



Growing the best

Submission to National Food Plan

September 2011

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TABLE OF CONTENTS

1	Summary of Recommendations	3
2	National Food Plan.....	9
2.1	Vision For Food Plan	9
2.2	Implementation of Food Plan	10
3	Food Security	12
3.1	What is Food Security?	12
3.2	Long Term Trends	13
3.3	Long Term Price Trends	13
3.4	Areas requiring attention for sustainable food production	14
3.5	Distribution.....	27
3.6	Biofuels and Food Security	29
3.7	Hunger in Australia	32
3.8	What are some of the developed and developing nations doing about their food security?	33
3.9	Additional Responses on Food Security	37
4	Diet, nutrition, food safety and the consumer	39
4.1	Diet and Nutrition	39
4.2	Changing Consumer Choice and Expectations	43
5	Competitive, productive and efficient food industry	55
5.1	Investment	55
5.2	Capital stock and infrastructure	58
5.3	Innovation	65
5.4	Labour and Skills	74
6	Sustainable Food Industry.....	81
6.1	Social and economic sustainability of communities	82
6.2	The future of farming.....	88
6.3	Role of natural resource base and biodiversity	92

1 Summary of Recommendations

Chapter 1

Recommendation 1

That the vision of the National Food Plan be to provide the policy basis for the promotion of Australia's food production and processing industries to ensure the capacity to:

- Maximise Australia's opportunity to capitalise economically and socially on increasing global demand for food; and
- Meet the needs and requirements of the developing domestic market with regard to quantity and quality of food produce, including identifying and meeting boutique market demands.

Recommendation 2

That Council of Australian Governments (COAG) and State and Territory Governments develop an intergovernmental agreement to give effect to a national approach to National Food Plan within Australia.

Chapter 2 and 3

Recommendation 3

That the issues highlighted by the Prime Minister's Science, Engineering and Innovation Council, the Australia 2020 Summit on Food Security and the eight areas identified by NSW Farmers are taken into account while addressing short-term shocks and long-term challenges of Food Security in the development and implementation of National Food Plan.

These further eight areas are:

- Increased investment in research, development and extension services to boost productivity and adoption levels;
- Investment in sustainable risk management programs and policies including market reforms to promote increased competition at the supermarket; decreased barriers to other primary production supply channels; fertiliser; and fuel retail levels;
- Continued support for multi-lateral trade negotiations and more open markets for trade in agricultural goods. Liberalising world food markets will expedite rational supply responses and the allocation of resources towards more efficient producers, including those in developing countries, thus lifting productivity and global output;
- Increased investment in water use efficiency to cost effectively manage fluctuating seasonal conditions;

- Transport and infrastructure upgrades to support the efficient, timely and cost effective movement of primary produce;
- Sufficient funding for Australia’s exotic disease and Quarantine/Biosecurity programs to detect any potential threat to Australia’s domestic production capacity;
- Land use planning reforms to ensure urban sprawl, mining, Managed Investment Schemes (including Carbon Forestry offset projects) and unreasonable environmental regulation do not adversely impact Australia’s farm production capacity. This may include developing financial incentives for farmers not to subdivide their land and/or creating dedicated agricultural ‘hubs’ in those areas of high farming productivity; and
- A review of foreign investment in Australian farmland and the potential economic and social impact of food and fibre grown in Australia being entirely repatriated back to these countries.

Recommendation 4

- a) That the government provides incentives for farmers to invest in environmentally friendly power generation systems.
- b) That biodiesel produced for your own off-road use to be exempt from the payment and rebate of excise and that the government remove legislative impediments that restrict the “on farm” production and use of biofuels.

Chapter 4**Recommendation 5**

That nutritional guidelines be based solely on the outcomes of nutrition research and that judgements on sustainability are excluded from recommendations.

Recommendation 6

That Government recognise the promotional programs funded by industry which provide a valuable contribution to the nutrition and health message through the continuing support for RDCs.

Recommendation 7

That Australia develop and implement a clear labelling system, which provides easy to understand information on nutrition, product attributes and country of origin.

Recommendation 8

That desirable product attribute claims be specifically defined and be certified under a recognised standard or accreditation scheme and be subject to compliance checks.

Recommendation 9

That retailers recognise all horticulture food safety and quality certification programs that are Hazard Analysis and Critical Control Point (HACCP) based so that farming businesses do not have to implement more than one system to address the same food safety and quality risks.

Recommendation 10

That Government and industry collaborate to develop a communication program so as to improve the understanding of food production by Australian consumers.

Recommendation 11

That Government implement a Sustainable Food and Fibre Policy so that future generations will understand how food and fibre is produced, and the resources required for its production.

Recommendation 12

That Government enhance communication to consumers so that they gain a greater understanding of the systems underpinning food safety in Australia.

Recommendation 13

That there is full transparent labelling of GM ingredients on all imported and domestic food products sold in Australia with understandable and scientifically supported information regarding GM.

Recommendation 14

That, based on sound credible data, NSW Farmers work with industry and Government to inform its Members and consumers of the known and potential benefits of GM technology as applied to food crops and of the role of the regulatory authorities in protecting the health and safety of people and the environment.

Recommendation 15

That the Australian standards of compliance for food safety be also applied to imported food products.

Recommendation 16

That country of origin labelling clearly state the country of origin of the essential character and general statements such as being imported or a mix of local and imported ingredients not be permitted.

Chapter 5

Recommendation 17

That the Food Plan designates a legislated requirement that road funding at all levels must meet a certain condition of focus on the food supply chain.

Recommendation 18

Expansion of the HML network into the northern zone of NSW, in which 38 of the 108 key routes between livestock selling, feedlotting and processing centres are located.

Recommendation 19

That the Food Plan provides a plan to ensure that transport bottle necks created by inferior bridges are removed.

Recommendation 20

That a key output of the National Food Plan is to produce a priority listing of infrastructure projects, which includes those outlined in this submission. These projects must be priority considerations for future Infrastructure Australia funding rounds.

Recommendation 21

That the RDA National Charter is amended to ensure consideration of the National Food Plan.

Recommendation 22

The Association believes the following qualifications should be added to the Skills

Shortage List:

- a. Certificate 2 Agriculture
- b. Certificate 3 Agriculture
- c. Certificate 4 Agriculture
- d. Certificate 3 Wool Handling
- e. Certificate 3 Clip Preparation-Owner Classer
- f. Certificate 4 Wool Classing Professional Classer 5 Shearing/Shed Hands

Recommendation 23

That at a State level, the NSW Department of Education and Communities review its agricultural traineeship funding levels so that no reductions in base funding levels are made for key agricultural and agrifood related traineeships.

Chapter 6

Recommendation 24

That the definition of 'sustainability' in the issues paper be amended to reflect the Australian Government's National Strategy for Ecologically Sustainable Development, and how it relates to the National Food Plan.

Recommendation 25

That the Federal Government commit funding to collect data by catchment which can be fed into states' strategic land use plans and encourage states which aren't already doing so to preserve prime agricultural land.

Recommendation 26

That the Federal Government actively supply relevant data on water and environmental resources to state planning authorities for use in land use planning.

Recommendation 27

That the Federal Government broaden its powers under the Environmental Protection and Biodiversity Conservation Act 1999 to intervene where mining or coal seam gas developments seek to interfere with water resources in the Murray Darling Basin or Great Artesian Basin.

Recommendation 28

That the National Food Plan encourage State Governments to introduce explicit protections and incentives for agriculture as part of State and Local Government planning processes.

Recommendation 29

That the National Food Plan encourage the creation of regional development strategies, infrastructure investment and policy reforms that enable growth in the agricultural sector and which provide an economic foundation for decentralisation

Recommendation 30

That the National Food Plan include consideration of transport hubs and corridors to enable movement of agricultural produce in and out of metropolitan and non-metropolitan regions.

Recommendation 31

That the NSW State Government extend the Rural Support Worker contracts to a minimum funding cycle of three years and ensure that there are no reductions in staffing levels within the program with full support from the Federal Government.

Recommendation 32

That the Federal and State Governments continue to financially commit to the Rural Financial Counselling Program and ensure that there are no reductions in staffing levels within the program.

Recommendation 33

That the Federal Government collaborate with the states to redevelop native vegetation planning regimes so they maximise social, economic and environmental outcomes and the value of Commonwealth funding in this area.

Recommendation: 34

That the National Food Plan recommends triple bottom line planning principals in any future Water planning processes involving productive water.

Recommendation 35

That the National Food Plan commit to the maintenance of primary producers' access to stock and domestic water in protecting agricultural water resources across the country into the future.

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That the National Food Plan commit to the maintenance of primary producers' access to stock and domestic water in protecting agricultural water resources across the country into the future.

2 National Food Plan

NSW Farmers is Australia's largest State Farming Organisation representing the interests of the majority of commercial farm operations throughout the farming community in NSW. Through its commercial, policy and apolitical lobbying activities it provides a powerful and positive link between farmers, the Government and the general public.

NSW Farmers is the key state representative body for both intensive and extensive industries ranging from broad acre, meat, wool and grain producers, to more specialised producers in the horticulture, dairy, poultry meat, egg, pork, oyster and goat industries. NSW Farmers also represents the interests of rural and regional communities and the important issues associated with natural resource management.

Food production, in the form of agriculture, and industries associated with agriculture such as transport and logistics companies, rural merchandisers, commodity traders, food processors, wholesalers and retailers have traditionally played an important role in the fabric of Australian society and the economy. However, NSW Farmers holds the view that the importance of these industries has not always been reflected in the policy settings that have determined the productivity and prosperity of those engaged.

NSW Farmers believes that the need for a 70 percent increase in food production by 2050 to feed a growing population of growing affluence, highlights the greater global and national strategic importance of food production and processing. This is both with respect to the opportunities that increased global food demand has for Australia, with its heritage of being a global exporter of food; as well as ensuring affordability of food domestically and contributing to greater global food security.

2.1 Vision For Food Plan

On the above basis, NSW Farmers believes that the development of a National Food Plan enables an opportunity to provide the policy basis for the promotion of Australia's food production and processing industries, to ensure the capacity to:

- Maximise Australia's opportunity to capitalise economically and socially on increasing global demand for food; and
- Meet the needs and requirements of the developing domestic market with regard to quantity and quality of food produce, including identifying and meeting boutique market demands.

Recommendation 1

That the vision of the National Food Plan be to provide the policy basis for the promotion of Australia's food production and processing industries to ensure the capacity to:

- Maximise Australia's opportunity to capitalise economically and socially on increasing global demand for food; and
- Meet the needs and requirements of the developing domestic market with regard to quantity and quality of food produce, including identifying and meeting boutique market demands.

2.2 Implementation of Food Plan

In order for a National Food Plan to have success in its objectives, it is essential that in its development, mechanisms to ensure that the policy settings it encompasses are put into implementation. NSW Farmers is concerned that the efforts undertaken by industry and government in developing the *Creating our Future: Agriculture and Food Policy for the Next Generation* (the Corish Report), have been undermined by inadequate mechanisms for the implementation of its findings.

NSW Farmers notes table 1 from the discussion paper,¹ which highlights the division of regulatory powers between the Commonwealth and the State and Territory Governments on matters pertaining to food policy. The impact of this division of powers upon the implementation of a national food policy is that no single level of government has the capacity to execute all the necessary settings, in order to achieve the policies vision and objective.

Because of this, NSW Farmers believes there is the need for the different jurisdictions to collaboratively define actions within the competence of each jurisdiction, in a coordinated manner. Most importantly, this coordination must ensure that regulatory red tape born by industry is not duplicated across jurisdictions. Once these actions are approved, each jurisdiction should then be held accountable to the agreed actions.

In order to achieve this outcome, NSW Farmers recommends that the Council of Australian Governments undertake a process of developing and entering into an intergovernmental agreement for the implementation of the National Food Plan.

¹ Department of Agriculture Fisheries and Forestry (2011) *Issues paper to inform the development of a national food plan, 7*; ('Discussion Paper')

Recommendation 2

That Council of Australian Governments (COAG) and State and Territory Governments develop an intergovernmental agreement to give effect to a national approach to National Food Plan within Australia.

3 Food Security

3.1 What is Food Security?

The National Food Plan Issues Paper highlights the following United Nations Food and Agriculture Organisation (FAO) internationally accepted definition of Food Security:

When all people, at all times, have physical, social and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life²

In other words food security is multi-dimensional and multi-sectoral and involves many issues from food production, distribution and marketing, preparation, processing and storage to population and health, education, employment and income, nutrition, trade, services and infrastructure.

Food security therefore should be looked at from different perspectives as it can be an issue for individuals within households, for households as a whole, for nations and for the international community. For instance, at the household level, individual members may be malnourished while others may have sufficient food. In some societies, women and/or children may be the victims of food discrimination. It is therefore important to assess women's and men's access to food and the difference in calorie intake according to gender, within the affected population.

At the national level, there may be sufficient food supplies, but food insecure households or areas may exist due to production/supply shortages, low income levels and general lack of access to those supplies particularly for those people in rural and remote areas. While internationally, current food production levels are more than sufficient to feed all people, all food is not equally available or accessible. Thus in the above context, improving food security would mean ensuring households have the means to produce sufficient food of acceptable quality for their own consumption — or earn enough regular income to purchase it and access the market, while ensuring all members of the household have sufficient access.

Taking into account the above FAO definition and the multi-dimensional and multi-sectoral dimensions, NSW Farmers is of the view that Food Security for the purpose of the National Food Plan should address:

- adequacy of food supply and availability;

² Discussion Paper, 5.

- stability of supply, with minimum fluctuations or shortages from season to season or year to year;
- accessibility to and affordability of food; and
- quality and safety of food.

Addressing the above issues involves more than just the production of sufficient quantities of food. It requires that food is to be accessible, affordable and of sufficient variety and quality to enable a healthy life. Furthermore, in any National Food Plan it is important to consider food security from the point of view whether the Australian food supply chain is sufficiently resilient to withstand short-term shocks and sufficiently strong to face long-term challenges.

3.2 Long Term Trends

As population and economic growth continue, upward pressure will be placed on commodity demand and in turn food prices. The world's population is forecast to grow 38 per cent by 2050, from 6.8 billion to 9.4 billion and over the next forty years,³ Australia is potentially poised to have the fastest population growth of the industrialised world, at 65 per cent, should it grow to 35 million by 2049.

Global agricultural production must increase 70 percent by 2050 to feed an additional 2.3 billion as the population become more urbanised and wealthier.⁴ Ninety per cent of this required production growth is projected to come from increased yields and cropping intensity, and only 10 percent from the expansion of arable land. Specifically, the FAO have stated that annual cereal production will need to increase 30 percent to 3 billion tonnes from 2.1 billion tonnes and annual meat production will need to increase 74 percent to 470 million tonnes from 270 million tonnes.⁵ Consequently, national food production and efficiency gains in the supply chain will need to dramatically increase if we are to feed a burgeoning population with clean and affordable food.

3.3 Long Term Price Trends

The OECD-FAO 2009-2018 agricultural outlook⁶, projects that prices for agricultural commodities in real terms will be at, or above, the levels of the decade prior to the 2007-08 peaks, as shown in **Figure 1** below.

³ Prime Minister's Science, Engineering and Innovation Council (2010) *Food Security*, 20.

