary Industries (NSW DPI) provides independent support to extension delivery by private providers/consultants.
- Innovation based on knowledge generated by research and experience may come from all sectors with contributions from industry and producers being highly valued.
- Public sector agencies need not be the researcher, developer or deliverer where there are private providers capable of those roles.
- Knowledge, information and innovation are seen to have an economic value by producers and industry and because of this the market place can support delivery by private providers

2. Maximising the efficient use of human capital through a focus on **workforce and skills**.

**Recommendation 10:** Industry and government to develop an implementation plan with the recommendations of the ‘Review into Agricultural Education and Training in NSW’.

**Recommendation 11:** Industry and government to investigate different models in the tertiary education sector (for example the ‘land grant university’ model) for application to NSW

**Recommendation 12:** Industry and government to carry out a needs analysis for the skills and training required in technology and biosecurity.

**Recommendation 13:** Industry and government to develop a flexible model that is adaptive to needs of industry and the aspirations of students for the delivery of skills and training.

**Recommendation 14:** Industry and government to explore the development of career pathways for specific sectors of the workforce (for example, targeted skills and workforce initiatives for aboriginal communities or specific skilled industry sectors like ICT) to ensure the development of regional skill and capacity through actively promotion of rural living

**Recommendation 15:** Industry to promote a culture of enthusiasm for learning and skills development, to encourage excellence and leadership, to embrace innovation and technological progress.

**Recommendation 16:** Industry to promote career pathways in agriculture, aquaculture and agrifood industries supporting opportunities for a diverse workforce.

**Recommendation 17:** Industry to investigate the development of a professional development scheme and / or national accreditation scheme which ensures sustainable pathways for career progression for industry consultants.

3. Review the **business and regulatory** operating environment in NSW to ensure the focus is on business development in that sector.

**Recommendation 18:** Industry to review instances where red tape and duplication occurs, for example: access to resources (water / labour / logistics; impacts on small to medium enterprises of multiple layers of regulation) and for product (labelling / ingredients / market access) and to raise these issues directly with government.

**Recommendation 19:** Government to continue to focus its broader agenda on red tape reduction, particularly addressing instances where there is unintended impact of policy and regulation.

**Recommendation 20:** Government to develop a more open process for consulting with industry and for considering the net benefit to industry of government intervention through regulation.

**Recommendation 21:** Government to advocate nationally for the harmonization of regulations (particularly for biosecurity and animal welfare regulations) across state and international boundaries for the development of a strong industry.

**Recommendation 22:** Industry to develop and use industry 'best practice' guides that will demonstrate to community and government the practices carried out in the sector to reduce the need for regulation.

**Recommendation 23:** Government to recognise in the planning process the stewardship role that the agricultural sector plays in the resource planning process for access, tenure, surety and security of resources (water / land ).

**Recommendation 24:** Government to establish processes to recognise industry best practices and to identify opportunities to reward industry with less regulations or red tape if they can demonstrate best practice approaches.

**Recommendation 25:** Industry to actively engage in the implementation of the NSW planning reforms through regional and local plan development processes including articulation of its investment strategies and proposing ways to effectively manage conflict.

**Recommendation 26:** Government to ensure equity and transparency in the resource planning process through the State planning reform to ensure the improved security of farm tenure and access to valuable natural resources for agriculture.

4. Investigate new models for **investment and ownership** within the industry to facilitate the capital investment required to underpin growth.

**Recommendation 27:** Industry to investigate the various models for farm/agribusiness ownership and enhance the discussion; and improve awareness around the availability of capital and farm succession planning.

**Recommendation 28:** Industry to adopt risk management-based approaches to address financial and environmental impacts and thereby develop more resilient businesses.

**Recommendation 29:** Industry to investigate the development of appropriate mechanisms to facilitate investor interest in agriculture.

5. Developing the partnerships, supply chains and operating environment to capitalise on the widely foreshadowed **market and export** opportunities.

**Recommendation 30:** Industry to promote industry best practice for production systems to enhance NSW's reputation as 'safe and sustainable' supplier.

**Recommendation 31:** Government to better articulate market access certification and accreditation systems that facilitate the entry of NSW products into interstate and overseas markets in the most efficient way.

**Recommendation 32:** Industry and government to develop strong partnerships centred on market access outcomes affected by biosecurity status, animal welfare, and natural resource management.

**Recommendation 33:** Government to lead a broad engagement and export development strategy for the industry in NSW, including targeted initiatives.

**Recommendation 34:** Industry to actively promote ‘safe and sustainable’ agrifood to targeted markets domestically and internationally.

**Recommendation 35:** Government to actively provide advice to the Australian Government on policy issues such as market powers, labelling, and trade; including trade agreements and infrastructure needs.

**Recommendation 36:** Government to produce an infrastructure investment plan to prioritise investment in the development and replacement of key infrastructure that is related to agricultural industries, with the plan to be consistent with industry investment strategies.

6. Create support for agriculture by protecting and enhancing the **social licence** of the industry and **connecting with community**.

**Recommendation 37:** Industry to develop a social licence strategy that connects with industry and the community and actively encourages direct participation of farmers by providing the tools to engage with their social licence stakeholders.

**Recommendation 38:** Industry to undertake a ‘social licence’ risk analysis for identified commodities and products, in order to understand and manage the socio-political risks to the industry.

**Recommendation 39:** Industry and government to seek inclusion of social licence as a distinct goal within agricultural RD&E model framework.

**Recommendation 40:** Industry and government to develop a coordinated promotion strategy for agriculture in NSW.

## SECTION 2: BACKGROUND

### Agriculture – What does this cover?

Within this Industry Action Plan (IAP), agriculture covers a diverse range of businesses producing more than 100 different commodities represented under the broad groupings of aquaculture, cropping, horticulture, livestock and viticulture production systems.

Agriculture, supplies the food processing and manufacturing sector and is serviced and supported by agribusiness. In its strictest sense the taskforce defined agriculture as:

*‘Agriculture is the use of natural and man made resources for the production of food, fibre and other products including early stage processing’.*

There are close associations between the businesses engaged in production and supporting agribusinesses. Links to the processing sector and the array of supply chains are critical but generally not considered to be ‘agriculture’. The issues and challenges for the agribusiness and value chain sector are addressed by the NSW Government’s Manufacturing Industry Action Plan and are not included here.

Farming in NSW operates in almost completely deregulated markets with a strong export focus, with around 60 per cent of agricultural product being exported. The supply chains are varied and complex. For example, it features industries:

- that effectively export 100 per cent of production directly off farm e.g. wool, some grains and oilseeds.
- which involve minor processing prior to export for further processing e.g. cotton.
- those with extensive processing domestically for both domestic and export markets e.g. wine, oilseeds.
- which provide fresh food directly to either domestic or export markets e.g. seafood, fruit, vegetables, herbs and flowers.
- with many instances where a combination of these pathways is employed within the one commodity group to meet market opportunities.

While agriculture in NSW has been very much focused on production of commodities, the industry is increasingly specialising to meet specific markets both domestically and internationally. The level of both on-farm and off-farm value adding is increasing.

The production industries compete not only on the international market, but domestically for market share, in some cases in direct competition. Depending on the industry they may operate through cooperatives, or on a regional or national scale, with most industries having state and/or national peak advocacy bodies and contribute levies to support nationally directed research, development and extension funding. Those farmer levies are invested in research and development through the supply chain and on market development, brand development and promotion.

Agribusinesses specialising in providing production inputs or financial, marketing, business management, transport, technical and technological advice work closely with and support farm and aquaculture enterprises across the State. Supply chains link farm enterprises either directly to consumer markets or product processing.

This IAP has focused on key industries of aquaculture, broadacre, horticulture, livestock and viticulture within the production sector. It does not attempt to address the competitiveness issues for the processing sector / manufacturing sector which were addressed separately through the NSW Government’s Manufacturing Industry Action Plan, finalised in 2013.

The taskforce recognises that to improve the competitiveness of industry there is a need to build stronger ties beyond the farm-gate. It does this through its recommendations that seek to strengthen linkages to the processing and marketing sector, both domestically and internationally.

There are issues that are similar between agriculture and manufacturing, for example, the effect of currency exchange rates, rising input costs, employment and labour skills, import and export market competition, and changing community perceptions of the industry. This IAP outlines the taskforce's recommendations for industry and government to address issues that are specific to agriculture.

## Agriculture's importance to the NSW economy

Agriculture contributed approximately \$15.349 billion directly to the NSW economy in the year ending June 2012<sup>1</sup>. In 2011-12, the NSW agricultural industries contributed \$4.996 billion<sup>2</sup> to the States' exports while aquaculture contributed \$54.675 million<sup>3</sup> to State's economy.

NSW has around 38,875<sup>4</sup> businesses carrying out agricultural activity and 555<sup>5</sup> fishing businesses. Approximately 55,375 people are directly employed<sup>6</sup> in the NSW agricultural industry with 2,750 in aquaculture.

Importantly, that employment is regionally based with 30 per cent of employment in rural communities (six per cent across all NSW)<sup>7</sup> involving primary industries services and activities, half of which is directly attributable to agriculture.

Wheat is the most important crop commodity for NSW, contributing \$2.195 billion<sup>8</sup> to gross agricultural product and to NSW and Australian exports. Cattle and calves is the next most important (\$1.626 billion); followed by cotton (\$1.296 billion); wool (\$810 million); poultry (\$722 million); milk (\$497 million); sheep and lamb (\$475 million); rice (\$254 million) and eggs (\$207 million). Horticulture is also a key NSW economic contributor, for example the Northern Rivers region provides 86 per cent of Australia's blueberries, 55 per cent of its macadamias and 22 per cent of its soybeans.

The broader agrifood sector is substantially based on locally grown food commodities, and contributes over \$33 billion in revenue to the State's economy, with over 2,000 food business and 70,000 people employed in NSW<sup>9</sup>.

Within the 15 sub-groups comprising the NSW manufacturing<sup>10</sup> industry, food product manufacturing in 2012 was the largest employer, with employment growing at around 0.6 per cent per annum, against an average for all manufacturing over the same period of -1.4 per cent.

Food product manufacturing in NSW represented 18 per cent of the total value of exports from the NSW manufacturing industry in 2009-10.

<sup>1</sup> ABS, *Australian National Accounts, State Accounts 2011-12*, 5220.0, November 2012

<sup>2</sup> DAFF, *Food Stats 2011-12*, Table 5.8 Australia's Food Exports by transformation and states

<sup>3</sup> ABARES, *Australian Fisheries Statistics 2012*, Table 1: Gross value of fisheries production - Australia, by State

<sup>4</sup> ABS, *Agricultural Activity by State 2011-12*, 7121, November 2012

<sup>5</sup> NSW Trade & Investment, *Contribution of Primary Industries to the NSW economy – Key Data*, 2012

<sup>6</sup> ABS Census 2011, employment by place of work.

<sup>7</sup> ABS Census 2011, employment by place of work

<sup>8</sup> ABS, *Value of Principal Agriculture Commodities produced 2011-12*, 7501, November 2012

<sup>9</sup> NSW Business Chamber response to the National Food Plan green paper, September 2012

<sup>10</sup> DAFF, *Food Stats 2011-12*, Table 3.1: Employment in Food and Beverage manufacturing

NSW hosts many of Australia's largest food corporations, major wineries and diversification of processed food production.

The largest commodities in terms of turnover are:

- meat and poultry products.
- flour, cereal and bakery products.
- beverages, particularly soft drinks and wine.
- snack foods/prepared meals.
- dairy products, horticultural products and confectionery are emerging important sectors.

Agricultural product goes beyond 'food and fibre'. It directly and indirectly underpins a range of other industries e.g. recreational industries such as the thoroughbred, quarter-horse and other equine industries, energy – through the production of ethanol from starch produced as a by-product of the grains industry, and by supplying specialty products for a host of other industries including the medical and industrial sectors.

Agriculture in NSW has a strong emphasis on export and has built a reputation as a supplier of high quality commodities. The industry has evolved from production of non perishable commodities, to assured, high quality products for the expanding market of the middle class consumer.

Agriculture is a major user of natural resources in NSW. Around 75 per cent of the land mass has an agricultural land use and around 80 per cent of all water extracted under the NSW water sharing plans (predominantly surface water from regulated rivers) is diverted to agricultural production. While agricultural activity occurs across the State, there are areas of specific concentration, including the peri-urban areas associated with metropolitan Sydney.

In 2013, the NSW Government declared 2.8 million hectares or 3.5 per cent of the State as Biophysical Strategic Agricultural Land under its Strategic Regional Land Use Policy affording it protections under that policy. NSW Government planning reforms anticipate a State Planning Policy specifically addressing the development needs of the agriculture industry. With its wide geographical base, access to labour, utilities, services and the infrastructure to deliver production inputs and move goods to market are critical issues for the future of the industry.

## A vision for the industry

The taskforce recognises the need to identify a high level, long term vision for the industry to the horizon of 2030 to help guide its development. The vision is:

*Agriculture in NSW is profitable, productive and innovative, valued for their economic, environmental and social contribution to the State with NSW recognised as a world leader in the provision of high quality food and fibre products*

The taskforce believes that this vision can be measured by:

- the resilience of the industry and how easily it can adapt to change.
- the agility of the industry and businesses in the pursuit of opportunities.
- the industry's link to research and uptake of innovative technologies.
- the ability of the industry and businesses to provide and promote an attractive career path for future generations.
- attracting investment.
- innovation in the financing of agriculture and agribusiness.

## Competitive advantages of NSW agricultural industry

Agriculture, in NSW has strengths in the diversity of its production systems, resource availability and access; along with the relatively mild and favourable climatic conditions in which it operates. This enables production of a wide range of high quality food and fibre products and means NSW has a dynamic and versatile agricultural industry that is well positioned to take advantage of the many opportunities that lay ahead.

Agricultural produce from NSW has a strong reputation with consumers, unparalleled for its safety, reliability and a history of innovation, resilience and responsiveness. NSW is fortunate to have a strong research and development sector, balanced with world class educational institutions.

In NSW, agriculture has a strong domestic market and is well positioned to capitalise on the growth in global populations and consumer wealth. There are favourable consumer trends and attitudes for ethical production systems.

## Key future challenges and opportunities

‘The NSW economy in 2020 – A foresighting study’ (Access Economics 2010) identified four mega-trends that are expected to have a considerable impact on the shape and performance of all sectors of the economy, including agriculture. These are:

- national and global policy actions to address climate change and water use.
- demand and competition from emerging economies, especially China and India.
- the widespread adoption of new information technologies.
- demographic changes, especially a growing and aging population.

The same foresighting study presented a number of considerations to drive growth:

- agriculture should maximise potential for export growth.
- agriculture should support activities which have a substantial positive impact on the international competitiveness of other industry sectors in NSW.
- agriculture needs to modernise and commercialise, adopting new technologies and clever solutions, whilst maintaining its focus on profitability.