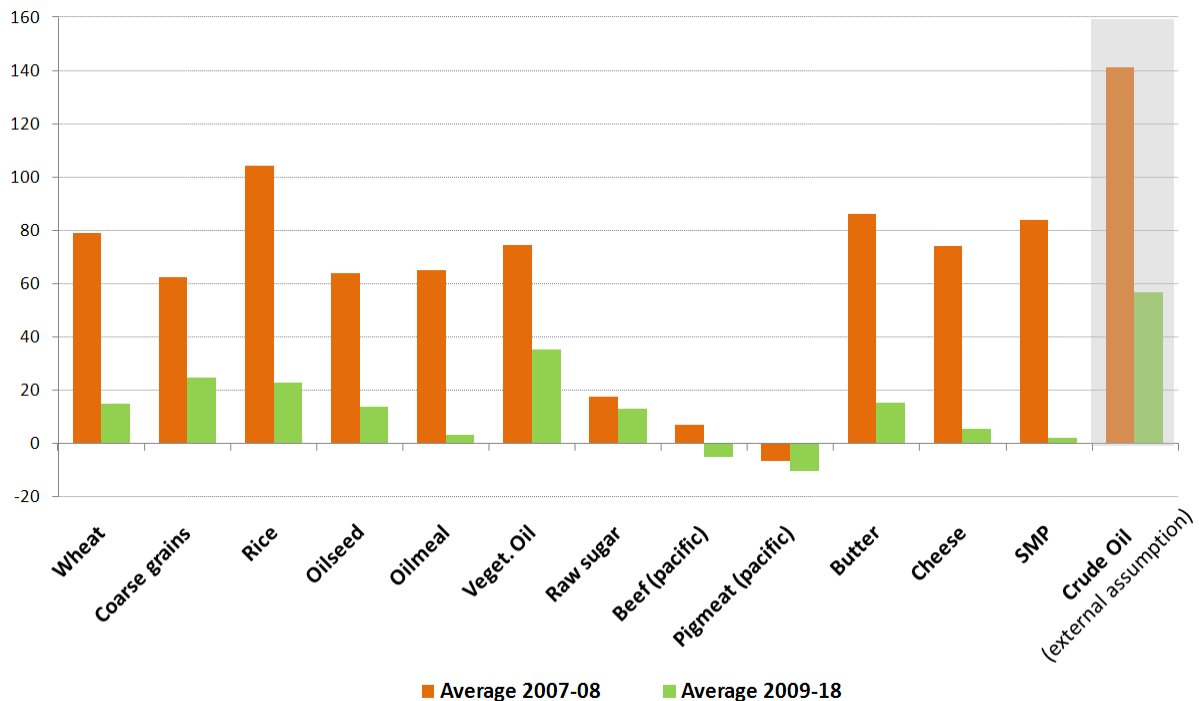
⁴ Food and Agriculture Organisation of the United Nations (2009) *How to Feed the World in 2050*, 2.

⁵ Ibid.

⁶ OECD/FAO 2009, Agricultural Outlook 2009-2018, Highlights.pg.14

According to OECD-FAO “prices when adjusted for inflation, that is, in real terms, are also expected, on average, to be much below their 2007-08 average peak levels. The crops expected to undergo the largest fall in real prices, compared to their 2007-08 average, are: rice, wheat, butter, cheese and skim milk powder. But, over the outlook period, real prices of products other than beef and pigmeat, are expected to be above their average 1997-2006 levels. In real terms, the average crude oil price assumption for the next decade is substantially below its 2007-08 peak, remains well above, by around 60%, the 1997-2006 average level”.

Figure 1: Percentage change in prices relative to the 1997-2006 average



Source: OECD/FAO 2009, Agricultural Outlook 2009-2018

3.4 Areas requiring attention for sustainable food production

Globally, food security is central to poverty reduction, public health, sustainable economic growth, world peace and geopolitical security. Many Australians, however, believe that a food crisis will not directly affect them as we export 60 percent of all farm produce and supply close to 93 per cent of domestically consumed food. Furthermore, unlike many European countries, Australia has only limited experiences of living through food shortages and

[http://www.agri-outlook.org/data oecd/2/31/43040036.pdf](http://www.agri-outlook.org/data%20oecd/2/31/43040036.pdf), accessed on 25 August 2011

consequently has not implemented policies based upon ensuring a government mandated safety net. Despite this perception, food security has the potential to be an issue in Australia, of the same magnitude as water and fuel security, particularly if the nation relinquishes its food sovereignty.

For instance, the Prime Minister's Science, Engineering and Innovation Council has warned that while Australia may presently have an abundance of food, the future supply may indeed be vulnerable⁷. The report notes that, if Australia's population continues to grow to 35 to 40 million and climate change continues unabated, food imports could soon outgrow exports. It continued on to state that productivity in the sector has plateaued over the past decade, while risk of diseases, food transport and storage concerns are also weighing down the industry.

Under *Future Directions for Rural Industries and Communities* at the Australia 2020 Summit⁸, food security was one of the issues raised by the agriculture sub-group. The outcome sought was 'development of a national food security plan for Australia', and the main ideas for achieving this outcome were:

- establishment of a government unit to consider national and global food security matters and develop and implement new policies;
- examination of projected national food demands and the production systems required to enable sufficient food production to continue within Australia's environmental and resource constraints;
- promotion of healthy food to tackle societal problems such as obesity and measures that ensure human capital is retained in remote, rural and regional Australia;
- future policy being careful not to create food shortages by providing more favourable incentives for agriculture to participate in carbon markets;
- assessment of the crucial role of honey bee pollination in food production and adequate support for the honey bee industry; and
- implementation of safeguards and building of industry capacity to preserve the genetic diversity of our plants and animals, including protection from exotic disease incursions.

It is NSW Farmers' view that as a major exporter of agricultural commodities, Australia stands to benefit in the short-term from high international prices.

⁷ PMSEIC. 2010. *Australia and Food Security in a Changing World*. Canberra, Australia: Prime Minister's Science, Engineering and Innovation Council.

⁸ Australian Government 2008. Australian 2020 Summit Final Report – *Future Directions for rural industries and communities*. www.australia2020.gov.au/docs/final

However, governments need to take a strategic long-term view of global food demand and supply trends. In practical terms, this means developing policies that support more efficient agricultural production, capacity expansion and market access. These three issues should be central to the Government's National Food Policy agenda and ensure that the primary producer's ability to supply these markets is enhanced.

It is therefore imperative that the following 8 areas as identified by NSW Farmers should also be addressed to ensure sustainable food production in Australia:

3.4.1 Increased investment in research, development and extension services to boost productivity and adoption levels

The ongoing viability of the agricultural sector is critical to ensuring food security in the face of increasing scarcity of resources, climatic fluctuations and population increases.

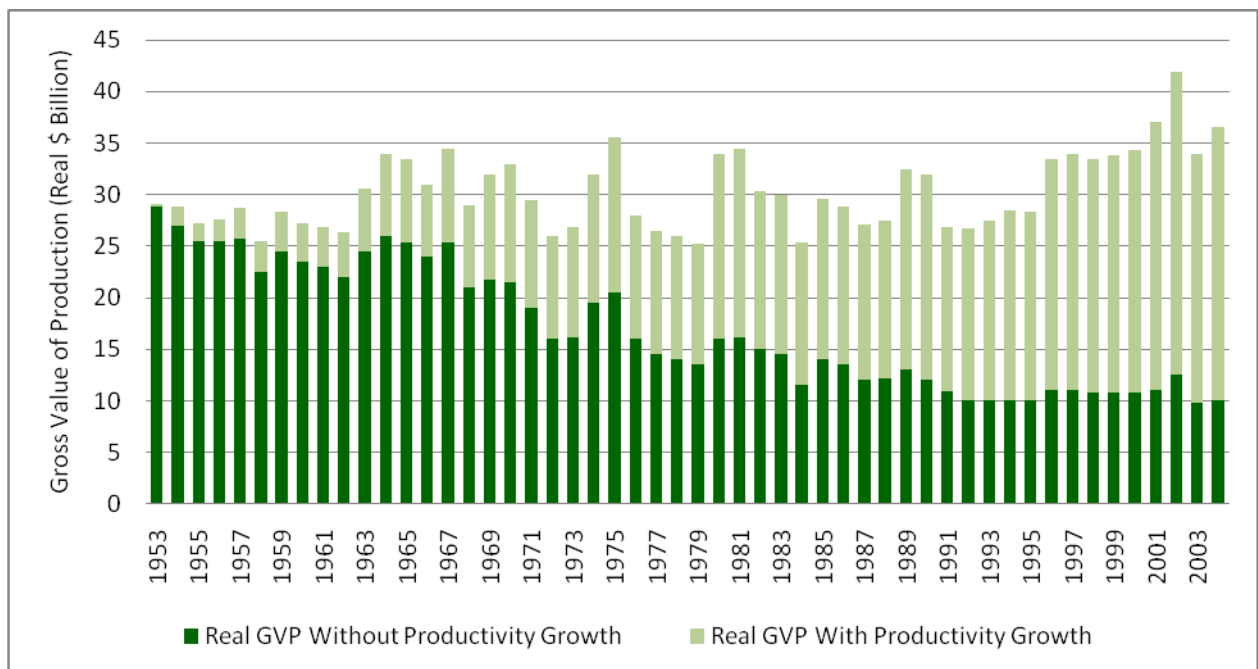
Figure 2 demonstrates the role productive gains play in maintaining returns for the agricultural sector. Research by Mullen⁹ showed that without the productivity growth experienced in agriculture, the gross value of production would have dropped to approximately \$10 billion. However, with the productivity growth, the gross value of agricultural production has actually increased to around \$35 billion. This relationship highlights the importance of maintaining these gains through public investment in rural R&D.

It is an imperative that research and development not only be limited to the private sector. Some gains made through research are unable to be captured by the private sector. As a result of these positive externalities and in order to optimise social welfare, it is necessary to maintain and increase public sector R&D funding. Over the last half century, public R&D and extension are responsible for 17% and 14% of Australia's productivity growth, respectively.

The rural R&D system will play a crucial role in addressing issues of climate variability, water scarcity and food security in coming years. Despite this, there has been a continual decline in R&D intensity. This should be addressed through an increase in funding to government departments and continued tax incentives for the private sector to engage in R&D.

⁹ Mullen J, Crean J (2006) 'Strong Agricultural Productivity Growth Despite Weaker Public R&D Investment: Does this make Sense?' *Farm Policy Journal* Vol. 3 No. 11 Australian Farm Institute.

Figure 2: Effect of productivity growth on gross value of agricultural production



Given the amount of work being undertaken overseas it is crucial that the rural R&D system actively identify and adopt new innovations. Collaboration with overseas research bodies should be sought, where possible, to improve knowledge flows between developed nations.

Grower controlled, commodity specific Research and Development Corporations (RDC) are an important mechanism to promote R&D outcomes relevant to producers and the end user. NSW Farmers is strongly supportive of the role RDCs play in the rural R&D system.

Extension services play an important role in implementing new technologies. Well staffed government departments with local staff able to provide advice and share knowledge with producers are an indispensable part of the R&D system.

For Australian farmers to maintain their productivity improvements, driving more efficient production of better quality products, research, development and extension needs to be maintained and supported.

3.4.2 Investment in sustainable risk management programs and policies including market reforms to promote increased competition at the supermarket; decreased barriers to other primary production supply channels; fertiliser; and fuel retail levels

Farmers have always faced various risks to their incomes, such as the forces of nature (e.g. drought, hail, insects), the politics of international trade, and variations in markets (e.g. price swings). Governments have long helped farmers deal with these risks through a number of programs designed to minimize the impact of fluctuations on farm incomes e.g. Exceptional Circumstances, grants for flood damage, low interest loans etc. The nature and scope of the risks that farmers face, however, has become much more complex. Today, farmers must protect their operations from the threat of exotic pests and fast-moving diseases, or the liability from a potential environmental or food safety incident. At the same time, they face growing international competition and rapidly evolving consumer preferences. In this context, governments must work towards providing tools to farmers that are still effective. One of the goals should be to move from safety nets towards risk management. This means that programming should be focused on growth and improving income prospects. It also means taking a comprehensive approach to risk management that encourages farmers to make decisions to manage risk and to improve the viability of their farm through change and innovation.

3.4.3 Continued support for multi-lateral trade negotiations and more open markets for trade in agricultural goods. Liberalising world food markets will expedite rational supply responses and the allocation of resources towards more efficient producers, including those in developing countries, thus lifting productivity and global output

NSW Farmers is of the view that multilateral trade liberalisation has the greatest potential benefits for the world's farmers and indeed the broader international community. NSW Farmers is frustrated with the lack of progress by world leaders to demonstrate the political will and responsibility required to bring the Doha Development Round to a successful conclusion. NSW Farmers would like to see the Cairns Group Ministers hasten their resolve to finalise modalities which is expected to deliver freer trade under a rules based system in agricultural goods through the multilateral approach. There is a need to remove the big distortions in international trade in agricultural products. It is the only means by which broad liberalisation in agricultural trade can occur across the three pillars of market access, export competition and domestic support, including those measures that depress

world prices for farmers. While NSW Farmers supports trade liberalisation bilateral and regional trade negotiations must not be seen as a substitute for multilateral reform through the WTO.

3.4.4 Increased investment in water use efficiency to cost effectively manage fluctuating seasonal conditions

Water is the most limiting factor to development throughout inland NSW and Australia more broadly. It is for this reason NSW Farmers is of the view that significant investment is required in water infrastructure (storage, distribution, information systems) to increase the efficiency and productivity of water use. With a shift toward national management of water resources, beginning with the Murray Darling Basin Plan, improved 'real time' water information is needed to support more precise river management and to ensure accurate water accounting and an open and transparent water market. While significant funding is available from the Federal Government to achieve water savings, it is critical that State and Territory governments give close consideration to how they can make the most of the available funding. By making strategic investments in water infrastructure and information systems, the State and Territory Governments can help position themselves as leaders in sustainable water use, this in turn will provide environmental and community benefits throughout the States and Territories for decades to come. It is NSW Farmers' view that computer aided river management can produce significant water savings within a system, whilst also working to improve management possibilities and overall system function. For example, the Computer Aided River Management (CARM) Project being run by Water for Rivers will provide a wide range of benefits to the system. Significant savings may also be achieved via investment in augmenting storages and upgrading supply infrastructure, for example replacing delivery channels with piping. NSW Farmers proposes that all State and Territory governments undertake a detailed analysis of current infrastructure to identify priorities for investment.

3.4.5 Transport and infrastructure upgrades to support the efficient, timely and cost effective movement of primary produce

The downward trend of the public expenditure on transport infrastructure as a percentage of GDP since the 1970s; the increased food production requirements and the huge logistical task associated with this, means that State, Territory and Federal governments must increase investment in road, rail and port infrastructure.

The Bureau of Transport and Regional Economics in its report on 'Freight Measurement and Modelling in Australia' has highlighted that non-bulk freight is projected to increase by 82 per cent in tonne-kilometre terms between 2003 and 2020 (average 3.6 per cent a year). The expected rate of growth in gross domestic product and reductions in freight rates are the key drivers of this growth, as well as a continuing trend to national distribution by manufacturers, wholesalers and importers. With Treasury projecting some fall-off in the long term economic growth going forward, the non-bulk growth rate is slightly lower than in the recent past. Based on past trends, road's share of national non-bulk freight is projected to increase marginally from 74 per cent to 76 per cent, with the rail share declining from 21 per cent to 17 per cent and sea freight making up the balance (with air freight vanishingly small in tonne kilometre terms, albeit not in value)¹⁰

The NSW Grain Freight Review¹¹ recommended the NSW Government, with the assistance of industry and local government, remedy identified gaps in the grain road network to ensure Higher Mass Limit (HML) operation is possible on all critical grain routes. Of approximately 183,000 km of total road network in NSW, there is a mere 15,000 km appropriate for HML access. Moreover, the lack of interconnectivity between the HML routes in the network compounds the inadequacy of this asset. NSW Farmers acknowledges the work already undertaken by the NSW Government regarding timber bridge upgrades in an effort to improve interconnectivity, however there is much more still to be done.

Nationally, 8 in every 10 kilometres of roads are local. Only about 20% of total road funding is council money for local roads. Almost seven out of every 10 kilometres of local roads are rural with rural local roads receiving only about one-third of total local road maintenance and upgrade funding¹². Road funding is usually based on population numbers, but that must change as increasingly efficient agricultural industries mean fewer regional residents. While the Government is making policy which is population-based, food security for urban dwellers obviously remains important, and adequate supply chain infrastructure needs to be in place in order to get agricultural produce to market.

¹⁰ The Bureau of Transport and Regional Economics, 2006, Report 112 Freight Measurement and Modelling in Australia.

¹¹ Australian Government. *New South Wales Grain Freight Review, September 2009*, Department of Infrastructure, Transport, Regional Development and Local Government.. www.nationalbuildingprogram.gov.au.

¹² Rural Local Road Funding, Fraser, March 2010

3.4.6 Sufficient funding for Australia's exotic disease and Quarantine/Biosecurity programs to detect any potential threat to Australia's domestic production capacity

Abandoned and neglected orchards can host a range of pests and diseases, in particular Codling Moth and Queensland Fruit Fly, which if present can have an impact on the ability of commercial orchardists to supply fruit fly sensitive markets and the movement of fruit. NSW Farmers is of the view that the development of an integrated approach to national biosecurity planning and funding, as recommended by the Beale Review, enhance efficiency and limit gaps in the system, such as interstate communication and risk management, needs to be taken seriously by Federal, State and Territory governments..

NSW Farmers feels that detecting exotic diseases could be further enhanced by:

- increasing the emphasis on departmental staff to spot and report pests, weeds and diseases (even those outside their designated area) will greatly enhance our ability to identify and respond to those threats using existing resources. Making this process easier and putting systems in place to notify relevant people would also be beneficial;
- providing Incentives like saleyard monitoring cost reimbursement to encourage tick treatments, are crucial to ensuring producers are proactive and substantial production losses are avoided;
- adequately funding the maintenance of infrastructure and training professional staff in the areas of pathology, entomology, nematology and weed identification and management; and
- allocating sufficient funds to destroy abandoned orchards and vineyards and for the removal of rogue fruit trees and grapevines.

3.4.7 Land use planning reforms to ensure urban sprawl, mining, Managed Investment Schemes (including Carbon Forestry offset projects) and unreasonable environmental regulation do not adversely impact Australia's farm production capacity. This may include developing financial incentives for farmers not to subdivide their land and/or creating dedicated agricultural 'hubs' in those areas of high farming productivity

Investment and growth in agriculture depends on security of land and water resources. Planning processes for water allocation, mining development and urban development must fully respect and account for the needs of sustainable agricultural production.

Whilst the legislative framework is in place to zone land for agriculture, this is not sufficient to effectively 'protect' the industry, unless it goes hand-in-hand with measures that preserve the ability of farmers to use their land productively. For example, in the Sydney Basin region and heavily populated coastal areas, farm families have seen the progressive economic sterilisation of agricultural land, as local Government regulations and neighbourhood complaints prevent farmers from conducting necessary farming activities.

NSW Farmers is of the view that a move towards State and Territory-wide strategic planning would provide a 'blueprint' for all future development in States and Territories, providing business confidence across all sectors and allowing regional development to thrive. This blueprint should also include infrastructure planning, providing structure and direction to the current disconnected and dysfunctional approach to infrastructure investment in the States and Territories.

3.4.8 *A review of foreign investment in Australian farmland and the potential economic and social impact of food and fibre grown in Australia being entirely repatriated back to these countries*

NSW Farmers is concerned by recent increases in foreign ownership of land and water resources and the potential for this to impact on Australia's food security and competitive advantage. Australian agricultural land is being targeted by farsighted foreign Governments looking to address emerging domestic food security problems, and by transnational corporations and funds, which have identified long term upward trends in food commodity prices.

A recent report by the Oakland Institute stated 'China intends to increase its rice production from 100,000 tonnes to 500,000 tonnes in the next five years. To achieve this it has looked abroad to other foreign countries and in 2008 purchased 101,171 hectares in Zimbabwe and investing \$800 million dollars in Mozambique to modernise agriculture for rice exports. Japan and South Korea both source around 60 per cent of food from abroad. In response to the 2008 food crisis the South Korean government announced it was formulating a national plan to facilitate foreign land acquisitions. Daewoo Logistics Corporation planned to grow half of South Korea's corn requirements on 1.3 million hectares in Madagascar, however, this plan fell through due to local civil backlash.' Land grabs not only have an impact on a countries' land production, but also trade markets.

Currently, there is no threshold for sovereign owned entities under Foreign Investment Review Board (FIRB) policy. NSW Farmers observes that in November 2010, the Federal Government commissioned ABARES and ABS and the Rural Industries Research and Development Corporation to conduct a study into the magnitude of foreign investment in Australia. Results from this study are expected in October 2011. NSW Farmers would like to see the establishment of a Register of Foreign Sovereign and Private Ownership of Australian Land and also Foreign Ownership of Water Licences to ensure that prime agricultural lands are not purchased by foreign companies and then converted to alternate uses, such as mining and coal seam gas production. A case in point is that on 27 June 2011 it was reported that Shenhua has spent \$213 million buying up 43 farms so it can explore for coal outside the NSW township of Gunnedah.

3.4.9 A continuing effort to reduce the regulatory burden currently placed upon the food industry across Australia

One of the key areas that governments can focus on to improve efficiency within agriculture, is removing the regulatory burden currently placed on the sector. Over regulating an industry places additional costs on business, which in turn reduces competitiveness and erodes any economical advantage that may have previously existed. This is especially the case in the agricultural sector. Farmers operate in a global market where prices are set not by adjusting to input costs, but to global influences of supply and demand. The price taking nature of the food industry makes reducing regulatory burdens an imperative.

A Holmes-Sackett report commissioned for the NFF, found that the regulatory burdens placed on a mixed farm resulted in an average total expense of \$34,367 per annum, and took a total of four working weeks per year to complete tasks associated with complying to Government regulations. This cost is equivalent to 15% of farm profitability.

Increased regulation, not only negatively affects producers, but processors and end consumers as well. This is no more evident than when looking at the compensation package for the carbon tax. Upon the Government's own admittance, an indirect cost placed on the food industry, such as the carbon tax, will not only reduce farm income by around 11.5%¹³ but will increase the price of food.

¹³ For NSW grain farms, Australian Farm Institute, *Agriculture's excluded, so a carbon price won't add cost. Right?* August 2011

On the basis of the Treasury's own analysis about how these costs will flow-on to consumers, the Commonwealth's Clean Energy Future Package has adopted an approach that compensates a large majority end consumers for these increased costs. Unfortunately, not every regulatory burden evident in the food industry receives compensation, yet continues to both strip income from farmers and increase cost upon consumers. Conversely, a reduction in this red tape placed upon industry will, will reduce costs not only for producers, but for consumers as well.

Previously identified regulatory burdens include; the national pollutant inventory, agricultural chemical legislation, occupational health and safety, workers compensation legislation and volumetric loading.

The Productivity Commission is currently reviewing Local Government regulations that inhibit efficient business practice. It is hoped that through this review, recommendations that emerge will be applied that ensure businesses can operate in a more efficient manner. Current regulatory regions in need of improvement include, but are not limited to; native vegetation, land use planning and licensing.

NSW Farmers' believe that COAG should continue to strive to implement their 2008 agreement on reducing the regulatory burden currently operating within the Australian food industry. There is the need for not only a reduction in regulation, but a streamlining or homogenisation of regulation as well. One such example of regulation placing a burden on the food industry, is that of food safety standards. Although there is a unanimous agreement on the need for consistent food safety standards across Australia, the current arrangement has resulted in inconsistently enforced standards, comparatively disadvantaging certain regions across the country. Food Standards Australia and New Zealand (FSANZ) needs to be reviewed immediately, to ensure it is currently functioning in a manner that will most benefit society as a whole.

COAG needs to continue to endeavor to remove any duplication of regulation enforcement as a result of overlapping Federal and State authorities, ensuring regulations are only in place if they provide an observable societal benefit.

The above issues are supported by the following NSW Farmers policies:

- **Oppose legislation affecting NSW farmers' cost-competiveness** - That the Association lobby against on-going legislation which adds

cost to the farming bottom line and which effectively makes New South Wales farmers less competitive with overseas farmers.

- **Highlight dangers of food imports** - That the Association promote the dangers in Australia moving into a position where it is necessary to import food.
- **Lobby for policy to improve position in global markets** - That the Association continue to seek that the Federal Government manage the economy in such a way as to promote improved and sustained international competitiveness, in particular by preventing increases in the cost of production of Australia's major rural exports from exceeding those of our trading partners and competitors.
- **Lobby for industry support incentives** - That the Association seek that the Government adopt a policy of incentives and other appropriate measures to assist rural communities and industries to adjust, remain in and become more competitive in world markets.
- **Policy to support the primary producers** - That the Association urgently reflect in practical policy, means to address the poor economic position of the average farmer and the declining rural big picture.
- **Develop a strategic plan for primary production** - That the Association, seek direct involvement and assist in developing that strategic plan for the future to enable Australia to:
 - (a) facilitate the necessary structural change that will open access to markets on a world competitive basis; and
 - (b) establish world's best practice principles in the quality and marketing of our products.
- **Actions for more profitable and sustainable agriculture** - That on behalf of members, the highest priority of NSW Farmers' Association is to actively achieve more profitable and sustainable agriculture through:
 1. significant incentives to upgrade plant and technology for conservation and production;
 2. the identification and removal of adverse government and banking policy;
 3. improved farm business management skills;
 4. increasing farm returns by improving the efficiency of the marketing chain; and

5. encouraging youth in agriculture.
- **Support for multi-lateral and regional trade agreements** - That the Association continue to support the pursuit of multi-lateral trade agreements and encourage that additional Government resources be allocated to the pursuit of potential regional trading agreements, as long as resources are not diverted from multi-lateral efforts.
 - **Lobby for reduced trade barriers through the WTO** - That the Association seek that Australia's negotiating position for the next round of World Trade Organisation negotiations be governed by the following principles:
 - a) at all times seek enhanced access for Australian farm produce to international food and fibre markets;
 - b) agricultural export subsidies and production related domestic market subsidies should be eliminated;
 - c) effective countervailing action for those industries threatened by subsidised imports where those industries would otherwise be efficient users of Australian resources and to establish effective country of origin labelling laws;
 - d) support appropriate measures that assist rural communities and industries that must adjust to become competitive in world markets; and
 - e) no treaty should be ratified until agreement is reached on agriculture.
 - **Improve road infrastructure funding** - That the Association forge an alliance with the NRMA to lobby for improved road and infrastructure funding in rural NSW.

Recommendation 3

That the issues highlighted by the Prime Minister's Science, Engineering and Innovation Council, the Australia 2020 Summit on Food Security and the eight areas identified by NSW Farmers are taken into account while addressing short-term shocks and long-term challenges of Food Security in the development and implementation of National Food Plan.

These further eight areas are:

- Increased investment in research, development and extension services to boost productivity and adoption levels;

- Investment in sustainable risk management programs and policies including market reforms to promote increased competition at the supermarket; decreased barriers to other primary production supply channels; fertiliser; and fuel retail levels;
- Continued support for multi-lateral trade negotiations and more open markets for trade in agricultural goods. Liberalising world food markets will expedite rational supply responses and the allocation of resources towards more efficient producers, including those in developing countries, thus lifting productivity and global output;
- Increased investment in water use efficiency to cost effectively manage fluctuating seasonal conditions;
- Transport and infrastructure upgrades to support the efficient, timely and cost effective movement of primary produce;
- Sufficient funding for Australia’s exotic disease and Quarantine/Biosecurity programs to detect any potential threat to Australia’s domestic production capacity;
- Land use planning reforms to ensure urban sprawl, mining, Managed Investment Schemes (including Carbon Forestry offset projects) and unreasonable environmental regulation do not adversely impact Australia’s farm production capacity. This may include developing financial incentives for farmers not to subdivide their land and/or creating dedicated agricultural ‘hubs’ in those areas of high farming productivity; and
- A review of foreign investment in Australian farmland and the potential economic and social impact of food and fibre grown in Australia being entirely repatriated back to these countries.

3.5 Distribution

According to Larsen et al,¹⁴ from a domestic supply chain perspective, there are 7 major sub-chains that characterise the food industry:

Primary production

In Australia, this sector encompasses a large number of relatively small firms, particularly upstream in the chain. In 2007-08, there were about 140,704 farms in Australia,¹⁵ including those for whom farming is not their primary business.

Secondary production

¹⁴ Larsen et al (2008), —Sustainable and Secure Food Systems for Victoria|| , Victorian Eco-Innovation Lab

¹⁵ ABS, 2008. 7121.0 - Australian Commodities.

This is a diverse sub-chain, ranging from marketing and packaging activities to food manufacturing. In 2006-07, a total of 9,200 businesses were involved in the manufacturing sector, including 7,200 food and beverage manufacturers, 2,000 in grocery manufacturing and 28,600 businesses in the fresh produce sector.

Food wholesalers

This sector is highly fragmented and comprises over 15,000 wholesalers that handle fruit and vegetables, dairy, fish, meat, poultry and smallgoods, groceries and confectionery and soft drink wholesalers.¹⁶

Food retailing

This sector includes supermarkets and grocery stores, non-petrol sales of convenience stores petrol stations. A total of 4,340 supermarket and grocery stores and 4,165 convenience stores were estimated in 2009.¹⁷

Foodservice

This sector encompasses take away food businesses, ranging from large chains (e.g. McDonalds), to small cafes and restaurants. The sector comprises 35,770 businesses, which earned \$13.5 billion in 2009. There are about 15,938 cafes and restaurants in Australia, with revenues of \$9.7 billion in 2009.

Consumers

There are over 22 million Australians distributed in approximately 7,926,200 households. 77% of this population live in New South Wales, Victoria and Queensland. Food and non-alcoholic drinks accounted for 21% of the expenditure on goods and services of low income households in 2003-04, compared with 15% for high income households.¹⁸

International trade

According to a report in 2009 by KPMG in 2008-09,¹⁹ the exports of food, beverage, groceries and fresh produce were valued at \$25 billion, which represented 11% of Australia's total exports. The three largest exports were meat (minimally processed), dairy products and wine. Of these, meat contributed with 45% of the total food export value. While in 2004-05 the cumulative trade surplus of food and grocery manufacturing and fresh

¹⁶ World Economic Forum, 2009. Supply chain decarbonization: the role of logistics and transport in reducing supply chain carbon emissions,

¹⁷ IBISWorld 2009

¹⁸ <http://www.abs.gov.au/Ausstats/abs@.nsf/mf/3201.0>

¹⁹ KPMG, 2009. State of the Industry. Australian Food and Grocery Council, pg. 1-80.

produce sectors was \$4.5 billion, in 2008-09 the surplus was \$150 million, indicating a shift toward a greater dependency in imports.

In the context of the above sub chains, it can be seen that food distribution is a complex network of organisations involved in the production, manufacturing, transport, storage, packaging and trading of foods. Apart from the above there are several other factors that affect the distribution system such as warehousing, materials handling, protective packaging, inventory control, plant and warehouse site selection, order processing etc. Currently, 97 percent of the food transported in Australia is carried in trucks travelling long distances between suppliers and distribution centres.²⁰

In view of the proposed Carbon Tax on fuel for trucks from 2014, transport efficiency measures such as decreasing the average length of transport, decreasing the load transported, improving vehicle load factors and fuel efficiency and reducing empty running, will become an issue in the next few years. On the basis of transport efficiency, mass distribution can decrease the impact of food distribution. For instance, more local sourcing can greatly reduce the distance travelled by food, but the reduction in transport impacts may also be offset to some extent by the use of smaller vehicles.

Perhaps further research is required in Australia's food distribution system, to ensure that the system is sustainable in the future.

3.6 Biofuels and Food Security

The emerging biofuels market proved a new and significant source of demand for some agricultural commodities such as sugar, maize, cassava, oilseeds and palm oil. The increase in demand for these commodities was a leading factor behind their price increase in world markets, which in turn, led to higher food prices.

NSW Farmers policy is to support the concept of a domestic biofuel industry and that alternate fuels are made available in NSW. However, NSW Farmers does not support the use of mandatory percentage targets of biofuels in liquid fuel.

NSW Farmers is of the view that Australia needs to work out the most cost effective, sustainable and environmentally sensitive method of developing alternative fuel sources and liquid biofuels may well play a part in this mix. However, given current technologies and input stocks, mandated levels of biofuels is too blunt an instrument to deal with the issue of reducing the

²⁰ Australian Bureau of Statistics, 2008a. 9208.0 Survey of Motor Vehicle Use, pp. 1-48.

country's reliance on fossil fuels. NSW Farmers also believes ethanol should compete with other alternative fuels on its own, and not be propped up through government support via mandated levels.

Ideally, if Australia chooses to go down the renewable fuel path, it needs to find feedstocks for biofuels which have no alternate use. First generation biofuels, specifically ethanol, which is derived from organic feed stocks and mixed with petrol, is the most mainstream product and has passionate supporters and detractors, both within and outside NSW Farmers. However, on the balance of the research undertaken by NSW Farmers, it appears there are a number of issues with first generation ethanol, which do not satisfy the requirements of being a cost effective, sustainable and environmentally sensitive alternative fuel source.

The most pressing concern with first generation ethanol is the land diversion effect of switching land previously used for the production of food to energy. Whilst this is by no means the sole contributor to the rapid escalation the world recently saw in food prices, the fact remains that crops which would have gone to produce food for human consumption, are now being converted to produce food for energy sources. That means using the same amount of land there is a reduced production of food crops.

Thus to avoid any negative impacts of biofuels on food security, any use of first generation biofuels, not based upon by-product waste, would need to be preceded by a concerted research effort to increase agricultural productivity. The foremost priority is to ensure that future food demand is met and only then any surplus production may then be available for biofuels. Among the first-generation feedstocks, sustainable sugar cane production under rain-fed conditions in former pastures and grassland areas offers an environmentally and economically attractive biofuel option, as demonstrated in the case of Brazil.

Another consideration which directly affects NSW Farmers' members is the effect the increased demand for grain is having on its price, a cost increase which is borne by those farmers using grain as a feedstock in their farming productions. Any increase in a domestic ethanol market will place significant pressure on these intensive livestock sectors, as they compete with ethanol producers for grain based input stocks.