The taskforce notes that the growth potential related to agriculture is extremely significant as it is not limited to the industry itself. Growth in the agriculture industry also has a flow on effect to boost the growth of many other industries through its close links and dependency on the transport and logistics, packaging, retailing, food service and tourism sectors.

Over the next ten years and coming decades, ongoing globalisation, population and income growth will strongly drive demand for agricultural food and fibre products. In late 2013, in reviewing the opportunities and challenges for the Australian economy, the Deloitte<sup>11</sup> report predicted that agribusiness exports to growing Asian markets, fuelled by agricultural and aquaculture production would be one of the five major growth sectors in the Australian economy. This opportunity has also been recognised by other States (i.e. South Australia<sup>12</sup> and Victoria<sup>13</sup>).

The challenges in this scenario were considered to be:

- ageing of the workforce.

<sup>11</sup> Building the Lucky Country #3, Positioning for Prosperity? Catching the next wave, Deloitte. 2014

<sup>12</sup> PIRSA, Action Plan for Premium Food and Wine, September 2013

<sup>13</sup> DEPI, Food to Asia Action Plan, March 2014

- employment attractiveness of other industries e.g. mining for younger workers.
- the need for capital investment to increase the size of farming operations, allowing economies of scale and flexibility.
- increasing the number of students studying to enter the industry.
- rebuilding trust and reputation with markets, including the Indonesian live cattle markets.
- working to become a supplier of choice in international markets.
- the need to improve the efficiency of transport infrastructure.
- retaining land on urban fringes for food production.

Innovation in NSW agricultural business is essential to continued improvements in productivity and profitability in the industry. The vision for the industry is to secure a growing contribution to the NSW economy through an ongoing focus on improvements in productivity and on the competitive advantage of agricultural business in NSW.

According to the Productivity Commission<sup>14</sup>, agriculture achieved the best average growth rate in multifactor productivity since the late 1980s, across the 12 market sector industries analysed. While ABARES<sup>15</sup> reports a similar strong long term positive performance for the industry, it notes that in keeping with agriculture in other developed nations, growth in multi-factor productivity has declined over the last decade, largely as a result of adverse seasonal conditions and stagnating investment in R&D. Productivity growth has been essential in maintaining profitability in the industry in the face of a continuing decline in the terms of trade.

## Identification of key themes

In developing the issues paper in early 2013, the taskforce reviewed the competitive advantages of the NSW agricultural industry and the future key challenges and opportunities. From this process, it defined key areas of the NSW agricultural economy to consider through the development of the IAP. The following six key themes were identified.

### 1. Productivity, profitability and innovation

- Surety and security of adequate land, water and resources.
- Industry is increasingly driving innovation on behalf of its stakeholders.
- There is a need for uptake of the latest research and development (R&D) by industry and stakeholders to drive productivity.
- The changing mix of public and private investment in research and development.
- Changing terms of trade in the context of increased costs of production, competition from overseas and volatility of international commodity markets.
- Improvements in management and adaptation to increased climate variability and its impacts of enterprise productivity, profitability and resource allocation.
- The need for improving business skills as agricultural enterprises intensifies, with greater exposure to production and marketing risks.
- Capitalising on export opportunities, such as the ‘food bowl to Asia’ century.
- Access to telecommunications infrastructure and access to innovative technologies.

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<sup>14</sup> Productivity Commission 2005, *Trends in Australian Agriculture*, Research Paper, Canberra.

<sup>15</sup> ABARES, Australian Agricultural Productivity Growth, February 2014.

## 2. Workforce and skills

- Tailoring agricultural education and training to ensure appropriate skills for future industry development.
- Improved planning for labour force supply and demand to better manage the seasonality of labour.
- Attracting the next generation of farmers to redress the ageing profile of the farming sector; and the provision of the right skills needed.

## 3. Business and regulatory

- Maintaining a strong biosecurity track record given new and emerging biosecurity risks are inevitable as a result of increased climate variability and globalisation.
- International variations in regulations governing industry and workforce such as higher health and safety regulations, environmental regulations and duplicative regulatory regimes which will increase costs for Australian farmers.
- Anticipated increase in regulatory requirements over coming years, especially in relation to product identification, hygiene of production, packaging and storage of product for food safety reasons.
- Changes to the use of chemicals in agricultural production systems and the management of risks for the unintended or off-site impacts.
- Growing expectations from consumers for traceability and accountability of production systems.
- Support an open and competitive environment where funding and risk management tools are available.

## 4. Investment and ownership

- Finding the right balance of public and private investment for replacing ageing infrastructure; improve coordination of and investment in infrastructure.
- Striking the right balance regarding foreign investment and foreign ownership within the industry. This is a broad trend occurring across the international agricultural industry, and is driven largely by issues around acquiring adequate capital for business growth and for production and financial risk management.
- Driving greater economies of scale to maximise efficiency.
- Addressing barriers for investment and new entrants to the industry.
- Pressures associated with changing land use (e.g. urban expansion, extractive industries) that threatens to reduce the land available for agriculture, and opportunities for co-existence.

## 5. Markets and export

- Management of the impact of global issues on local production, such as the fluctuations in the Australian dollar and trade agreements with our export markets.
- Supermarkets represent the largest domestic market segment for food products. Concerns that their reduced competition is increasingly allowing a small number of buyers to force lower prices; manipulating quality and supply from producers and processors.
- Improved coordination of efforts may be needed to capitalise on trade opportunity through greater insights and understanding of market needs, also the need to address inequitable market access.

- Globalisation can be seen as a positive as it provides opportunities for much needed investment in agriculture.

## 6. Connecting with community

- Generally, there is a need to improve the levels of awareness and understanding of agriculture, its activity and value to the NSW economy including in relation to environmental stewardship, climate resilience and carbon mitigation.
- Industry has a need to be pro-active and improve its representation, connection and communication of key issues impacting on the industry to the non-rural community and government.
- Gaps in capacity to address community concerns when there are instances of unfavourable reports about some agricultural practices - these have the potential to impact negatively on the agricultural industry by:
  - devaluing agriculture in the eyes of local consumers.
  - discouraging potential new entrants to the industry.
  - making access to capital more difficult.
  - encouraging potential partners and buyers to look elsewhere.
  - discouraging young people from entering the agricultural workforce.
  - reducing the ability of NSW agricultural businesses to engage and compete internationally.
- Continual improvement of economic, environmental and social outcomes through the development of best practice guidelines / environmental management systems by industry sector, industry process or region; and to enhance industry sustainability to consumers.

## Development of recommendations

Following the release of the issues paper in June 2013, 44 submissions were received and direct consultation was undertaken with a range of specific stakeholders to ensure a broad sounding was taken prior to working up the taskforce's recommendations.

Stakeholders welcomed the Deputy Premier's decision to engage in an inclusive IAP to determine not only where the strengths of the industry are but also the weaknesses and challenges so as to collaboratively make improvements.

The consultation process with industry stakeholders and the general public reinforced the key themes identified in the Issues Paper developed by the taskforce. These issues are explored in further detail in the recommendations section of this IAP with several strategies identified to address each.

Submissions reinforced a number of common issues underpinning the six themes and informed the development of goals (figure 1) for industry and government to strive for through the IAP.

The taskforce recognised that the NSW Government's IAP process sets a timeframe for actions over a 10 year period. The taskforce has formulated strategic goals for the Industry Action Plan under each of these themes for consideration by the wider industry and government.

To achieve these goals and realise its vision for agriculture in NSW by 2030, the taskforce has developed specific recommendations under the themes. The recommendations nominate an industry response, a government response or a joint response by both industry and government.

## Links to other industry strategies

The taskforce recommendations were not developed in isolation; consideration was given to existing planning documents developed by government and industry. The taskforce:

- recognises the efforts of the NSW Government and industry in planning strategies for the development of the industry.
- sees this IAP assisting with the success of these strategies through ensuring a consistent industry and government approach to the issues facing the industry.
- encourages all levels of government to continue to meet their commitments to Regional Development Australia (RDA) at the Commonwealth, State and local level; and the NSW Regional Actions Plans (RAP) and the NSW Infrastructure Plan at the State and local level.
- encourages industry to identify opportunities to develop strategies to address the particular requirements for industry growth and to exploit marketing opportunities and production environment advantages.

Figure 1: Alignment of IAP Themes and Goals



# SECTION 3: AGRICULTURE IAP TASKFORCE RECOMMENDATIONS

## Recommendations

### 1. ‘Profitability, productivity and innovation’

**Objective:** To build the appropriate frameworks to maintain the **profitability, productivity and innovation** that has underpinned the competitiveness of the Agriculture industry in the face of declining terms of trade.

#### Goal 1: A responsive and flexible industry

##### Investment in research and development

Continuing government and industry commitment to agricultural research, development and extension is necessary to increase productivity through innovation in the NSW agricultural industry. The taskforce sees that the continued investment by government and industry in transformational, long term research with improved partnership models is essential for continued growth of the industry. Two thirds of innovation in Australian agriculture is driven by international research, the remainder domestically, through both research and extension activities. The taskforce encourages all parties to recognise that investment in research and development, including through international collaboration is a key enabler for the industry. The taskforce therefore supports a continued major role for government in the funding of research and a re-examination of the RD&E sector to achieve best use and integration of investment.

**Recommendation 1:** Industry to continue to invest in research through industry Research and Development Corporations at the same or greater level than 2011 and to encourage increasing public-industry-private partnerships in research, development and extension (R,D&E) and international collaboration.

##### Research frameworks

The formulation of an RD&E investment framework for NSW that is seamlessly linked with the National RD&E framework and aims to increase the overall value of production and lead to resource use efficiency and profitable production systems. Future profitability depends on innovation in plant an animal science and biotechnologies to secure and improve production. Profitable and sustainable production systems that capitalise on innovation will also provide support for, and benefit from, improved land and resource management, biosecurity protections and animal welfare measures.

##### University and industry R&D collaboration project

*“The university would welcome discussions with the Taskforce and government about any initiatives in which shared facilities, resources and staff could be harnessed to provide world class agricultural R&D and research workforce renewal.*

*Strategic collaboration and combining of resources of the NSW Government and Universities would see NSW become a domestic and international force in agriculture R&D”*

Sydney University submission to IAP taskforce:

**Recommendation 2:** Industry and government to investigate R,D&E models that are best suited to the industry – for example: partnership / collaboration / co investment – hubs and spokes model under the National R,D&E framework.

**Recommendation 3:** Government to investigate new investment models for public private partnerships that facilitate investment in R,D&E. These will increase the profitability, productivity and sustainability of businesses, to benefit regional primary industries, secondary industries and the stewardship of natural resources in NSW.

**Recommendation 4:** Government to investigate the development of a comprehensive database of all rural research and development projects conducted through rural research and development organisations and the Australian Government relevant to the sector in NSW.

## **Goal 2: A profitable and productive industry in NSW**

### **Building regional development**

The long term sustainable production of food and fibre in NSW is essential for maintaining viable rural communities. Thirty per cent of employment in rural communities (eight per cent across all NSW) involves primary industries services and activities, half of which is directly attributable to agriculture and aquaculture. NSW is a major contributor to domestic primary production across a significant range of products and to meeting the demand for quality Australian products. Practical measures to improve agricultural productivity need to be agreed between government and industry. There are collaborative opportunities with Regional Development Australia for industry development and in the NSW Government's Regional Action Plans and the Economic Development Framework.

**Recommendation 5:** Industry and government to jointly develop the vision for individual sectors to 2030 and identify a collaborative pathway to achieve the vision.

**Recommendation 6:** Government to investigate the socio-economic drivers (demographics, economic values) of the sector with a view to policy development that best guides transformation of the industry to achieve the industry vision.

## **Goal 3: Enabling competitive advantage**

### **Innovative leadership and management**

Productive, profitable and sustainable agriculture industries in NSW require a holistic view of enterprise management, from industry and government, to ensure production can satisfy current and anticipated future demand. The industry has a proven capability to innovate, be productive and profitable. The time has come for industry and government to work together to develop strategies that enable farmers to earn a living from the land. Industry needs government policies that assist in creating an investment environment and fostering competitiveness. Stronger leadership will assist industry in adapting to changes in markets, exploiting new marketing opportunities and being resilient in the face of competition; capitalising on technological advances; and evolving with the changes in the production systems' environment.

**Recommendation 7:** Government to adopt an approach to policy development that actively addresses market and government failures that constrain profitability and productivity or impede sustainability of the industry.

**Recommendation 8:** Government to work with industry to identify opportunities and linkages across the metropolitan and regional business sectors to assist broader economic development.

## Goal 4: Improved capability and access to knowledge

### Developing capacity and maximising the uptake of innovation

There is a clear opportunity for a government and industry partnership to ensure the profitability and sustainability of production systems. The NSW Government has an important role in setting in place supportive policies and in providing essential infrastructure, services and regulatory frameworks that allow business development in this space. One key role will be through working at both the State and national level to assist sustainable production through appropriate regulation of biological controls, genetic modification technology, chemical and other inputs.

Meeting the challenge of profitably increasing sustainable food production will require government to adopt science based policies that support farming production systems and do not unnecessarily limit available production options. Nevertheless, production system efficiency will need to be balanced with the development of stewardship principles around our plant, animal and natural resources. These include minimising food safety risks, having minimal impacts on the natural resource base, ensuring rehabilitation and maximising the environmental benefits from soil carbon and ecosystem services. The variety in farming systems, environments and produce means that a “one size fits all” approach is neither logical nor effective. In light of its knowledge and experience in identifying specific knowledge gaps through daily interactions with regional communities, NSW Local Land Services should play a key role in the development and delivery of extension material that focuses on improving sustainable production.

Provision of services and information by the private sector providers is critical to improving the rate of innovation. The private sector will play a wider role in the agricultural advisory space by developing sustainable businesses and building private provider/consultant extension and innovation networks.

**Recommendation 9:** Government to adopt the role of facilitator of the information market place, such that the industry is enabled in respect of access to information, knowledge and innovation that ensures profitability and productivity.

Within this information market place:

- Local Land Services (LLS) and NSW Department of Primary Industries (NSW DPI) provides independent support to extension delivery by private providers/consultants.
- Innovation based on knowledge generated by research and experience may come from all sectors with contributions from industry and producers being highly valued.
- Public sector agencies need not be the researcher, developer or deliverer where there are private providers capable of those roles.
- Knowledge, information and innovation are seen to have an economic value by producers and industry and because of this the market place can support delivery by private providers

## 2. ‘Workforce and skills’

**Objective:** To maximise the efficient use of human capital through a focus on **workforce and skills**.

### Goal 5: A highly skilled and flexible workforce

The industry is well aware that the demographics of the workforce present a serious challenge and have done for some time. For example, the median age of workers in the Australian agriculture, fishing and forestry industries, at 47 years, is well above the national average, as is the percentage of workers over 55.