NSW Farmers supports biofuels that make use of products that do not have the same relative land diversion effects as first generation ethanol. An example of this is farm-scale biodiesel production using tallow and canola as its feedstock.

Second generation biofuels based on lignocellulosic feedstocks such as crop waste, grasses and trees, still require a significant amount of research and development in order for these alternate sources to be used at the scale necessary to be considered a viable alternate source of energy. The 2007 Rural Industries Research and Development Corporation ('RIRDC') Publication *Biofuels in Australia – issues and prospects*, claims that non-food feedstocks outperform food-based feedstocks on energetic, environmental and economic criteria. For instance, the report claims, trees, woody plants and various grasses and weeds can be produced on poor farming land with little to no fertilisers and pesticides.

On the other hand, second-generation biofuels produced on land other than cultivated land required for food and feed productions, may offer opportunities for the development of environmentally cleaner and economically competitive biofuels. However, this will depend on the timely delivery of efficient and effective second-generation conversion technologies, as well as advances in feedstock production and land use regulation.

Food security, energy security and climate change mitigation are all critical to social, economic and environmental sustainability, not only at the national level but also globally. Therefore, a successful resolution of these challenging issues requires the goodwill and commitment of all nations to work together. Biofuel development policies have a direct impact on these triple challenges and yet it is national policies with national interests, that have been the driving force of setting biofuel targets.

NSW Farmers will continue to work for its members with industry and the government, to ensure any emergence of a bio-based economy will benefit farmers and their ability to be productive, efficient and sustainable suppliers of agricultural output to for Australia and the rest of the world.

NSW Farmers' policy

- That NSW Farmers' Association does not support mandatory percentage targets of biofuels in liquid fuel.
- That the Association explore all possibilities of using all fruits, vegetables and grains that are not suitable for human or animal consumption for Ethanol production.
- That the Association lobby the Government:
 - a) to mandate alternate fuels be available;
 - b) to encourage the development of biodiesel products by way of tax concessions and other incentives;

- c) to establish a biofuels CRC to research the development of biofuel specific crops to maximise yield potential and fuel production efficiency
- d) rationalise legislation to allow biodiesel produced for your own off-road use to be exempt from the payment and rebate of excise.

Recommendation 4

- a) That the government provides incentives for farmers to invest in environmentally friendly power generation systems.
- b) That biodiesel produced for your own off-road use be exempt from the payment and rebate of excise and that the government remove legislative impediments that restrict the “on farm” production and use of biofuels.

3.7 Hunger in Australia

The Issues Paper has rightly identified that accessibility and affordability of food is a major issue for components of Australian society, most notably Indigenous people, isolated rural Australians, new migrants and low-income households.²¹

Hunger is a largely hidden social problem and many victims suffer in silence. The victims could be a child, unemployed or elderly person. According to Foodbank,²² each year, two million Australians will rely on food relief of which half will be children.

In 2010/11, Foodbank distributed 20.5 million kg of donated food and groceries. This made around 28 million meals, which helped feed 75,000 people a day.

The Foodbank website highlights the following:

- 11% of Australian adults and 12% of children live in poverty, and the numbers are growing;
- 2.2 million Australians don't have enough money to take care of basic needs such as housing, clothing and food;
- 15% of Australian children live in jobless households;
- in Australia, up to a million children do not always get enough to eat; and
- the aged, single people and the working poor, have become the new battlers in Australia.

²¹ Discussion Paper, 14.

²² Foodbank Australia. <http://www.foodbank.com.au/default.asp>.

3.8 What are some of the developed and developing nations doing about their food security?

The United Nations Food and Agriculture Organisation (FAO) now predicts significant pressure on food stocks, with global demand estimated to double by 2050 from 2001 levels.²³ Accordingly, food security both domestically and internationally, is now increasingly on the agenda of government agencies and agricultural industries in much of the world, and is no longer considered only an issue for developing countries. Issues threatening future food security have been highlighted by the food price crisis of 2007-08, the global financial crisis, increasing energy costs and climate change awareness.

Individual countries have, and are, responding to concerns about food security in a variety of ways as highlighted below:

3.8.1 United States

The United States is one of the most important agricultural producers in the world. It has a very large domestic market and is the world's largest exporter of agricultural products. Indeed, the share of US agricultural production exported is more than double that of any other US industry and the trade surplus in agricultural products acts as an important stimulus to the US economy. Thus, US agricultural policies exert a strong influence on world agricultural markets.

To ensure domestic food security for lower income Americans in the US, Seeking Balance in US Farm and Food Policy, has made the following recommendations on the federal food programs in the 2007 Farm Bill:

"Federal nutrition programs are vital to the food security and health of lower income Americans. For these individuals and families, food stamps and other supporting programs are a critical source of food and must be strengthened in the next Farm Bill through broadening and simplifying eligibility, especially for legal immigrants, and providing benefits adequate to purchase healthy foods by food stamp recipients. ... Federal nutrition programs, such as the Food Stamp Program, ...WIC, and the National School Lunch Program are recognizing the important impact the food quality has on individual health.... Policymakers should take special care to increase funding for programs that make healthy and affordable food accessible to the most vulnerable in our society. In addition to linking consumers directly with farmers generally, Congress should expand coupon programs to allow low-income and elderly Americans to shop at farmers' markets. Expanded nutrition education programs are needed so that consumers better

²³ FAO. 2011. Food Price Indices - Food and Agriculture Organization.
<http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>.

understand the health benefits of consuming more fruits, vegetables, whole grains, beans and legumes, and other minimally processed foods."

3.8.2 United Kingdom

In early 2010, the British Government released a blueprint policy document with a focus on domestic food security, *Food 2030*²⁴. This is one of the few domestic food security policies written for a developed nation. Unfortunately, since the change of government in May 2010 and large spending cuts introduced in response to the Global Financial Crisis, it appears *Food 2030* has been shelved.

In January 2011, the Cameron Government released a new report on how to feed the planet until 2050. The report, *Foresight: The Future of Food and Farming*²⁵ highlights the following:

- the need to link food security and environmental issues together;
- as routes to achieving food security, it emphasises the importance of improving access and distribution, and of improving livelihoods within the food chain, as much as increasing production and productivity;
- food production should be a route to achieving an end (e.g. food security, human health, livelihoods etc.) rather than a goal in itself;
- vital importance of protecting biodiversity since ecosystem resilience underpins future food security and ultimately human viability; and
- that new technologies, including biotechnologies are needed and that nothing should be dismissed a priori, but also much can be done with existing technologies.

3.8.3 Canada

Canada does not have a National Food Plan. However, it does have a policy regarding food production, "*The Growing Forward Framework Agreement*",²⁶ which lays the groundwork for coordinated federal-provincial-territorial (FPT) action over five years (2008 to 2012) to help the sector become more prosperous, competitive, and innovative. The Agreement builds on the vision, principles, and policy outcomes agreed to by Ministers in Whistler in June 2007, and gives the details of national cost-shared initiatives, as well as complementary federal initiatives, that will help to achieve the outcomes. The agreement also contains the details of the new Business Risk Management (BRM) program launched on April 1, 2008.

²⁴ DEFRA. 2010. *Food 2030: How we get there*. UK: Department for Environment, Food and Rural Affairs; HM Government.

²⁵ Government Office for Science 2011. *Foresight. The Future of Food and Farming*

²⁶ Agriculture and Agri-Food Canada, "*The Growing Forward Framework Agreement*". <http://www4.agr.gc.ca/AAFC/display-afficher.do?>

The issue of Food Security in Canada came to a head prior to the elections in May 2011. As grassroots movements, community organisations, academic research and the media, highlighted that close to 2.5 million Canadians were food insecure, while nearly a quarter were obese, Canada's political parties finally took note of the need for conversation at the national level that went beyond agriculture. As the May 2 Federal Election approached, all five major federal political parties released their Food Policy platform.

The Conservative Party's platform, now the Harper Government, promised a "five-year national farm and food strategy that would guide Canadian agricultural policy to ensure the survival of family farms, the highest standards of food safety and better access to domestic and export markets for farmers across the country." It confirmed a commitment to provision of easily accessible fertilisers, pesticides and veterinary drugs, defence of supply management, and the opening up of new export markets²⁷.

3.8.4 India

India's National Advisory Council has recently completed a draft bill, the "National Food Security Bill"²⁸, which aims to improve food access for the country's poorest communities. Although India has a rapidly growing economy, it is still home to 25 percent of the world's hungry, and this Act is aimed at improving food security in the country. In addition to its goal to securing food for the country's poor, this bill also hopes to empower women by ensuring that they are the ones receiving and managing the food distribution, or cash transfers, that the program will provide.

3.8.5 China

China Daily reported that Chinese Vice Premier Hui Liangyu said that China would uphold a policy of food self-sufficiency. Meeting the food demand of 1.3 billion Chinese people was the principal issue faced by the Chinese government. China will stick to a policy of relying on domestic supply and realising food self-sufficiency in regards to food security²⁹.

Currently, China's food security policy is primarily focused on maintaining strategic reserves of rice, corn and wheat.

China's agricultural priorities for the 2010-20 include:

²⁷ Conservative Party Platform, http://www.Conservative.Ca/media/ConservativePlatform2011_ENs.pdf, pgs.58-59

²⁸ National Advisory Council, *National Food Security Bill*.
<http://nac.nic.in/foodsecurity/foodsecurity.htm>

²⁹ China Daily, *China upholds policy of food self-sufficiency*.
<http://www.chinadaily.com.cn/bizchina/2011-03/26/>

- maintaining the nation's self-sufficiency level for key grain crops, in spite of consumption increases;
- preserving security stock levels above the global average regarding key grain crops (25 percent);
- upholding prices paid to farmers while improving their income;
- pursuing investment in logistics infrastructure (including targeting hydraulic equipment) and in production (including mechanisation support and fertiliser purchases); and
- emphasising yield improvements through research programs that are regularly increased (currently over two percent of GDP).

It would appear that these objectives are implemented in the framework of a clearly stated long-term national food security strategy.

3.8.6 Brazil

Brazil is world's third largest exporter of agricultural produce behind the US and the European Union. As Brazil's agricultural exports continued to grow concerns regarding domestic food security were being raised. For instance, the human right to adequate food has been a milestone in Brazil's national policy debate for several years and in February 2010, by means of a constitutional amendment, the right to food became part of Brazil's social rights. In recent years accomplishments such as the Zero Hunger strategy and the National Food and Nutritional Security Policy (PNSAN) have reflected a strong food policy framework³⁰.

The Zero Hunger Strategy

Zero Hunger is Brazil's national strategy on food and nutritional security consisting of more than 20 initiatives in four areas of intervention:

- food access;
- strengthening of family agriculture;
- income generation; and
- articulation, mobilisation, and social control

The National Food and Nutritional Security Policy (PNSAN)

The National Food and Nutritional Security Policy (PNSAN) contains a general aim to promote food and nutritional security and to ensure the human right to adequate food. Its specific objectives are to:

- identify, analyse, disseminate and act on the factors that influence food and nutritional insecurity in Brazil;

³⁰ D, Chmielewska and D, Souza, 2011. *The Food Security Policy Context in Brazil*, Centre for Inclusive Growth, Country Study No.22. <http://www.IPC-undp.org/pub/IPCCountryStudy22.pdf>

- link the programmes and actions of various sectors to respect, protect, promote and provide the human right to adequate food, considering the variety of social, cultural, environmental, and ethnic-racial, equity of gender and sexual orientation, as well as provide tools for its accountability;
- promote sustainable agro-ecological systems for food production and distribution that respect biodiversity and strengthen family agriculture, indigenous peoples and traditional communities, and that ensure consumption and access to adequate and healthy food, respecting the diversity of national food culture; and
- include respect for food sovereignty and the guarantee of the human right to adequate food, including access to water, as a state policy, and to promote them in international negotiations and cooperation.

3.8.7 Developing an Australian Approach

It can be seen from the above that other countries are addressing Food Security either through legislation, constitutional amendment or comprehensive food policy strategy. As noted in Section 2, NSW Farmers recommends that an adequate implementation structure is put in place with the development of the National Food Plan. NSW Farmers has identified the COAG intergovernmental agreement process as a relevant mechanism to undertake the implementation process.

3.9 Additional Responses on Food Security

Question 13

Have all the possible risks to Australia's food security been identified in this paper? If not, what other risks are you aware of?

Some of the other risks that need to be addressed include:

- price competitiveness;
- the increased level of imported food (biosecurity);
- inadequate testing of food imports (quality and safety issues);
- non inclusion of mainstream nutrition goals in development policies and programmes;
- prevention and control of specific micronutrient deficiencies in foods;
- assessment, analysis and monitoring of nutritional situations

Question 14

What specific additional actions by:

- the government sector would most benefit our food security status?
- the non-government sector would assist in maintaining our food security status?

The following actions are required by government to ensure long term food security:

- increased investment in research, development and extension services;
- increased investment in water use efficiency;
- transport and infrastructure upgrades;
- sufficient funding for Australia's exotic disease and Quarantine/Biosecurity programs;
- land use planning reforms;
- continued support for multi-lateral trade negotiations and more open markets;
- domestic market reforms to promote increased competition;
- a review of foreign investment in Australian farmland, and;
- a review of the impact of Australia relinquishing its food sovereignty in future.

4 Diet, nutrition, food safety and the consumer

4.1 Diet and Nutrition

NSW Farmers supports initiatives which aim to reduce health problems associated with poor nutrition and educate consumers about the production of food and fibre, including the processes that underpin the safety of Australian food.

Agricultural and horticultural industries make significant investment in programs which value-add Government health programs through their Research and Development Corporations. These programs highlight the nutritional benefits of agricultural and horticultural commodities. Government and industry should seek to collaborate where industry nutrition research can provide scientific evidence to nutritional guidelines being promoted by Government.

It is critical that the Government nutrition guidelines, *Dietary Guidelines for Australians* produced by the National Health and Medical Research Council (NHMRC), are developed using the best scientific evidence to promote good nutrition and health. NSW Farmers has concerns that the NHMRC has stated that “the guidelines may evolve and change to account for systems which prove to non-sustainable in the long-term”.

The guidelines should focus on what is considered a balanced diet with dietary recommendations based solely on the outcomes of nutrition research. The guidelines should be updated as new information becomes available. If the best scientific evidence suggests that the human diet ideally requires a particular amount of zinc, iron or omega 3 fats, for example, this is what should be recommended. The NHRMC should not be making judgement calls on sustainability of production and altering recommendations. If the NHRMC are altering recommendations based on sustainability, the decision making process should be transparent and the science used to reach a decision should be made publically available.

Recommendation 5

That nutritional guidelines be based solely on the outcomes of nutrition research and that judgements on sustainability are excluded from recommendations.

Once dietary guidelines are produced, Government, with the input of industry and agricultural, marine and environmental scientists, should determine

sustainable production practices underpinned by rigorous evidence-based science, so that Australians can continue to enjoy being able to consume a nutritionally balanced diet. Continuing investment in research and development is critical for food security and determining best production practices. Soil health is vital for the continuing ability of Australia's food supply to continue to support the nutritional needs of Australians as it impacts on the ability of the soil to store nutrients for uptake by plants. Australia's soil is among the oldest and most nutrient-deplete in the world and some minerals are in short supply, which will impact the future ability to fortify soil through the addition of fertiliser. In Australia iodine and selenium are a particular problem^{31, 32}. Investment in soil health and in research to gain greater understanding of the link between soil, environment and healthy societies is required.

In addressing the nutrition and food safety concerns of consumers, Australia must adopt a clear labelling system. Government needs to finalise the review of food labelling law and policy without delay.

The gap between consumer knowledge and the facts of food production must be bridged. It is imperative that consumers trust Australia's food producers and the systems that underpin food safety and animal welfare.

Question 17.

Do you see a role for the food industry in supporting population health and nutrition outcomes? If so, what do you believe that role is and what support might industry need in fulfilling this role?

The food industry plays a significant role in supporting population health and nutrition, investing in a number of programs which value-add to Government healthy eating initiatives. NSW Farmers believes that general information on health and nutrition is the role of Government and that the healthy eating message should be reinforced by the food industry.

Many agricultural and horticultural industries have a marketing levy with which a range of promotional activities are undertaken. Additionally,

³¹ Thomson, C.D. 2004. Selenium and iodine intakes and status in New Zealand and Australia. *British Journal of Nutrition* **91**, 661 - 672.

³² Lyons, G.H. *et al.* 2005. Selenium in Australia: Selenium status and biofortification of wheat for better health. *J. Trace Elem. Med. Biol.* **19**, 75-82.

wholesale markets also have healthy eating programs targeting primary school aged children.

Horticultural industries with a marketing levy and marketing programs managed by Horticulture Australia (with their approximate annual investment) include apples (\$2M), pears (\$650,000), bananas (\$3M), mushrooms (\$2M) and avocados (\$2M). These grower funded programs invest in a wide range of market intelligence, consumer, food service and retail activities. As well as national programs there are regional industry funded promotional programs, such as the Western Potatoes consumer program.

As an example, the banana industry invests in a Strategic Marketing Plan with activity across TV, radio, outdoor and online channels promoting bananas as an energy snack that will “make your body sing”. The popularity of the Australian Bananas’ Facebook page has grown rapidly and has over 13,400 fans.

NSW Farmers manages NSW specific apple promotion activities, a component of the national apple marketing program. The major activity is the AppleQuest schools program, to be run for the 5th time in 2011. In 2011 the program aims to involve 250 schools, to which free apples will be delivered. Key objectives are to promote the benefits of healthy eating, make apples a daily addition to the school lunchbox and educate children about the journey of an apple from farm to lunchbox and the important role of farmers in the supply of fresh produce.

Most livestock industries have a marketing levy paid by all producers to fund marketing initiatives to promote their product. Marketing activities in the livestock industries are undertaken by individual national bodies, including Meat and Livestock Australia, Dairy Australia, Australian Pork Limited, Australian Egg Corporation Limited, Australian Chicken Growers Association and Australian Wool Innovation.

Meat and Livestock Australia (MLA) undertake promotional activities directly with retail consumers, as well as foodservice outlets such as hotels and restaurant chains, highlighting red meat's versatility and enjoyment and value for money; with a particular focus on the important nutritional role meat has in a healthy diet. Their campaigns also educate consumers about how to cook a range of economical cuts. MLA invests almost \$70 million a year in marketing and associated programs.

Australian Pork Limited (APL) spends approximately \$4.8 million per annum on marketing activities. These activities include TV, radio and magazine advertising campaigns, as well as point of sale material. APL implemented the annual Australian Bacon Awards and National Bacon Week, to educate consumers on differentiating bacon made from Australian pork, as opposed to those made of imported pork. APL also encouraged bacon lovers to explore the wide variety of meal opportunities that premium Australian bacon can provide beyond the weekend breakfast.

Given that over 80 percent of smallgoods, including bacon and ham sold in Australia is from imported product, APL also implemented the annual Australian Ham Awards and National Ham Week. This program is linked in with the APL Australia Pork Mark, which is a labelling initiative to ensure consumers are aware of Australian grown pork.

Examples of wholesale markets healthy eating programs include:

- Sydney Markets Limited – Fresh for Kids Program. This program is supported by the Canteen Campaign, which rewards students for buying fresh fruit and vegetables at their participating school canteen, which has encouraged almost 1.5 million children to eat more fresh produce since 2000. In 2010 it partnered with the Premiers Sporting Challenge. The Fresh for Kids website was the winner of the Australian Food Media Award for best food-based website in 2010.
- Brisbane Markets Limited – Queensland Kids Fresh Net Program. This program has been created to help improve approaches to the education and promotion of health and nutrition in primary school children.
- Melbourne Market Authority – Marketfresh Schools Program. This program is designed to educate children about the importance of fruit and vegetables in their diets and the processes involved in bringing the produce to their home.

The health and nutrition initiatives undertaken by agricultural and horticultural industries are a reason to secure the strengths of Rural Research and Development Corporations (RDCs). Without well-resourced RDCs these initiatives would not be funded, placing a greater responsibility on Government to fund health and nutrition messages. The role the food industry already plays in supporting population health and nutrition outcomes needs to be recognised at all levels of government.

Recommendation 6

That Government recognise the promotional programs funded by industry which provide a valuable contribution to the nutrition and health message through the continuing support for RDCs.

4.2 Changing Consumer Choice and Expectations

4.2.1 Animal welfare

NSW Farmers and animal industries are acutely aware of increasing consumer demands for ethically produced food. government has a responsibility to ensure that Australian consumers know that Australian animal welfare standards are recognised as being some of the best in the world. It also needs to be recognised that imported animal products may not have been produced using the same high standards as required in Australia.

Each State and Territory in Australia has *Prevention of Cruelty to Animals Acts* 'POCTA' (also known as *Animal Welfare Act* or *Animal Care and Protection Act* in some States) that outlines provisions that all people involved with animals must adhere to.

Model Codes of Practice for the welfare of animals are referenced under each POCTA. The minimum standards outlined in these Codes are intended to help people involved in the care and management of animals to adopt standards of husbandry that are acceptable.

The development of the *Australian Animal Welfare Standards and Guidelines* which is underway will result in nationally consistent requirements for people involved with animals. NSW Farmers notes that the Standards and Guidelines process has been a slow one which has not engaged and communicated effectively with all of industry. This has had the effect of disenfranchising those most required to achieve the outcome of the process.

Australian farmers recognise the importance of animal welfare which occurs with a more engaged consumer. However, recognition needs to given to the fact that producing a more ethically appealing product comes at a cost to farmers and the price of the end product needs to reflect this. Further research and development (R&D) combined with adjustment packages in areas of animal welfare and production would benefit farmers in altering practices to meet the demands of ethical consumers (e.g. R&D into practical alternatives to mulesing).

4.2.2 Food Labelling

Question 18.

Some food industry sectors have developed tools to demonstrate desirable product attributes to consumers, for example through organic or environmental certification. Do you know of any examples of food supply markets that are not adjusting to evolving consumer demands (that is, potential market failures)? What are they and how could they be encouraged to adjust (that is, not fail)?

Truth in labelling is vital for not only consumers, but also the integrity of farmers across NSW and Australia. Legitimacy and clarity of certain claims made on food labels should be specifically defined, so as to provide consumers with a clear idea of what the product contains and why it is labelled in such a way. Terms representing desirable product attributes such as 'lite', 'organic', 'hydroponic', and 'free range' have become marketing tools and to ensure clear understanding there needs to be clear definitions to ensure consistency in application. Definitions should be periodically reviewed and enforced so as to maintain accurate and reliable definitions that are not misleading to consumers. Where a word has a usual or technical meaning it should not be redefined as different to the original meaning.

Recommendation 7

That Australia develop and implement a clear labelling system, which provides easy to understand information on nutrition, product attributes and country of origin.

Food claims must be regulated as the consumer can easily be misled. Claims of being organically grown or grown with superior environmental credentials or under an integrated pest management system must be paired with a recognisable organic or environmental certification system. The certification system must be displayed at the point of sale, or on packaging. There is a concern that claims such as 'organically grown' are not always legitimate. Farmers' Markets and other outlets, where consumers can purchase directly from the 'producer', may be particularly prone to claims that cannot be proven. The industry has confidence that claims on products in major retail outlets are legitimate. It is important that claims are verifiable and that they are audited and certified under a recognised standard or accreditation scheme. Government should ensure compliance.

Recommendation 8

That desirable product attribute claims be specifically defined and be certified under a recognised standard or accreditation scheme and be subject to compliance checks.

4.2.3 Quality Assurance and Certification

While many consumers have a general understanding of what the term 'organic' represents, there is scope for improved recognition of produce grown under an integrated pest management (IPM) system, particularly by retailers. One of the reasons farming businesses have adopted an IPM system is to address consumer demands for a reduction in chemical use. Australasian Biological Control Inc has an IPM accreditation scheme and logo. Several vegetable businesses that supply the major retailers are accredited.

Animal industries are becoming increasingly aware of consumer demands for ethically produced food. As such, industries are modifying conventional methods of production and implementing systems that meet the demands of consumers. The pork industry has addressed the issue of sow stalls, phasing them out by 2017. Over recent years the egg industry has complied with new standards, providing birds with larger and animal welfare friendly cages.

Changes that are being implemented by Australian industries to their systems to meet consumer demand will often negatively affect the profitability of the enterprise. While consumers are making demands, they are not always willing to pay for these changes. Consumer perceptions are not always reflected in consumer behaviour. There are concerns amongst primary producers that these changes are not recognised and they are competing against products imported from countries which have not been required to implement similar changes. This is a market failure, with consumers not understanding that imported products may be produced under standards that they do not believe are acceptable.

A major burden to horticultural industries is that there is a number of individual food safety and quality programs, with retailers each having their preferred and accepted programs. For example all growers, packers and wholesalers supplying Woolworths directly must have Woolworths Quality Assurance. The on-farm assurance program for the Australian fresh produce industry, Freshcare, is not accepted for direct supply. However, it is accepted by Coles (with an additional Coles Supplier Checklist).

As a result farming businesses supplying more than one retailer often have to be certified to more than one system, each requiring their own audit. Implementing a system, as well as its management, review and auditing, is not at an insignificant cost. NSW Farmers seeks to have each food safety and quality system that is Hazard Analysis and Critical Control Point (HACCP) based recognised by all retailers, so that farming businesses do not have to implement more than one system.

Recommendation 9

That retailers recognise all horticulture food safety and quality certification programs that are Hazard Analysis and Critical Control Point (HACCP) based, so that farming businesses do not have to implement more than one system to address the same food safety and quality risks.

4.2.4 Consumer Perception

Question 19.

How do consumer perceptions of food production (across the food supply chain) affect food-related businesses and regional communities? What research has been done on this?

Consumer perceptions of food production impact on farming businesses, with many supply requirements for Australian food producers being due to consumer demand. There are consequences of these consumer demands with resultant increased inputs and costs. For example a demand for blemish free fresh produce requires a more stringent pest and disease monitoring program and potentially increases chemical use. Free range egg production requires more land and labour. Supermarkets are responding to consumer demands by implementing changes to agricultural industries that are not necessarily considered sustainable and commercially viable by farming businesses.

Major supermarkets are becoming a de-facto regulator, with supply requirements being more stringent than that required under Australian regulation. For example, one major retailer enforcing a supply requirement that pork must not have been raised in sow stalls, while sow stalls are legal under Australian regulations.

Advertising using misleading claims has a major impact on consumer perceptions of food production in Australia. A case in point is advertising by many chicken meat brands that their products do not contain hormones. However, the use of hormones in chickens has not been permissible in

Australia for over 40 years. Misleading advertising results in consumers assuming that some food products in Australia are unsafe, or in the case of chicken meat, that some brands still do contain hormones.

The media has a major impact in forming consumer perceptions of food production. Consumers may have difficulty in separating an opinion piece from factual information. With the large volumes of information available online, it is important that consumers learn how to check the credibility of information and determine who has sponsored any research reported.

It is the joint responsibility of Government and industry to educate Australian consumers and improve their understanding of food production. It is important that consumers know that Australian farming businesses readily adopt new technology and implement sustainable and best management practices. This can be achieved through knowledge gained from outcomes of research and development (R&D). Through the Rural Research and Development Corporations (RDCs), rural industries and the Australian Government together invest some \$490 million a year in R&D; producers contribute to the cost of this research primarily through statutory and voluntary levies, with most of government's contribution provided on a matching dollar for dollar basis³³.

Recommendation 10

That Government and industry collaborate to develop a communication program so as to improve the understanding of food production by Australian consumers.

NSW Farmers hosts *Oysters in the Ivy* (formerly known as *Oysters in the House*) to promote and market the oyster industry. This initiative is an example of how industry can address consumer perceptions and improve the public's understanding of food production. One of the key components of the event is the 'People's Choice Award', which puts the decision making in the consumers hands rather than professional food judges. NSW Farmers' oyster growers view this event as an important way of reaching their target audience, providing them with a unique educational insight into how oysters are grown, quality controlled, how to taste and rate an oyster and the regions that the oyster comes from.

NSW Farmers believes that A *Sustainable Food and Fibre Policy* (SFFP) is the way to secure the inclusion of sustainable food and fibre production into

³³ Productivity Commission 2011, *Rural Research and Development Corporations*, Report No. 52, Final Inquiry Report, Canberra.

the national and state curriculums, so that future generations will understand how food and fibre is produced and the resources required for its production. NSW Farmers believes this can be achieved by integrating it into the National Curriculum alongside the current *Sustainability* cross-curriculum priority. The aim of this is to create the framework whereby all children from years K-12 gain an understanding of where the food and fibre that sustains their life comes from.

Recommendation 11

That Government implement a Sustainable Food and Fibre Policy so that future generations will understand how food and fibre is produced, and the resources required for its production.

The children of today are the future policy and decision makers. In order for them to be equipped to plan for and secure future resource allocations for food and fibre production, they have to be exposed to this learning through their primary and secondary education. Primary industries knowledge will equip them to make decisions in the future that will lead to both efficiency and sustainability in the agricultural industry.

NSW Farmers has developed a four page policy brochure outlining the importance of educating the next generation of policy makers and decision makers about sustainable food and fibre: *Educating Our Children About Food & Fibre Production*³⁴.

4.2.5 Food Safety

Question 20.

Are you confident in the food you eat? If not, what aspects concern you? Do you believe food in Australia is safe? If not, please outline which aspects of food in Australia you believe are not safe and what needs to be done to ensure all food in Australia is safe?

NSW Farmers supports processes which ensure that risks are managed so that Australian's are able to access high quality, safe fresh produce and that protect the reputation of Australia's agricultural and horticultural industries.

34

http://www.nswfarmers.org.au/data/assets/pdf_file/0009/69867/food_fibre_production.pdf

Australian food legislation, combined with state and territory enforcement and industry quality assurance programs, should give Australian consumers the highest confidence in the safety of Australian food.

Australian agricultural and horticultural industries have developed quality assurance programs to ensure that food is produced considering food safety, the environment, human safety and the wellbeing of the animal.

In addition to industry quality assurance programs, government has implemented regulations to ensure that food is safe. Food Standards Australia New Zealand (FSANZ) has developed Food Safety Standards to provide more effective and nationally uniform food safety legislation for Australia. There are requirements for the control of food safety hazards during the production, manufacture and handling of food. Food safety is managed through all parts of the food supply chain, that is, from paddock to plate.

FSANZ works in partnership with other agencies of Australian governments, industry stakeholders and consumer groups in the development of primary production and processing standards, particularly through Standard Development Committees established for each primary sector. Primary production and processing standards have been developed for eggs, seafood, dairy and poultry meat. They are currently being assessed for seed sprouts, raw milk products, meat and meat products. FSANZ is investigating approaches to ensure food safety in fresh horticulture produce. State bodies have implemented further regulations to ensure that food is produced in a safe manner. For example, the NSW Food Authority is in the process of developing a quality assurance system for the poultry meat industry.

Food safety and quality assurance compliance is not voluntary for most food producers. They must implement a food safety system to meet customer (retailer) requirements and this is not an insignificant cost to a farming business. Examples of food safety and quality assurance programs are as follows:

- Dairy – Must implement a Hazard Analysis and Critical Control Point (HACCP) based Quality Assurance Programs
- Eggs – Egg Corp Assured; Woolworths Quality Assurance
- Horticulture – Freshcare; Woolworths Quality Assurance; GlobalGAP; SQF1000
- Livestock (Sheepmeat/Lamb/Beef/Goatmeat) – Livestock Production Assurance Quality Assurance (LPA QA); a new initiative called AgriSure is under development

- Oysters – Australian Shellfish Quality Assurance Program (ASQAP)
- Pork - Australian Pork Industry Quality Program (APIQ)
- Poultry Meat – Processor owned quality assurance programs; NSW Food Authority currently developing a compulsory food safety program for NSW producers.

Additionally the livestock industry has implemented a system for the identification and traceability of livestock, the National Livestock Identification System (NLIS). This gives the ability to trace livestock from property of birth to slaughter, which is crucial to the safety of red meat. NLIS Ltd (a subsidiary of Meat & Livestock Australia) operates the central NLIS Database on which the livestock movements must be recorded.

Consumers demand safe food and government and industry know that Australian food must meet consumer expectations in regards to food safety. Although Australia has some of the strictest requirements for the production of safe food, not all consumers are aware of these measures. Government has a responsibility to educate consumers about the systems underpinning food safety in Australia. Government and industry needs to counteract misleading information that is presented in the media, or by lobbying groups.

Recommendation 12

That Government enhance communication to consumers so that they gain a greater understanding of the systems underpinning food safety in Australia.

Two key areas of consumer concern are chemicals and genetically modified (GM) food. Whilst the NSW Farmers supports the choices of growers to implement conventional and GM systems providing that they do not interfere with the production choices of other farmers, there is a concern the majority of consumers may not realise that government agencies fully assess these before they are approved for use or release. All GM foods intended for sale in Australia must undergo a safety evaluation by FSANZ and the Office of the Gene Technology Regulator (OGTR) oversees the development and environmental release of GM organisms under the *Gene Technology Act 2000*.