Future industry development will need to be underpinned by investing in expanding the skills and ensuring appropriate workforce is available. This investment can be through capitalising on existing knowledge, institutions and skills, broadening the workforce and skills base from other sectors and migrant workers and establishing agriculture and aquaculture as careers of choice. It requires comprehensive knowledge of the agricultural workforce with clearly identifiable links between education, employment opportunities and the development of attractive career pathways, clear career progression pathways, succession planning and the provision of incentives to work in rural areas by both government and industry.

A profitable and sustainable industry will be one that maximises its efficient use of human capital. The development of networks within industry and improved collaboration between industry, education providers and government will enable both the development of skills and the provision of opportunities.

#### Improved skills and the provision of training

There are many opportunities posed by the recent ‘[Review into Agricultural Education and Training in NSW](#)’ (Pratley, June 2013) at both secondary and tertiary level. In December 2013, the government announced its support for 26 of the 27 recommendations to government contained in the review. The taskforce supports the implementation of the recommendations for improved school education and career pathway development. The taskforce also considers there is an opportunity for government to support an enhanced model for extension and uptake of R&D; and that a range of international models for the delivery of agricultural education and extension warrant further investigation with a view to developing and piloting an appropriate system.

**Recommendation 10:** Industry and government to develop an implementation plan with the recommendations of the ‘Review into Agricultural Education and Training in NSW’

**Recommendation 11:** Industry and government to investigate different models in the tertiary education sector (for example the ‘land grant university’ model) for application to NSW

#### Agricultural education is essential to our health

*“Education of food production and its importance for health should be a priority at all ages and stages of education”.*

*Wollondilly Shire*

*“YFM believes that more young people – from both rural and urban areas – would be drawn into a career in agriculture if education in agriculture was improved”.*

*Youth Food Movement Australia submission to IAP taskforce*

## Labour and skills shortage

Stakeholders identified two key drivers of labour and skills shortages experienced across the industry. Firstly, the attraction of employment in the mining and other industries has placed pressure on competition for labour and skills. Secondly, the long term demographic change in rural population, with younger workers seeking opportunities outside rural areas, is continuing.

To manage the rapidly advancing technological base seen in many agricultural production systems, including biotechnology, it will be essential for industry to anticipate and identify the core skills needed to utilise this technology.

Matching of the delivery of training and the demand for labour, needs to be based on a co-operative model between industry, government and those institutions delivering skills capability. This will require co-investment in the industry. It will also require the encouragement of careers in research in agriculture, farm management, contractors and other service providers through effective training linked with identified career paths.

Agriculture needs to look widely at the available workforce and encourage and support engagement by the broader community.

**Recommendation 12:** Industry and government to carry out a needs analysis for the skills and training required in technology and biosecurity..

**Recommendation 13:** Industry and government to develop a flexible model that is adaptive to needs of industry and the aspirations of students for the delivery of skills and training.

**Recommendation 14:** Industry and government to explore the development of career pathways for specific sectors of the workforce (for example, targeted skills and workforce initiatives for aboriginal communities or specific skilled industry sectors like ICT) to ensure the development of regional skill and capacity through actively promotion of rural living

## Goal 6: Attractive and secure career pathways

### Reputation of the industry as an employer of choice

Enhancing the reputation of the industry as the cornerstone of rural employment will require changes to the accessibility and cost of training, matching training to market demand and rewarding employees through appropriate and more flexible awards and employment conditions.

Actively pursuing measures to attract workers and expanding the pool of potential employees, for example by providing training and opportunities for rural family members and migrant workers, will do much to enhance the image of careers in the industry. Measures that showcase the industry as an exciting and rewarding area to work will be more effective than the traditional focus on the historical relevance of particular sectors.

Government needs to reassess the priority it attaches to the industry in recognition of the critical role it plays in the future development of

### Agriculture as a career of choice

*"I strongly support the need to improve "showcasing of rural industries as exciting and rewarding areas to work". An example of a good program which achieves this as well as contributing to the professional development of young people in agriculture is the RAS Rural Achievers program. Such programs could be expanded or replicated. Investment in industry leadership development is crucial via programs such as the Australian Rural Leadership Program."*

Personal submission – details withheld - submission to IAP taskforce

NSW and the opportunities presented by increased demand for food and fibre. There is widespread misunderstanding and poor awareness of the industry, its practices and what it offers society. Encouraging a better understanding of the opportunities in agriculture and delivering improved workforce solutions through the development of a workforce strategy would underpin development of the industry.

**Recommendation 15:** Industry to promote a culture of enthusiasm for learning and skills development, to encourage excellence and leadership, to embrace innovation and technological progress.

**Recommendation 16:** Industry to promote career pathways in agriculture, aquaculture and agrifood industries supporting opportunities for a diverse workforce.

**Recommendation 17:** Industry to investigate the development of a professional development scheme and / or national accreditation scheme which ensures sustainable pathways for career progression for industry consultants.

### 3. ‘Business and regulatory’

**Objective:** Review the **business and regulatory** operating environment in NSW to ensure the focus is on business development in the industry.

#### Goal 7: Identify red tape reduction opportunities

##### Regulatory impact on business

Businesses are exposed to the impacts of regulation in multiple ways, including financial, land use planning, environmental and labour regulation from all levels of government. Stakeholders considered that small or medium sized businesses (including family farming enterprises) have less capacity and capability to address the requirements of multiple layers of complex regulation.

**Recommendation 18:** Industry to review instances where red tape and duplication occurs, for example: access to resources (water / labour / logistics; impacts on small to medium enterprises of multiple layers of regulation) and for product (labelling / ingredients / market access) and to raise these issues directly with government.

**Recommendation 19:** Government to continue to focus its broader agenda on red tape reduction, particularly addressing instances where there is unintended impact of policy and regulation.

#### Goal 8: Improved consideration of the impacts on agricultural industry competitiveness of policy and regulation development

##### Balanced decision making for regulation development

The taskforce and stakeholders consider it is incumbent on government to ensure that regulations are necessary, reasonable and responsive.

While there were some perceptions that all regulation is a burden to industry, the taskforce considered that in many cases the regulatory environment sets a benchmark that ensures

##### Unintended impacts of cross border regulations

*“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.”*

Regional Development Australia – Northern Rivers submission to IAP taskforce

market access, certainty of product quality and provides confidence in the operations of industry sectors.

In general, stakeholders believed that red tape should be reduced and they are concerned about the unintended impacts of regulation. In particular, the industry would like the impacts of resource planning, security of tenure/access for resources (land, water and energy) to be considered in a transparent manner. Common sense planning regulations and streamlining and improvement of the alignment of planning processes with environmental and food regulations, particularly regulations that impose similar or duplicative administrative or compliance requirements are essential. Harmonizing interstate biosecurity regulation, particularly the transportation, phytosanitary, livestock health and animal welfare regulations and achieving export parity cost of biosecurity compliance are key concerns and were commonly raised during consultation.

**Recommendation 20:** Government to develop a more open process for consulting with industry and for considering the net benefit to industry of government intervention through regulation.

**Recommendation 21:** Government to advocate nationally for the harmonization of regulations (particularly for biosecurity and animal welfare regulations) across state and international boundaries for the development of a strong industry.

## Goal 9: Review current processes for assessing the net benefit of regulation to industry

### Regulatory cost recovery and the basis for regulation

The taskforce calls on the government to review regulatory models and the opportunities for broader co-regulatory models where appropriate. The taskforce recognised there is a case for the imposition of a cost recovery process for some government inspection and licensing processes.

**Recommendation 22:** Industry to develop and use industry ‘best practice’ guides that will demonstrate to community and government the practices carried out in the sector to reduce the need for regulation.

**Recommendation 23:** Government to recognise in the planning process the stewardship role that the agricultural sector plays in the resource planning process for access, tenure, surety and security of resources (water / land ).