Likewise, the Australian Pesticides and Veterinary Medicines Authority (APVMA) must be satisfied that agricultural and veterinary products will not result in any appreciable risk to consumers, users, or the environment before they are registered.

Recommendation 13

That there is full transparent labelling of GM ingredients on all imported and domestic food products sold in Australia with understandable and scientifically supported information regarding GM.

For the case of GM foods there is a need for consumers to be educated about the process of modification of genes in plants and potential benefits in order to build consumer trust so that they can make informed choices. Potential benefits include human disease prevention, improved crop yields, plant disease prevention, reduced fertilizer requirements and increased water use efficiency. These potential benefits will become increasingly important as world population increases.

Recommendation 14

That, based on sound credible data, NSW Farmers work with industry and Government to inform its Members and consumers of the known and potential benefits of GM technology as applied to food crops and of the role of the regulatory authorities in protecting the health and safety of people and the environment.

Australian plant and animal commodities are rigorously monitored for chemical residues through programs such as the National Residue Survey and FreshTest. The National Residue Survey (NRS) is part of an Australian Government and industry strategy to minimise chemical residues and environmental contaminants in Australian food products and is largely industry-funded³⁵. NRS programs encourage good agricultural practices, help to identify potential problems, and indicate where follow-up action is needed.

NRS currently tests for residues of pesticides, veterinary medicines and environmental contaminants in 21 animal products including meat products, honey, eggs, wild-caught fish and aquaculture products; 21 grains, pulses and oilseeds; and 5 horticultural products including apples and onions. Samples are tested against an agreed chemical screen that is designed to meet market requirements. In the event of a residue above the Australian Standard being detected on a sample, a trace back investigation is undertaken to determine the cause. In serious circumstances regulatory action may be taken.

³⁵ www.daff.gov.au/agriculture-food/nrs

For Apples and Pears in 2009/10 the NRS showed compliance rates with Australian Standards of 98.1 percent for samples collected from packing sheds and 99.3 percent, for samples collected from central markets. The NRS reports that results over the last decade demonstrate that Australian apple and pear producers use in-crop and post-harvest agricultural chemicals according to good agricultural practice, and assures customers of the excellent residue and contaminant status of Australian pome fruit³⁶.

The NRS reports similar results for Sheep and Lambs. During 2009/10 the overall compliance rate with Australian Standards was 99.78 percent.³⁷

The chicken meat industry universally supports the NRS, which conducts regular independent checks of residues of antibiotics in chicken meat in Australia. Testing has consistently shown that Australian chicken meat does not contain residues of antibiotics.

FreshTest was established by the Australian Chamber of Fruit and Vegetable Industries in 2002. It has grown to be the largest horticulture residue testing program. Currently there are over 30,000 tests recorded in the database showing a compliance rate of 97 percent against the Maximum Residue Limits (MRL) legislated by FSANZ³⁸. In each residue test, the produce is tested for 110 different substances. It also includes microbial testing of produce.

Imported food products are increasing in the Australian marketplace and represent a major threat to some of Australia's primary produce sectors. Imported food products are given equal standing at the retail level, yet they may not have been produced under the same level of quality assurance programs as Australian grown produce.

The implementation of quality assurance programs and adherence to strict food safety, environmental and occupation healthy and safety regulations represents a significant cost to Australian farming businesses. Australian food businesses should be able to compete on a level playing field and there must be equality in supply requirements. It is not unreasonable for imported food to have to be produced under the same systems that government and consumers demand of local producers. Given Australia has some of the

³⁶ Australian Government, Department of Agriculture, Fisheries and Forestry. Apples & Pears: National Residue Survey 2009-10.

³⁷ Australian Government, Department of Agriculture, Fisheries and Forestry. Sheep & Lambs: National Residue Survey 2009-10.

³⁸ www.cfviwa.com.au/services/freshtest/

highest food safety standards in the world, this is something that consumers should be made aware of and that Australian food producers benefit from.

Recommendation 15

That the Australian standards of compliance for food safety be also applied to imported food products.

Australian agricultural and horticultural industries are concerned about the levels of chemical residue testing on Australian products versus imported produce. Australian authorities only test a small percentage of imported produce (5 percent of surveillance foods and 5 percent of high risk foods once 25 consecutive consignments have passed inspection³⁹) and rely on the systems in place in the exporting country to ensure that food is free from chemical residues and other contaminants. While compliance rates of the Australian NRS are publicly available the Australian Government should provide Australian consumers with information about the food safety, chemical regulation and chemical residue testing systems in place in exporting countries and levels of compliance. Australia should test for chemicals that are permissible in the country in which the food was produced, not only chemicals that are permissible in Australia. Identified high risk chemicals that are not permissible should also be screened.

Consumers attach attributes of safety to a product based on its country of origin, and will use country of origin information to evade products from particular countries based on perceptions of health, quality and safety.

Research conducted nationally by Sweeney Research⁴⁰ in 1999 on behalf of the then Australian Department of Industry, Science and Research found that that almost 70 percent of consumers look for information about a product's origin when making purchasing decisions. The research further found that 83 percent of consumers believe country of origin information is important when purchasing fresh food and 72 percent believe country of origin information is important when deciding which packaged foods to buy. Consumers look for country of origin labels to help them determine the quality of an item and to support local industry and employment. When consumers specifically ask for country of origin information at the point of sale, Sweeney Research states that 78 percent of those who receive an answer go on to purchase the

³⁹ www.daff.gov.au/aqis/import/food/inspection-scheme

⁴⁰ Sweeney Research referenced from

https://www.onlyoz.com.au/index.php?option=com_content&view=article&id=65 (accessed August 2011)

product whereas only 45 percent of those who do not receive the requested information go on to purchase the product.

Consumer perceptions and desire to buy locally produced food, paired with disparate food safety systems mean that clear and enforceable country of origin labelling (CoOL) is required in Australia. This transparency will allow consumers to make an informed choice.

While CoOL is mandatory in Australia for packaged food and some unpackaged food, it needs to be better enforced nationally. Additionally, it is not acceptable that the general statement of food being a mix of local and imported foods or a mix of imported foods is permitted. The intent of CoOL is that the country of origin is made known to consumers, not that it is simply imported. A declaration that a product is a mix of local and imported foods can be misleading, as the local content may be minimal and it does not allow consumers to make an informed choice.

Definitions of “Made in” and “Product of” also need to be made clear to consumers. For food products, they can be misinterpreted by consumers, with the belief that “Made in” means that the primary ingredients of the product was actually grown in Australia or the country the “Made in” statement refers to.

To meet consumer expectations CoOL should represent the primary ingredients of the food and the percentage should be indicated where the product is a mix of local and imported ingredients or a mix of imported ingredients. Additionally for food products a “Made in” statement should be paired with a statement of the country of origin of the actual ingredient/s of intent. For some food manufacturers it may be more desirable to have a “Made in” statement where the country the food was "made" in is considered more acceptable by consumers, than the country in which the ingredient/s of intent were grown.

Recommendation 16

That country of origin labelling clearly state the country of origin of the essential character and general statements such as being imported or a mix of local and imported ingredients not be permitted.

5 Competitive, productive and efficient food industry

5.1 Investment

Question 21

What are the main drivers of, and barriers to, domestic and foreign investment in Australia's food industry?

The primary driver for both domestic and foreign investment in agricultural land is no different to that of all other drivers of investment; returns, or profit. Continually increasing agricultural commodity prices over the last 10 years have pushed the potential profitability of the agricultural sector on regions not experienced in recent times. The structural shift in price trends due to expanding global populations and relatively stagnant supply sources has placed increased pressure on agricultural resources.

The inability of supply to grow at a similar rate as demand is due to an entrenched pattern in Australian agriculture of decreasing multifactor productivity growth rates. The resulting price increases have seen long term price and profitability forecasts venture into grounds more favourable to investment than over the last two decades.

Increasing concern over food prices and availability has promoted anxiety in some nations about their future food sovereignty. This has been reported as one of the drivers of international agricultural investment, particularly with reference to China and other emerging nations. However, there is currently no available data that proves this is occurring on a large scale within Australia, and as such this will not be the focus of this section.

The barriers to investment vary dependant on their nature. Both the size and source of the investment will determine the barriers faced by an investor when attempting to enter or expand within the Australian food industry. Foreign investment is automatically referred to the Foreign Investment Review Board (FIRB) if it breaches a certain threshold (generally \$231 million) or derives from a sovereign entity. If there are issues with the affect of a merger or acquisition on general competition, the investment can be referred to the Australian Competition and Consumer Commission (ACCC).

Aside from large regulatory bodies, domestic investment's main barriers are threefold. Firstly, access to finance is still a major hurdle to domestic investment. The innate nature of the Australian agricultural sector, highlighted by volatile swings in productivity, has resulted in an overall

reluctance for large creditors to lend significant funds necessary for expansion to smaller operations. This is particularly prevalent within the younger generations of farmers.

Secondly, regulatory risk is seen as a large barrier to investment within the agricultural sector across Australia. Uncertainty surrounding the future direction of policy that influences agricultural production, such as water rights, regional planning and taxation have had an adverse effect on domestic and international investment across the Australian food industry.

Finally the third factor, which is related to the previous two, is the uncertainty surrounding the international commodity markets and domestic climatic conditions. Variation in the commodity and exchange markets, even on a daily basis, significantly affects profitability forecasts. This is compounded further by the risk associated with rainfall and other climatic variables necessary for the production of agricultural produce and the inadequate mechanisms that are currently in place to mitigate these risks. There currently exists a very premature and inadequate market for climatic risk management within Australia, which acts as another serious barrier to domestic and foreign investment.

On a micro scale, one of the barriers to domestic investment in agriculture stems from the increasingly exorbitant costs to Local Government to develop certain industries. For example, development applications for poultry sheds can cost in the hundreds of thousands of dollars and take years to be processed. This process is inefficient, both in a monetary and timely sense, and is part of a larger issue of regulatory restrictions on small business.

Additionally, one area to keep in mind is the long term ramifications to the current supermarket duopoly. The current market structure acts as a significant barrier to investment (and incentive to exit) due to anticompetitive policies currently in place. If the current market structure and price setting mechanisms remain in play, this will force growers out of the industry in the long term, negatively affecting the food industry's ability to match supply with a growing global demand in the long term.

Question 22

What would encourage more investment in the food industry?

From a Government's perspective, there are a number of key areas that could be altered to encourage future investment within the Australian food industry. These range from regulatory reforms to alternative taxation structures and strategic investments.

5.1.1 Reduction in trade barriers

Inherent to the success of any export orientated industry is the liberalisation of trade. Increased access to international markets is essential to the long term viability of agriculture in Australia. By increasing the overseas markets available for export, through a coordinated drive for free trade, it is possible to significantly increase the incentives for future investment in the food industry.

5.1.2 Increased access to finance

The inherent risk associated with farming, as aforementioned above, is correlated to one of the more serious barriers to domestic investment in Australian agriculture that is particularly prevalent for the younger generations. That is, access to affordable finance. Banks and other large creditor organisations are generally unwilling to lend the necessary amounts of capital needed for farmers to establish an initial farming enterprise. In order to encourage further investment in the industry, there are a number of options available with regards to access to finance. One mechanism with a proven track record includes interest free loans to younger farmers wishing to enter the industry. NSW Farmers have proposed a *Young Farmer Finance Scheme*, which involves around 20 loans of up to \$500,000, administered through a government-industry working group to farmers under the age of 35 who wish to invest in agriculture. Any such similar scheme would encourage further investment in the industry.

5.1.3 Sovereign wealth fund

An issue that directly affects the viability of any export industry is the exchange rate. Australia is currently in the midst of a resource boom, with one of the down sides being the high exchange rate, leading to a reduction in real income received for the 60 percent of Australian produce that is currently exported.

Over time, the high dollar has the capacity to erode any potential gains in productivity over time. The most effective, sensible and available mechanism to counter the pressures causing an inflated exchange rate, is a sovereign wealth fund derived from resource rents. Capturing some of the profits through a resource rent tax and then investing this through a fund offshore will ensure reduced pressure on inflation, interest rates and the exchange rate.

Norway and many other resource rich countries have instigated similar such mechanisms to avoid the well known *Dutch disease*, whereby a high exchange rate, caused by the resource sector, hollows out other exporting industries. This results in an economy unable to recover due to a lack of diversification when the boom eventually goes bust. This is one of the most

essential policies for encouraging investment in the long term within Australia's food industry.

5.1.4 Climatic risk management

A more comprehensive mechanism for managing risk, particularly in reference to weather related variables, is essential to nullify one of the key disincentives to investment. Historically speaking, Australians have not been able to insure crops against rainfall variability. This has recently changed with the emergence of rainfall based derivatives and yield index insurance.

Key to both of these products, however, is the ability to independently and accurately measure rainfall throughout Australia. However, the Bureau of Meteorology only has 500 weather stations in which to measure rainfall across the country. To be an attractive product, the weather stations would have to be dispersed at more regular intervals than present, in order to more accurately measure rainfall variations across the state. A further investment in increasing weather stations, particularly in farming regions throughout the country, would increase the viability of a private sector risk management mechanism.

5.1.5 Regulatory risk management

Another major disincentive to investment surrounds regulatory risk. Uncertainty about legislative and regulatory changes results in underinvestment within the food industry. This risk is evident in industries affected by the Murray-Darling Basin Plan; Land Use Planning issues; and the Carbon Farming Initiative (CFI). Certainty over future Governmental policy is essential for a farm to plan investments over time in order to optimise the use of current and future resources.

5.2 Capital stock and infrastructure

Considering the significant contribution of agriculture to the NSW and Australian economy in general, it is imperative that adequate investment into transport infrastructure is made by government in rural and regional Australia. Such infrastructure is imperative not only to continue the generation of strong economic activity in these areas, but to also make the freight infrastructure more efficient and the transport pricing more affordable. Organisations are reluctant to commit to new investments in the agricultural sector until such time as there is some certainty about freight infrastructure and transport pricing, to enable them to efficiently and competitively undertake their businesses.

The challenge in creating a food plan is not the lack of vision, or ideas, but the difficulty of implementing something so broad. Regardless of the findings on capital stock and infrastructure, regardless of the recommendations

contained in the final report, it is essential that government is serious about seeing this as more than an adjustment to current policy. For a food plan to have any value, weaknesses in current structures need to be identified and rectified.

Whilst different in many respects, the Corish Report had similar ambitions to the Food Plan. The recommendations that came out of this report in regards to transport and infrastructure are as follows:

“Given that a competitive, efficient and cost effective transport system is fundamental to the future of Australia’s agriculture and food sector:

- the interdependence of road and rail transport must be better reflected in decisions affecting the building and maintaining of networks in regional areas
- the AusLink cooperative agreements between the Australian and state and territory governments must be completed and implemented quickly, and include funding for ports as part of more comprehensive export logistics planning
- the National Transport Commission should be given powers to enforce uniform and nationally consistent standards, pricing mechanisms and legislative requirements across transport modes, with the aim of minimising regulatory costs to businesses.”⁴¹

Whilst the second and third recommendations are honourable, they are ambiguous. The first recommendation is more of a vague statement that has next to no chance of impacting future government policy directions. It is essential that this results in recommendations that lead to mandated consideration of food plan goals by key infrastructure bodies, all levels of government and when facilitating public/private partnerships.

Question 24

What are the key issues relating to infrastructure that positively or negatively affect the food businesses along the food supply chain? Is there a role for governments in addressing those issues?

5.2.1 Infrastructure Overview

For the agricultural community, the key infrastructure issue is the price paid for transport. Whilst over-simplifying the issue, farmers obviously seek a cheap, reliable and safe method to transport produce and machinery to and from the farm. Since the 1970s, investment in transport infrastructure has declined from about 7 percent to about 3.6 percent of GDP in 2003/4. Roads investment has fallen from 22 percent of GDP in the 1960s to 10 percent now. Unnecessarily high transport costs can be caused by bottlenecks, technological limitations, general under-investment in basic infrastructure

⁴¹ Corish (2006) *Creating our Future: Agriculture and Food Policy for the Next Generation*

and a failure to recognise the importance of key strategic projects. In addition to the challenges of transporting goods, there is also the challenge of encouraging Australians to live and work in rural areas. Without adequate infrastructure, a further disincentive exists to avoid living in rural communities.

5.2.2 Road Funding

A key finding of the Independent Inquiry into the Financial Sustainability of Local Government in NSW was that, based predominantly on data from the financial year 2004/05, NSW Local Government had accumulated a huge infrastructure renewal backlog of \$6.3 billion that continues to grow by \$600 million per annum⁴². Funding is required as a matter of urgency to address the problem of local roads and bridges reaching the end of their economic life.