**Recommendation 24:** Government to establish processes to recognise industry best practices and to identify opportunities to reward industry with less regulations or red tape if they can demonstrate best practice approaches.

#### Benefits of best practice agriculture

*“The drafting of legislation to protect agriculture from conflicting and competing land use, legislated protection for Standard Agricultural Practice(SAP) in appropriately zoned areas, or pre-existing agricultural enterprises where urban encroachment has occurred”.*

Agricultural Reference Group and Regional Development Australia Sydney submission to IAP taskforce

## Goal 10: Improve liaison with government on emerging policy issues

### Planning

The taskforce recognises and supports the intention of the planning reforms in NSW to streamline processes and reduce potential conflict regarding access to resources and industry development. This should enable government policies and programs to be better balanced and more consistent in their approach to natural resources management and land access while allowing for the sustainable use of resources for increased food and fibre production. There are a number of key outcomes the industry believes are important for this reform agenda to achieve to support the long term development of agriculture, including improving certainty for investment, and appropriate access to resources.

The industry requires certainty in order to ensure sustained growth, including security around investment into land and other resources. Submissions suggested that government needs to recognise the longer timeframes associated with agricultural activity in the landscape. This requires an appropriate balance of access to the resources of land, water and energy between mining, agriculture and aquaculture and urban development whilst ensuring intergenerational equity.

In 2012, the government introduced a Strategic Regional Land Use Policy to manage the potential land use conflicts arising demands of the mining and coal seam gas industries for agricultural land. The policy introduces a gateway process to assess State significant mining and CSG proposals on biophysical strategic agricultural land and the Upper Hunter equine and viticulture critical industry clusters, including assessment of potential aquifer impacts.

The efficacy of the policy in protecting agricultural land has yet to be demonstrated. In contrast, the protection of agricultural land from urban encroachment in peri-urban areas is minimal. The economic value of production attributable to peri-urban agriculture in the Sydney basin amounts to some \$1.5 billion, supports 22,000 jobs in the primary production and food processing sectors and supplies more than 80% of Sydney's fresh produce<sup>16</sup>.

Stakeholders were concerned about the long term security of access to resources, specifically water, and that this was a disincentive to investment in the industry. Pressures associated with changing land use impacting on land available for agriculture (urbanisation; lifestyle farming; mining; environmental objectives) also impact on water availability for agriculture. Competition for water will continue to grow as an important limiting factor on agriculture in NSW and will be further exacerbated by climate change.

It was considered that industry development will need stable and favourable policy settings for resource management and security of access in light of the long lead time needed for change management in farming enterprises. The previous section and its recommendations on regulation address some of these concerns.

**Recommendation 25:** Industry to actively engage in the implementation of the NSW planning reforms through regional and local plan development processes including articulation of its investment strategies and proposing ways to effectively manage conflict..

**Recommendation 26:** Government to ensure equity and transparency in the resource planning process through the State planning reform to ensure the improved security of farm tenure and access to valuable natural resources for agriculture.

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<sup>16</sup> Agricultural Reference Group and Regional Development Australia Sydney submission to IAP taskforce,

#### 4. ‘Investment and ownership’

**Objective:** To investigate new models for **investment and ownership** within the industry to facilitate the capital investment required to underpin growth.

##### Goal 11: Promote development of successful ownership and business models

During the consultation process, industry stakeholders were clear in their advice to the taskforce that the issue of investment and ownership is a key industry responsibility, and that industry stakeholders recognise the need to develop new models for future farm ownership.

The taskforce recognises that significant investment will be required for the development of the industry, including ongoing foreign investment. A clear framework supporting investment opportunities and certainty needs to be established by national and state governments.

##### Business models

Enterprise business models today are much different to those of the past, with trends in business aggregation in order to achieve economies of scale, gain production efficiencies and access to capital. Lack of access to capital was frequently raised by industry stakeholders, being considered an essential element to future industry expansion. Submissions included many critical comments regarding the attitudes of financial institutions towards risk in the industry. These comments support the opportunity for the development of new investment models, for example, the encouragement of foreign investment in rural business and the development of active resources markets for water.

By far the most common business model is still the family farm business. There was a common sentiment regarding the low levels of farm succession planning for ongoing family farm ownership. This issue was often coupled with the concerns relating to career pathways for new and emerging farm managers. There was good support for the concepts of developing the business skills of the industry, leading to improved business resilience and reducing the need for assistance.

Stakeholders recognised that farm managers and owners are comparable to the general manager of a small business with assets of \$3-5 million, with comparable skills and experience. The changing dynamic of farm ownership was highlighted as an issue for the industry, with the traditional model of the sole trader or owner/operator under challenge. This

##### Agricultural business risk management

*“We are currently working with industry, peak bodies and financial institutions on a model for risk mitigation in Agriculture, which would not only reduce the financial peaks and troughs associated with severe weather events but also create mechanisms for farm financing to encourage expansion, uptake of innovation and encourage the next generation of farmers”*

Regional Development Australia – Orana submission to IAP taskforce

##### Future sources of investment and capital

*“There is a looming issue of intergenerational transfer of family farm assets, there will be billions tied up in this issue..... There needs to be some investigation of inter-generational transfer options, this could include shared equity family businesses or introducing capital through foreign or city investors – the highest valued asset is the local people with local knowledge and experience”.*

Personal submission – detail withheld submission to IAP taskforce

model is changing and will continue to do so, as capital is being accessed from a wide range of non-traditional sources.

**Recommendation 27:** Industry to investigate the various models for farm/agribusiness ownership and enhance the discussion; and improve awareness around the availability of capital and farm succession planning.

**Recommendation 28:** Industry to adopt risk management-based approaches to address financial and environmental impacts and thereby develop more resilient businesses.

Submissions recognised that along with farm ownership, infrastructure ownership is also changing. Infrastructure investment partnerships between industry and government will need broader sources of capital investment (domestic and foreign) and an appropriate balance of private and public investment. An example of the development of privately funded infrastructure is the development of intermodal-hubs for logistical and distribution solutions.

**Recommendation 29:** Industry to investigate the development of appropriate mechanisms to facilitate investor interest in agriculture..

## 5. 'Markets and export'

**Objective:** To develop the partnerships, supply chains and operating environment to capitalise on the widely foreshadowed **markets and export** opportunities.

### Goal 12: Improve access to markets

The taskforce recognises the strong reputation that NSW has as a supplier of safe agrifood and that this is founded on the role played by government through the NSW Food Authority. Here, the supply chain has standards and systems that enable international market access, surety of ingredient safety and a strengthening of the consumer's confidence in NSW agrifood products.

Promotion of export opportunities, encouraging regional collaboration and reducing discrepancy in regulations are aspects that require more attention at both a state and federal level, particularly in respect of improving export competitiveness and protecting exports with valuable intellectual property rights. NSW should advocate on industry's behalf to the Federal Government. While industries can contribute by promoting and adopting best practice production principals and ensuring traceability and accountability of production systems are in place.

**Recommendation 30:** Industry to promote industry best practice for production systems to enhance NSW's reputation as 'safe and sustainable' supplier.

**Recommendation 31:** Government to better articulate market access certification and accreditation systems that facilitate the entry of NSW products into interstate and overseas markets in the most efficient way.

**Recommendation 32:** Industry and government to develop strong partnerships centred on market access outcomes affected by biosecurity status, animal welfare, and natural resource management.

## Goal 13: Support export opportunities

### Export opportunities

Anticipated development of the Asian economies on Australia's trading doorstep offers great opportunities for the industry, but will require active leadership and engagement with the marketplace. This economic development is coupled with the societal and dietary changes in these countries and augers well, if successfully targeted by the primary production, agrifood sector and international trade and marketing sector.