Nationally, 8 in every 10 kilometres of roads are local. Only about 20 percent of total road funding is council money for local roads, of which almost seven of every 10 kilometres are rural. Rural local roads get about one-third of total local road maintenance and upgrade funding.⁴³ Road funding is usually based on population numbers, but that must change as increasingly efficient agricultural industries mean fewer regional residents.

By way of example, in 1983 over 50 percent of Moree Plains Shire Council's budget was roads. In 2010 it was less than 20 percent, due to wider cost pressure growth. At the same time grants from higher government had also been reduced.⁴⁴ These statistics highlight a key priority of NSW Farmers, increased State and Federal Government funding for rural and regional Councils.

Not only does this reduce the efficiency of transportation of agricultural goods, it also provides a disincentive for people to live and work in rural and regional areas. There are countless reports which cover this in more detail, and other submissions will be providing further detail. NSW Farmers stresses the role of local road funding in any food plan, and the need to consider this issue in the context of a commitment to a strong future for agriculture in Australia.

Historically, regional transport infrastructure systems have received considerably less funding support than those in metropolitan areas. The Association acknowledges that any infrastructure plan needs to identify

⁴² Local Government Inquiry (2006), *Are Councils Sustainable? Final Report: Findings and Recommendations*

⁴³ Rural Local Road Funding, Fraser, March 2010

⁴⁴ Rural Local Road Funding, Fraser, March 2010

areas of population growth and determine funding priorities accordingly. However, the Association is concerned that such a strategy could lead to insufficient investment in other areas, leading to inefficiencies, reduced competitiveness and higher costs in regional NSW.

Recommendation 17

That the Food Plan designates a legislated requirement that road funding at all levels must meet a certain condition of focus on the food supply chain.

5.2.3 Higher Mass Limits

The NSW Grain Freight Review recommended the NSW Government, with the assistance of industry and local government, remedy identified gaps in the grain road network to ensure Higher Mass Limit (HML) operation is possible on all critical grain routes. Of approximately 185,000 kms of total road network in NSW, there is a mere 15,000 km appropriate for HML access. Moreover the lack of interconnectivity between the HML routes in the network compounds the inadequacy of this asset.

Recommendation 18

Expansion of the HML network into the northern zone of NSW, in which 38 of the 108 key routes between livestock selling, feedlotting and processing centres are located.

5.2.4 Bridges

A key hindrance to an interconnected agricultural freight network is the large number of bridges which require upgrades. Replacements of bridges and removal of other restrictions that limit the connectivity of the current HML road network.

The Kapooka Bridge west of Wagga Wagga alone can be conservatively calculated to cost industry an additional \$4.5 million per year due to the restriction of HML movement of grain from Lockhart, Urana, Oaklands, Rand and Boree Creek to the Junee sub-terminal.

Recommendation 19

That the Food Plan provides a plan to ensure that transport bottle necks created by inferior bridges are removed.

5.2.5 Bells Line

An upgrade to the Bells Line of Road to a four lane dual carriageway 100-110 kph with gradient generally less than 7 percent suitable for B-Double access, will provide an alternative route to the Great Western Highway across the Blue Mountains for road freight.

The total construction cost of the road is estimated to be between \$2 and \$3 billion with recurrent maintenance costs of 10 percent of construction cost per annum (SKM, 2004a).

5.2.6 Inland Rail Link

NSW Farmers strongly supports the development of the inland rail link from Toowoomba in Southern Queensland and Geelong in Victoria, as it would improve the freight efficiencies throughout the east coast of Australia and help develop and establish a much needed network of inland intermodal transport hubs. Such a rail link would allow for the cost effective movement of grain and other freight to major facilities throughout the east coast of Australia, to be further shuttled by both road and rail.

NSW Farmers believes the added efficiencies to freight logistics created by the development of the North South inland rail link, would stimulate development of industry closer to the source of available raw materials and further stimulate the need for improving the standard of the restricted branch lines to feed both in and out of the North South inland rail hubs.

Whilst we understand that the Federal Government has committed funds to undertake cost estimates of the inland rail link, NSW Farmers believes that work is moving too slow on this key project. Should the food plan have a direct influence on any particular infrastructure projects, it should be the inland rail link.

5.2.7 Grain Rail Branch Lines

Responsibility for infrastructure funding is shared between 2 levels of Government – State and Federal. The Federal Government have a direct interest in export and export related infrastructure, however, the Federal Government's response to the Review has been to say "This is a matter for the NSW Government".

NSW Farmers has been calling for the upgrade of the regional grain freight network for over nine years and NSW Farmers urges the State and Commonwealth Government to take a long term view of the rail road network in undertaking this review.

NSW Farmers believes there should be no other option other than to focus investment on line improvement. NSW Farmers understands that at least for some of the lines, the cost differential between restoring and maintaining the line at Category 5 and improving the lines to standards approaching those of the mainline may not be great. The State has already seen a large reduction in the number of remaining operational branch lines to below that recommended in the GIAC.

None of the existing inland rail network will realise its full potential or efficiency until the port zones are linked with an inland rail link along the western freight corridor.

5.2.8 Ports

Access to ports underpins the whole commodity export supply chain. Australian agriculture must have effective regulation of port infrastructure to ensure supply chain efficiencies and international competitiveness.

Australia's existing port infrastructure does not allow the agricultural sector to benefit from a competitive marketplace. At present, some port operators exercise substantial market power within the industry to the detriment of the efficient operation of the entire sector. This dominance has led to a historic under investment in both regional and port infrastructure, as well as alternative modes of transport, such as rail, leaving little incentive for future investment.

Vertical integration and expansion into port infrastructure and upstream supply channels has resulted in the current market leader on the east coast of Australia entrenching their operations in each port zone, which could lead to potential market power abuse. These operations include ownership of:

- upcountry receival sites
- long term contracts with the major rail freight operator, with the potential to control the grain branch lines
- 7 of the 8 wheat export port facilities on the east coast of Australia.

Given the increasing demand for port access by mineral exporters, the Food Plan must outline how this will not come at the expense of agricultural slots.

5.2.9 Infrastructure Australia

Given Infrastructure Australia's role of providing policy advice and the development of infrastructure priority lists, NSW Farmers believes Infrastructure Australia must play a key role in helping to implement the Food Plan.

It is likely that a food vision will recalibrate Australia's infrastructure priorities. This cannot be appropriately achieved without a stated relationship or impact of the food plan. Whilst it is assumed that the findings of the food plan will be communicated to Infrastructure Australia, a longer-term relationship is required. Furthermore, the Infrastructure Australia Implementation plan should be amended to include changes deemed necessary by the National Food Plan.

Recommendation 20

That a key output of the National Food Plan is to produce a priority listing of infrastructure projects, which includes those outlined in this submission. These projects must be priority considerations for future Infrastructure Australia funding rounds.

Regional Development Australia

Regional Development Australia will need to play a key role in the implementation of the National Food Plan, likely alongside Infrastructure Australia. It is essential that the Food Plan takes into consideration regional plans when preparing the food plan. Similarly, Regional Development Australia will need to ensure that the Food Plan is considered as part of future work and decisions.

Recommendation 21

That the RDA National Charter is amended to ensure consideration of the National Food Plan.

Questions 25

What barriers to integrating new and emerging technology into Australian infrastructure hinder improvements to the efficiency of the food supply chain?

As outlined under question 24, uncertainty of future infrastructure funding leaves the private sector unwilling to invest in technology upgrades. A good example of this is higher productivity vehicle technology. Not only does uncertainty surround the Government's commitment to expanding this network, uncertainty also exists regarding registration costs. The same can be said for grain rail branch lines. In NSW, great uncertainty surrounds Government commitment to investment in below-rail infrastructure. This provides an environment which discourages private investment in above-ground infrastructure.

Question 26

What regulatory conflicts in the passage of food or livestock on Australian infrastructure significantly impair the food supply chain?

National Heavy Vehicle Regulator

The regulation of heavy vehicles is soon to go under a significant change with the introduction of the national heavy vehicle regulator. The differences that exist between states lead to inefficiencies, and increases the cost of agricultural transport. Whilst key consultation has already occurred for this regulatory shift, it remains a key concern. Uncertainties still remain around the funding, structure and role of the regulator.

Regardless of the structure and success of the switch to a national set of laws, Australia's food industry is heavily dependent on transport regulation which promotes efficiency, safety and clarity. NSW Farmers does not believe that transport regulators are adequately taking into consideration the growing size of agricultural equipment. This is of particular concern given that the trend toward bigger agriculture machinery is predicted to continue. This is due to the need to obtain onfarm economies of scale, and that Australian farmers or regulators have little control over the design of farm machinery, which are primarily manufactured for overseas markets.

Port Access

As outlined under question 24, regulation of port access does not provide adequate guarantees of access for agriculture. If we are to increase our exports, it is essential that planning legislation provides this guarantee. NSW Farmers' Members are impacted by supply-chain bottlenecks present, having to pay the increased costs that these inefficiencies create.

5.3 Innovation

Question 28

What are the main drivers of and barriers to innovation in Australia's food industry as a whole, and also the sub-sectors and with the different business models that comprise the industry?

Whilst there are exceptions, in general, the domestic food production industry is dominated by external factors and, in many cases, the focus is on survival. This reactive stance, a natural response when margins are tight and conditions uncertain, is not conducive to innovation.

Even if a farmer or a processor can see technical ways to improve products and systems, the financial benefits of investing in change can be wiped out by a new cheaper foreign product, or a marketing decision, such as the loss leader approach currently being taken to milk by the major supermarkets chains.

Producers understand that innovation and adaptation is essential to survival. In many cases, however, they can see no practical means of implementing innovation. Scale is a major issue for family farms and other small businesses in the food sector. The operating environment for agriculture is increasingly complex – legally, economically, and technically.

However, it is widely acknowledged that it is difficult for small operators to access the range of business skills and the capital needed to innovate. On this basis, government investment in research, development and extension,

particularly through the RDC model, is crucial to ensuring continued innovation in the farm sector.

Question 29

What would encourage more innovation in the food industry?

A government sponsored but commercially focussed innovation pathway, that genuinely breaks down agency and institutional silos. Lessons should be learned from transnational companies in this regard. Other important policies that would encourage innovation within the food industry include:

- A clearer understanding of market drivers – funding is needed for research in this space
- National harmonisation of food safety and marketing standards
- Better access to venture capital, with consideration given to government backed loans or interest free loans

Question 30

What are the top consumer priorities in product innovation over the next 5, 10 or 20 years?

There is likely to be increased segmentation of markets, with different priorities in each segment. First and foremost, it needs to be understood that globally, consumers are becoming wealthier and more educated. And as such, food safety and sustainability will be a priority – ensuring the absence of harmful chemicals and biological contaminants.

Nutrition is also increasingly important, with current research in the biomedical field clarifying the connections between food choices, food quality and health outcomes. Micronutrients are becoming better understood and this will demand greater precision throughout the food production chain. For example, soil chemistry can be a significant determinant in the nutrient quality of food.

Standards and labelling will play an increasingly important role, with consumers demanding easier ways to understand exactly what they are eating and more transparency regarding ingredients. This will impact on the entire supply chain from production, to processing, to retail. Traceability of products and inputs will play a part in standards and labelling, with information technology making it possible for consumers and regulators to investigate the sources of food to a fine degree of detail.

Asian markets

The booming Asian middle class will generate new sets of consumer priorities specific to local cultures. It is essential that Australian producers

understand these priorities and are equipped to meet them and communicate compliance. The preference for high quality standards is already established in the Japanese markets. Luxury and highly niche specific food products are likely to be a significant growth area.

Question 31

What could government do, consistent with a market-based policy approach, to help the Australian food industry take a long-term strategic view to exploit growth opportunities?

There are a number of policy approaches the government can take to ensure Australia's food industry exploits growth opportunities. These are mentioned in detail in *Section 3.4* and *Question 22*.

The most important objective of government in this regard must be to improve farmers' resource security – ie, their access to water and their ability to use their soil – by introducing a planning framework that explicitly provides for the long term needs of agriculture and ancillary industry.

Farmers, as economically rational persons, cannot take a long view when their operating environment is constantly perturbed by changes in legislation and imposition by other sectors on their basic land and water resources and their ability to produce. Likewise, they are unlikely to invest in new, more efficient technology, when they live in constant fear that their ability to use that technology will be constrained.

Similarly, food processing firms are unlikely to invest when there is little security surrounding local production.

To illustrate, farmers have little or no ability to prevent residential subdivision on their boundaries, nor the resulting complaints from new neighbours about the noise, smells and dust that result from normal farming activities. Neither do they have the ability to prevent mining and gas firms from damaging their land and water. Further, NSW Farmers is concerned that legislation inadequately protects water and air from the impacts of mining in farming regions.

Farmers have little or no say in the decisions made to allocate privately owned agricultural resources to achieving public environmental objectives. For example, laws are passed that prevent farmers from managing native vegetation on their property, or which remove or reduce their water rights.

The solution to this situation is to plan deliberately and comprehensively for sustainable agriculture. NSW Farmers advocates the introduction of an

integrated spatial landscape planning process for regional Australia, that optimises the allocation of land and water across competing uses and which identifies and protects strategic agricultural land and water systems.

In Australia, we plan for urban development, we plan for biodiversity conservation, we plan for mining. NSW Farmers is of the belief that the technical capacity to plan for agriculture exists, however, so far the requisite political will to do so has been lacking.

Question 32

How could the food industry make the most of emerging market opportunities, including niche markets such as food tourism? Could the Australian Government play a role in this area?

Planning can also help in this area, with key role for local government. Local governments should be encouraged to develop agricultural strategies for their shires. Such strategies would identify potential for niche markets and help ensure that complementary activities are encouraged and provided for and non-complementary activities excluded. A good example would be measures to ensure that mining and gas development is excluded from the well established wine and food region of the Hunter Valley in NSW.

The Federal Government could provide funding to local government to develop sustainable agriculture strategies for their shires. This would complement, but is not the same as the \$44 Million regional planning provided under the Clean Energy Future package.

Question 33

How could the food industry research and development agenda be improved to ensure more involvement from industry and more effective identification of its needs and the needs of consumers?

Much has been said about the 'urban rural divide', but little practical has been done about it.

One essential pathway in this regard is demonstrating to urban consumers that Australian farming is a progressive, high-tech industry, responding to social priorities such as nutrition, clean energy, climate change mitigation and recycling.

NSW Farmers has commenced investigating a partnership with the University of Sydney, with the aim of proposing a project to develop a Sustainable Food Precinct in the Sydney Basin.

‘Sustainable Food’, in the view of NSW Farmers, is the nexus of agriculture, preventative health and the environment. Food is central to the solution to some of Australia’s greatest challenges including obesity and related diseases, sustainable growth, climate change, water security and restoration of ecosystems. Sustainable Food recognises the need to integrate production with science, policy, and society in a systems approach to providing food that simultaneously promotes healthy societies and builds a resilient natural environment.

The desire to develop a sustainable agriculture precinct is to create a physical manifestation of the concept of sustainable food production, with the benefit of high visibility on the edge of Australia’s largest city. Such a concept would bring together a number of sustainable technologies and services including:

- Water and waste recycling facilities with nutrients and energy used by co-located intensive agricultural enterprises
- Energy efficient food handling and storage infrastructure including renewable energy powered cool stores
- Demonstration and educational facilities (Primary through to Tertiary)
- Healthy lifestyle amenities linked to education and production facilities
- Research facilities (Sydney University would locate a suite of R&D projects within the precinct)

NSW Farmers believes that such a project would have both RD&E and commercial outcomes. Ultimately, commercial quantities of fresh food will be produced within the precinct applying best sustainable production practice, using nutrients and water from recycled sources, and energy from renewable sources. In addition, the precinct will host commercial fresh food storage and handling facilities, including energy efficient cool stores.

To further this proposal, NSW farmers and the University of Sydney are currently seeking funding for a scoping.

In another project, NSW Farmers is advocating an approach to R&D that engages local farmers in hosting field trials undertaken by research bodies. This is an essential practical step in connecting research bodies with farmers and will greatly expedite subsequent extension programs.

Question 34

What should a successful, innovative Australian processed food industry look like in the short, medium and longer term?

In a fast changing multi-polar global economy, it is essential that producers and processors are armed with the intelligence needed to be competitive.

The World Bank predicts that by 2025, six major emerging economies — Brazil, China, India, Indonesia, South Korea, and Russia—will account for more than half of all global growth. This will create significant risks and opportunities for Australian producers and processors.