The conclusion of free trade agreements with Japan and Korea and the likelihood of other future bilateral and multilateral trade agreements have created opportunities for agricultural expansion.

**Recommendation 33:** Government to lead a broad engagement and export development strategy for the industry in NSW, including targeted initiatives.

## Goal 14: Improve awareness and promote reputation of NSW agricultural products

### Brand and reputation

There are further opportunities to capitalise on the reputation of NSW products as being safe and environmentally sustainable. Maintaining and expanding this reputation should be a priority for the sector.

Stakeholders recognised that 'best management practice' models and certification processes provide much desired consumer confidence in production systems, but that consumer expectations were becoming more sophisticated and were now extending to ethical production systems. Underpinning a strong reputation for 'safe and sustainable' agrifood providers is an effective and efficient biosecurity management effort that maintains market security and access. It can be further enhanced through environmental and animal stewardship delivered through improved animal husbandry systems, improved systems for weed and plant disease resistance management, water use efficiency, optimisation of environmental flows and robust food safety management.

Submissions support continued efforts for 'brand Australia', NSW, or local agrifood for particular markets; considered necessary for the development of many marketing avenues for the industry, ranging from local farmers markets to niche markets in developing countries.

**Recommendation 34:** Industry to actively promote 'safe and sustainable' agrifood to targeted markets domestically and internationally.

## Goal 15: Remove market distortions

### Market protection

Many stakeholders had strongly held views on the issues of market power, particularly targeting the impact of supermarket power on fresh food product prices and production systems, and asking for protection of the industry from imbalances in market power and trade domestically and internationally, for example, the dumping of products into the domestic market.

**Recommendation 35:** Government to actively provide advice to the Australian Government on policy issues such as market powers, labelling, and trade; including trade agreements and infrastructure needs.

## Goal 16: Remove infrastructure constraints to improved productivity

### Transport and logistics

Transport and logistical impediments were recognised as major constraints for export and development by reducing competitiveness for the industry. Stakeholders identified load limits, rail and port access and ageing infrastructure as critical concerns, while the sale of the Port of Newcastle presents an export infrastructure opportunity,

**Recommendation 36:** Government to produce an infrastructure investment plan to prioritise investment in the development and replacement of key infrastructure that is related to agricultural industries, with the plan to be consistent with industry investment strategies.

## 6. 'Connecting with community'

**Objective:** Create support for agriculture by protecting and enhancing the **social licence** of the industry.

## Goal 17: Develop an enduring social licence for NSW agriculture

### Build on existing social licence

Social licence describes the degree to which an industry is accepted and trusted by the community. Different perceptions of what constitutes sustainable agricultural production between the city consumers (that comprise the community majority) and the country producers, compounded by poor communication has led to misunderstandings about agricultural production that have been exacerbated by activists and resulted in decreased levels of trust from both sides. In order to improve community trust, industry and government need to understand community concerns and proactively inform the community as well as be seen to respond to issues.

**Recommendation 37:** Industry to develop a social licence strategy that connects with industry and the community and actively encourages direct participation of farmers by providing the tools to engage with their social licence stakeholders.

Consumer and supermarket demands on the industry are rising. There is increased scrutiny of production systems including requirements for transparency around production and information

### Infrastructure and intermodal freight hubs

*“The Wagga Wagga City Council (WWCC) is currently endeavouring to contribute towards a significant increase in the Riverina’s export capabilities, made possible by the proposed construction of the Riverina Intermodal Freight and Logistics hub (RIFL). The project involves the construction of new major rail and road infrastructure and a freight terminal.... the supporting infrastructure such as roads and bridges will restrict the ultimate efficiency of the operation.”*

Wagga Wagga city council submission to IAP taskforce

### Agriculture and community connected

*“Both Government and Industry must work together to educate young people about the food system for example through: providing access to information on how and where food is grown; supporting educational initiatives that connect farmers and young people; innovative labelling systems; using the power of the internet and social media to bridge the rural-urban divide; and investing in platforms and initiatives that distribute food via direct consumer-producer relationships such as farmers markets and community supported agriculture.”*

Youth Food Movement Australia

availability and participation in production systems by the supermarkets. This is due to an increased desire by consumers for information on food origin and production methods and greater oversight of the supply chain by supermarkets. This includes specific or factional interests (e.g. organic, free range, hormone free) influencing the development of the sector and markets.

**Recommendation 38:** Industry to undertake a ‘social licence’ risk analysis for identified commodities and products, in order to understand and manage the socio-political risks to the industry.

## **Goal 18: Develop a better understanding of the drivers of the social licence of NSW agriculture**

### **Focus research on social licence**

In order to build community trust, an industry needs to be able to identify and understand social licence issues important to their stakeholders. It is also important to understand the network of relationships between stakeholders. With this knowledge the industry can then focus communications; choose methods to build trust and adopt practices that lead to improved social licence.

Monitoring the level of social licence allows the industry to identify emerging opportunities and avoid crises.

**Recommendation 39:** Industry and government to seek inclusion of social licence as a distinct goal within agricultural RD&E model framework

## **Goal 19: Strengthen the link between community and agriculture**

### **Industry Promotion**

Modern agricultural businesses are competitive, innovative and technology driven enterprises, with production systems far more efficient and quite removed from the farmyard scenes depicted in much of the 20<sup>th</sup> century children’s literature. The real image of modern agriculture is not well communicated, fully understood nor accepted as farming by the community.

**Recommendation 40:** Industry and government to develop a coordinated promotion strategy for agriculture in NSW.

# Appendix 1: Submissions received

## First round of consultation submission authors / organisations

1. Agricultural Reference Group
2. Biodynamic Agriculture Australia LTD
3. Coles - retail
4. Cotton Australia
5. Country Women's Association of NSW
6. Craig Heraghty - PWC - Interview
7. CropLife Australia Ltd
8. Dairy Industry Group Far North Coast
9. David Palmer - interview
10. Essential Oils Producers Association of Australia
11. Eurobodalla Shire Council
12. Greg Bennett - personal submission
13. Hawkesbury-Nepean CMA
14. Horticulture Australia - Interviews
15. Ian Hudson - Industry Capacity Network - interview
16. Industry Forum – compilation of workshop session notes
17. Jim Beale - personal submission
18. Joe Lane - GHD - Interview
19. John and Sandra Naismith - personal submission
20. John Keniry - interview
21. John Troughton - personal submission
22. Ken Bryant - personal submission
23. Leeton Shire Council
24. Norco - Dairy Co-op
25. NSW Apiarist's Association
26. NSW CMA Chairs
27. NSW Farmers Association
28. Nursery and Garden Industry Association (NSW and ACT)
29. Organic Federation of Australia
30. Poultry Meat Processors
31. RAMM Botanicals - horticultural inputs
32. Ray Whiteman - personal submission
33. Regional Development Australia - Hunter
34. Regional Development Australia - Northern Rivers
35. Regional Development Australia - Orana region
36. Rice Growers Association of Australia
37. Ron Aggs - personal submission
38. Ross Moad - personal submission
39. RSPCA submission
40. Serrated Tussock Working Group NSW- ACT
41. Sydney University
42. Terry Inglis - personal submission
43. The Royal Agricultural Society of NSW (RAS)
44. Veterinary Institute for Animal Ethics

## Appendix 2: Submissions received

### Second Round of consultation submission authors / organisations

1. Agricultural Reference Group
2. Bush Nuts Australia
3. CropLife Australia Ltd
4. Ian Rogan - personal submission
5. Essential Oils Producers Association of Australia
6. John Cordina - personal submission
7. Louise Saarinen - personal submission
8. Nursery and Garden Industry Association (NSW and ACT)
9. Regional Development Australia – Far South Coast
10. Regional Development Australia – Hunter
11. Regional Development Australia - Northern Rivers
12. Regional Development Australia - Orana region
13. Rod & Juleen Young - personal submission
14. Sentient
15. Sydney Food Fairness Alliance
16. Terry Inglis - personal submission
17. The Pine Pastoral Company
18. The Warren Centre for Advanced Engineering
19. University of Sydney
20. Wagga Wagga City Council
21. Wollondilly Shire Council
22. Youth Food Movement

## Appendix 3: IAP Timeframe and Key Dates

### Agriculture IAP consultation

First round consultation		Date
Web	<ul style="list-style-type: none"> <li>NSW Government – Have your say web site</li> <li>NSW DPI web site</li> </ul>	July 2013
Media	<ul style="list-style-type: none"> <li>Issue of public notice in the rural press x2</li> <li>Radio interviews x2</li> <li>NSW DPI press release x 2</li> <li>Local media items x12</li> </ul>	July / August / September / October 2013
Forums	<ul style="list-style-type: none"> <li>Joint launch of Agriculture IAP by deputy Premier and Primary Industries minister (June 13)</li> <li>Stakeholder forum – Sydney (June)</li> <li>CMA Chairs – July</li> <li>RDA forum – July</li> </ul>	
Direct contact	<ul style="list-style-type: none"> <li>240+ email to industry stakeholders</li> </ul>	
Interviews	<ul style="list-style-type: none"> <li>7 key individual stakeholder interviews</li> </ul>	
Consultation on development of the draft recommendations	<ul style="list-style-type: none"> <li>4 internal agency meetings (Divisions with in NSW DPI / Trade &amp; Investment)</li> <li>3 meetings with other government agencies</li> <li>5 individual meetings with industry stakeholders</li> </ul>	November / December 2013
Second round consultation		Date
Web	<ul style="list-style-type: none"> <li>NSW Government – Have your say web site</li> <li>NSW DPI web site</li> </ul>	March/April 2013
Media	<ul style="list-style-type: none"> <li>Issue of public notice in the rural press</li> </ul>	March 2013
Direct contact	<ul style="list-style-type: none"> <li>280+ email to industry stakeholders</li> </ul>	March 2013
Consultation on development of the draft recommendations	<ul style="list-style-type: none"> <li>4 internal agency meetings (Divisions with in NSW DPI / Trade &amp; Investment)</li> <li>2 meetings with other government agencies</li> </ul>	March/April/May 2013

### Agriculture IAP timeline

Duration	Action	Date
Months 1-3	Development and Release of issues discussion paper	April / May / June 2013
Months 4-7	Seek industry/stakeholder input through interviews, stakeholder meetings and public consultation on issues paper	July / August / September / October 2013
Months 8-14	Draft recommendations and consultation - Seek industry/stakeholder input through interviews, stakeholder meetings and public consultation on draft Industry Action Plan	November – June 2014
Month 16	Public release of taskforce final IAP & NSW Government response to taskforce recommendations, following Cabinet approval	July 2014

## Appendix 4: Industry Action Plan Q&A

### Why are IAPs being developed?

The NSW Government has established industry-led taskforces to develop Industry Action Plans to position key sectors of the NSW economy for strong growth, resilience, improved innovation and productivity, global competitiveness, and new investment opportunities over the next decade.

The development of the IAPs is an important element of *NSW 2021*, the government's 10 year strategic plan. The decade to 2021 will present both opportunities and challenges for our cities, towns, businesses and communities.

For example, our position in an increasingly connected global economy, with fluid markets and consumer demand, advances in new technology and a growing and ageing population, are just some of the mega-drivers that we need to navigate.

The IAP will help NSW industries meet these challenges as well as capitalise on opportunities.

### What are the key elements of an IAP?

An IAP will document the explicit actions that both Industry and government will undertake to support industry growth and development. The IAP will include:

- a long-term vision for the industry
- analysis of the opportunities, challenges, risks and barriers facing the industry
- a regional economic and employment perspective
- implications for small and medium sized businesses in the industry
- policy actions and designs that will help the industry be competitive
- detail of industry and regional specific opportunities for growth and export
- proposed actions for both industry and government to promote growth of the industry to enable it to capitalise on the opportunities and address the challenges identified
- key performance indicators and targets.

### What is the role of the IAP taskforce?

The development of the Agriculture IAP has been undertaken by a small focused industry-led taskforce. Some members of the taskforce have been drawn from the newly created Primary Industries Ministerial Advisory Council and that Council will be a key reference and support group for the taskforce.

In developing the IAP, the taskforce will undertake consultations with key stakeholders including major businesses (including processing, manufacturing etc), industry groups, education institutions, research organisations and government agencies (at Commonwealth, State and local levels, where appropriate).

The taskforce will employ consultative mechanisms that allow for a broad range of stakeholder input. Regional consultations will also be undertaken. An issues paper has been prepared to provide background to the taskforce.

Government actions in the IAP will ultimately be presented to the NSW Minister for Primary Industries and the NSW Deputy Premier. The IAP recommendations will be subject to Cabinet consideration before a government response is made. The taskforce is to include within the IAP advice on how recommendations should be implemented.

## What are the terms of reference for the IAP?

The Agriculture IAP taskforce has been tasked to submit an Industry Action Plan that:

- outlines a vision and 10 year development strategy for the industry, including 2 year and 5 year goals
- articulates ways to achieve the vision, including priority issues to be addressed (including, but not limited to, skills, regulations and regulatory barriers, innovation and productivity, research and development, infrastructure and policy reform)
- proposes ways to build stakeholder engagement and commitment in delivering long-term industry development needs
- identifies drivers for and barriers to growth and innovation in the industry (including those caused by government practices, as well as identifying specific issues facing regional businesses and small to medium enterprises)
- identifies and validates the key domestic and global trends, opportunities and challenges for the industry's development (including for regional NSW and small business development)
- develops detailed recommendations and rationale for the strategies and actions proposed to be undertaken by industry, industry associations, educational and research institutions, and government. Strategies and actions should encourage industry growth, enhance productivity and innovation, improve export performance and, where required, facilitate structural adjustment
- identifies key performance indicators, progress and outcome metrics, clear benchmarks and timeframes for major initiatives
- identifies roles and responsibilities for the delivery of the IAPs recommendations, and outlines mechanisms to oversee and report on the progress of its implementation.

The Industry Action Plans are being developed within a tight fiscal environment where there are budgetary pressures for both the government and for industry. Therefore, the IAPs are not expected to commit industry or the NSW Government to the injection of large amounts of additional funding.

## Who is on the taskforce?

The NSW Government appointed the Agriculture IAP taskforce in April 2013. The taskforce brings together leading agriculture thinkers from key beef and sheep, cropping and rural service sectors. The Agriculture IAP taskforce membership consists of:

- Lucinda Corrigan (Chair) – Beef producer
- Michael Murray – Cotton Australia
- Barry Walker OAM – Wool and Sheep Industry
- Peter Wright – Chairperson, RSPCA
- Chris Cummins – Breakout River Meats, Cowra
- Fiona Simson – Chairperson, NSW Farmers
- Alister Bennett – Head of Product Management and Development, Rabobank
- Gerry Lawson AM – Chairman, Sunrice
- Ian Cartwright – Fisheries Review Panel
- David Goodfellow – Group General Manager, Elders Ltd.