The domestic food sector cannot expect to compete in the longer term with imported low quality processed food, with products that do not respond to high standards with regard to nutrition, chemical safety and environmental sustainability.

Australian farmers and processors have the capacity to produce world best food products, but it remains unclear if domestic consumers are willing to pay a premium for such produce.

Part of the solution may be the Australian government introducing clear labelling systems and other frameworks that genuinely reward investment in food quality. Such standards must be consistent nationally.

Innovation in export markets may offer significant returns. Many high value Asian markets set high, culturally specific standards. An important role for government in this regard is investment in understanding Asian standards and marketing requirements and supporting Australia producers in identifying the true costs and benefits of participation.

A further aspect of innovation in this space is in processing technology. Australia has potential to lead the world in sustainable food production technology and to develop and export IP in this field.

The NSW Farmers proposed Sustainable Food Precinct project (see q 33) has the capacity to foster the development of zero food print food production; where nutrient, water and energy inputs are from renewable sources (eg renewable energy powered cool stores; process steam from solar thermal; nutrients recycled from organic domestic waste; energy and soil conditions from pyrolysis plants)

Question 35.

What are the key areas for research and development investment that would produce the necessary productivity gains for the food industry?

A critical area for R&D is identifying the synergies between the food, waste and renewable energy industries, particularly in urban and peri-urban contexts.

Globally, and in Australia, urbanisation is causing loss of agricultural land and water resources, reducing food production capacity and driving agriculture into areas where production is inherently less sustainable. Not only does this lead to increased transport costs as food production is located further from major markets, it increases the need for storage, processing and other resource consuming inputs. This is particularly the case for perishable foods. A related issue is the increasing scarcity and cost of agricultural inputs (fertiliser, water and energy) and the potential to replace a proportion of these inputs from renewable sources.

Throughout Europe and North America there are well-established models for farming in and near urban areas. In Holland, Agribusiness Parks are designated not just to supply food, but also employment for surrounding urban areas. Some of the glass used in Dutch glasshouses is able to generate solar electricity for adjacent homes. A similar planning approach has resolved conflict in some areas around Los Angeles in the USA. In Sydney, the Eastern Creek Recycling plant is reclaiming nutrients from organic waste, suitable for application on farm land.

Linked to the loss of peri-urban agriculture is the increasing disconnection of urban populations from agriculture and the source of the food.

Key themes for R&D that could be progressed in the context of Sustainable Food Precincts are outlined below

We define 'Sustainable Food' as the connection of agriculture, preventative health and the environment. Food is central to the solution to some of Australia's greatest challenges including obesity and related diseases, sustainable population growth, climate change, water security and restoration of ecosystems. Sustainable Food recognises the need to integrate production with science, policy, and society in a systems approach to providing food that simultaneously promotes healthy societies and builds a resilient natural environment.

It also recognises the importance of Australia retaining the industrial and natural resource capacity to produce the fresh, healthy food that its population requires.

Developing planning systems for urban agriculture

Progressive planning policy and urban design, is essential to restoring food production as a dynamic and valued part of our cities.

Simply zoning land for agriculture and preventing its subdivision does not offer a future for urban and peri-urban agriculture. There are tracts of empty

land surrounding Australian cities that are zoned for agriculture, but which are not viable for production because neighbours complain about noise, smells and visual intrusion, and because water is not available at a viable price.

In a fundamental sense, urban design, infrastructure and general planning policy is hostile to agricultural activity in an urban context. Those few agricultural producers hanging on in urban areas are struggling to pay bills rather than investing in new methods and technologies, accelerating the cycle of decline.

A majority of the impediments to successful urban agriculture can be solved by taking a precinct approach, based on shared infrastructure and services with master planning, ensuring that agriculture is a good neighbour to the surrounding district. In short, this can be done by designing complete agricultural systems which are integrated with and provide valued services to the urban system.

A key service in this regard is agriculture's ability to provide waste management services - literally, to add value to organic waste.

Waste recycling – trash to food treasure

Organic waste is a major economic and environmental problem for cities and it is acknowledged that sending waste to landfill is not a sustainable solution.

It is anticipated that the proposed precinct will demonstrate that carbon and nutrients in organic waste can profitably be returned to soil, in a closed production cycle. Food > customer > waste recovery plant > farm > food.

Sydney already has a number of waste processing facilities that produce nutrient-rich outputs suitable for use in agriculture. As is discussed below, ideally the Precinct will be co-located with one of these existing plants, with Eastern Creek being the most promising candidate.

The efficiency and economic viability of such plants can be augmented by co-location with pyrolysis plants producing energy and biochar.

In the integrated precinct model, nutrient rich liquor from a waste recovery plant would go straight to farm. Dry organic waste from the plant would be pyrolysed producing biochar and energy. The biochar would go to soil and the energy would go to operation of the farm and infrastructure.

Biochar

Several biochar technology companies are seeking to build facilities in NSW, but are experiencing a range of funding and site selection hurdles.

Sustainable Food Precincts would offer an attractive location for such ventures, offering both reliable waste inputs and a reliable market for energy and soil conditioner products. It should be noted that the Precinct offers to such ventures, a sufficiently close market for biochar to make its production, transport and use a net carbon sink; the advantage of an integrated planning approval process with considerable cost savings. Also, the synergies arising from co-location with like ventures in a government supported precinct also reduces project risk and increases the ability to raise equity.

Water recycling

Urban storm water is potentially a significant resource for urban agriculture. It is proposed that the precinct would be integrated with natural water treatment and recovery systems (based on wetlands and reed bed filtration) which would also contribute to biodiversity and aesthetic values of the site. As with all activities in the precinct, these facilities would have research, commercial and demonstration functions, with the aim of progressing best practice technology.

Sewer mining

Sewage is a rich source of water macro and micronutrients. Legislation now exists in NSW to enable commercial entities to take and use sewage from the publicly owned sewerage system. The precinct will explore options in this field. It should be noted in this regard that Sydney sewerage infrastructure is overloaded, under-maintained and in need of capital investment. Sewer mining and storm water recovery need to be factored into sewerage infrastructure planning. The Precinct can provide valuable R&D and proof of concept opportunities in this regard.

Logistical solutions

The precinct model will also help address many of the logistical problems experienced by fresh food wholesalers (by providing better cool store, holding and transfer stations). Part of the site, therefore, will be devoted to transport-related activity, with energy efficient storage and handling of fresh food produced both on and off site.

Question 37

What could government do to accelerate food and nutrition research and development to successful commercialisation outcomes?

Sustainable food precincts – see question 35

Question 38

What measures or alternative approaches could the government introduce or encourage that would facilitate greater use of public research facilities by small to medium enterprises in the food industry?

The proposed precinct model helps address the current problems of fragmentation of isolation of R&D from commercial practice.

Sustainable food precincts would co-locate commercial production with cutting edge public research facilities.

Small to medium enterprises would be encouraged to established premises within purpose built and planned precincts, in confidence that:

- They would not suffer complaints from neighbours
- They would enjoy state of the art transport, storage and transfer facilities
- They would be interacting with scientists and participating directly in innovation

5.4 Labour and Skills

The agrifood industry is made up of 180,000 small to medium sized enterprises and a workforce of more than 880,000 people, with 57 percent based in regional Australia. The industry is an important contributor to the national economy, generating more than \$200 billion each year and accounting for around 20 percent of Australia's export earnings. Australia grows and produces over 89 percent of its domestic food supply and exports 80 percent of total gross value.⁴⁵

Question 39

Are there labour supply issues with skilled and professional workers in the food industry? If so, what are they, and what causes them? What particular skills or professions are in short supply and why? Is there a role for government in improving the supply of skilled and professional staff?

5.4.1 Identified labour shortages in the agrifood industry

There are a number of labour supply issues at both the professional level as well as the basic skill level within the food industry. Agrifood Skills Australia develops and releases a yearly Environmental Scan document that provides an insight into the factors currently shaping and impacting on agrifood workforce development and how well the training system, its products and services, and industry itself are responding.

⁴⁵ Agrifood Skills Australia, Submission to Australia's Sustainable Population Strategy, 16 March 2011, pg 2

The 2011 Environmental Scan identifies a number of reported labour shortages across key agrifood sectors; these shortages are outlined in Table 5.1.

5.4.2 Reasons for a declining labour supply

There are two underlying reasons for the declining supply of labour throughout the Australian economy; policy and demographics. In relation to the public policy, in early 2008 the level of net overseas migration reached a peak of 320,000 people. After the Federal Government cut the migrant intake through the Global Financial Crisis, followed by changes relaxing the link between studying in Australia and obtaining permanent residency, overseas migration figures have fallen dramatically. Latest intelligence indicates that migration was at 216,000 people over the year to June 2010.⁴⁶

In relation to demographics, it has been suggested that many 'baby boomers' delayed their retirement through the Global Financial Crisis due to the erosion of their superannuation savings. Access Economics have indicated that those who delayed their retirement then, are now about to leave the labour market. Statistics indicate that working age population gains will slow from the peak of an extra 300,000 potential workers in 2008 to 190,000 in 2011 and just 160,000 in 2012.

Reasons for a declining labour supply in the agrifood industry

There are some domestic and international factors affecting the supply of labour in the agrifood industry. From an international viewpoint, the lack of truth in labelling and the importation of international food stuffs, create both direct and indirect effects on the supply of labour in the Australian agrifood industry. However, the domestic dynamics have a greater impact on the industry's supply curve. Retirement rates and the ageing workforce, as well as mortality and injury rates, are of key concern.

By 2018, 116,558 workers (of a 2008 workforce of 305,763 in agriculture) will be over the age of 65 years^{47,48}. The 2009 average retirement rate in agriculture was 60.9 years, which indicates that 116,558 workers retiring at the age of 65 is likely to be underestimated. According to the 2011 Agrifood Skills Australia submission to *Australia's Sustainable Population Strategy*, the retirement rates for agriculture reveal a critical emerging labour and skills shortage in this sector which is highly likely to be replicated in other agrifood

⁴⁶ Agrifood Skills Australia, Submission to Australia's Sustainable Population Strategy, 16 March 2011, pg 8

⁴⁷ Agrifood Skills Australia (2011) *Australia's Regions: Australia's Future*, Environmental Scan 2011, Barton, Canberra

⁴⁸ Keogh, M. (2010) *The Current and Future Human Resource Needs of Australian Agriculture*, The Australian Farm Institute Ltd, Sydney.

sub sectors. This is despite the above average fertility rate in regional areas⁴⁹ and the fact that agrifood workers tend to remain in the labour force for longer.

Table 5.1 Reported labour shortages across agrifood industries

Agriculture, Horticulture and Conservation	<ul style="list-style-type: none"> • Agricultural and Horticultural Mobile Plant Operator • Agronomist • Crop Farm Worker • Environmental Scientist • Farm Manager 	<ul style="list-style-type: none"> • Mixed Crop and Livestock Farmer • Shearer • Soil Scientist • Veterinary Nurse
Food, Beverage and Pharmaceuticals	<ul style="list-style-type: none"> • Baker and Pastry Cook • Food and Drink Factory Worker • Food Safety Auditor 	<ul style="list-style-type: none"> • Food Scientist and Technologist • Poultry Process Worker • Primary Products Inspector • Sales Representative
Seafood	<ul style="list-style-type: none"> • Aquaculture Farmer • Aquaculture Worker • Coxswain • Deck and Fishing Hand • Fisheries Inspector 	<ul style="list-style-type: none"> • Marine Engineer • Occupational Diver • Seafood Process Worker • Skipper
Meat	<ul style="list-style-type: none"> • Butcher • Meat Carcass Assessor • Meat Inspector • Meat Packer 	<ul style="list-style-type: none"> • Meat Process Worker • Quality Assurance Personnel • Slaughterer, Boner and Slicer

*Source: pp. 22-23, 2011 Environmental Scan of the Agrifood Industry, Agrifood Skills Australia.

The retirement figures mentioned above do not include exit from the workforce due to mortality or serious injury over the next 10 years. Keogh⁵⁰ estimates that it is likely to be equivalent to 16,446 total persons or a further loss of 5.4 percent of the current labour supply.

Other domestic factors impacting on the skills and workforce profile of the agrifood sectors include current mining operations across Australia. Due to the capacity of the mining sector to pay higher wages than that traditionally associated with agriculture, potential labour has been drawn away from the agrifood sector. Alongside of this are the debilitating effect of the recent decade long drought, and now devastating floods, experienced across NSW.

⁴⁹ (2010), One for the country: recent trends in fertility, Cat. No. 4102.0, ABS, Canberra, www.abs.gov.au/social_trends

⁵⁰ Keogh, M. (2010) The Current and Future Human Resource Needs of Australian Agriculture, The Australian Farm Institute Ltd, Sydney.

5.4.3 Additions to the skills shortage list

The identification of skills, their listing on shortage lists and the subsequent focus, also has an impact on the profile and attention.

Recommendation 22

The Association believes the following qualifications should be added to the Skills

Shortage List:

- a. Certificate 2 Agriculture
- b. Certificate 3 Agriculture
- c. Certificate 4 Agriculture
- d. Certificate 3 Wool Handling
- e. Certificate 3 Clip Preparation-Owner Classer
- f. Certificate 4 Wool Classing Professional Classer 5 Shearing/Shed Hands

Addressing the industry skills needs

In order to respond to the agrifood industry's skill needs and to address skill shortages such as the low number of tertiary graduates entering agriculture, there needs to be greater input from industry representatives such as the NSW Farmers and other industry bodies, such as Horticulture Australia, Dairy Australia and other commodity councils.

NSW Farmers believes that training should have a more formalised role around workforce development and building enterprise capability. It should also have a more formalised role around workforce planning and development.

Traineeships and Apprenticeships

The Association has serious concerns regarding funding levels for NSW agricultural traineeships for the 2011-2012 round of funding. Based on information obtained from the NSW Department of Education and Communities, it appears that the amount set aside for funding traineeships (e.g. Certificate II traineeships in agriculture) is to be reduced by 31.4 percent or \$550 to \$1,200. It is also apparent that the base funding levels for higher level agricultural traineeships at the Certificate III and IV have been reduced by about 10-20 percent to \$3,200 and \$3,700 respectively.

Rural traineeships provide valuable incentives to attract good staff into the rural workforce, and the Association has been a long standing supporter of training in this area. Provision of a skilled labour force for agriculture is a major concern, and we believe funding cuts to training has an adverse affect, particularly at school and vocational levels, where entry into the industry is facilitated.

Previous funding reductions for these lower level agricultural qualifications substantially contributed to an almost 40 percent reduction in Certificate II agricultural traineeship commencements across the State. We are concerned that the impact of a decline in funding for traineeships may have similar effects on the prospects, particularly of young people who may wish to develop a career in the rural and regional sector.

Recommendation 23

That at a State level, the NSW Department of Education and Communities review its agricultural traineeship funding levels so that no reductions in base funding levels are made for key agricultural and agrifood related traineeships.

Question 40

What aspect of workforce development for the food industry should take priority? Why? Possible choices may include (but are not limited to) building an evidence base, initiatives to attract and retain appropriately skilled people, training to upskill existing people, labour mobility, migration.

The Agrifood Skills Australia 2011 Environmental Scan distills information and advice gathered throughout the development of the Scan into short summaries of workforce development need by each major agrifood sector. Table 5.2 outlines the development needs, particularly each sub sectors major challenges and trends, as identified by the 2011 Environmental Scan. For full summaries see the Agrifood Skills Australia 2011 Environmental Scan.⁵¹

Table 5.2 Major Challenges and Trends for the Agrifood Industry

Agriculture, Horticulture and Conservation	<ul style="list-style-type: none"> ● Widespread ageing of existing workforce ● Attracting and retaining workers at skilled and semi-skilled levels ● Attracting and skilling seasonal workers ● Filling demand for technician and para professional job roles which can in turn drive greater adoption of innovative practice, new knowledge and technology ● Building skilled, robust, regionally based labour pools in cooperation with co-located industries ● Building enterprise understanding and capability in ‘employer of choice’ and high performing workplace practices ● Growing environmentally sustainable production systems capable of delivering strong economic returns
Food, Beverage and Pharmaceuticals	<ul style="list-style-type: none"> ● Attracting and retaining workers at all skill levels ● Instilling sustainable production systems capable of delivering strong economic returns

⁵¹ [http://www.agrifoodskills.net.au/uploads/file/FINAL%202011%20Environmental%20Scan\(1\).pdf](http://www.agrifoodskills.net.au/uploads/file/FINAL%202011%20Environmental%20Scan(1).pdf)

	<ul style="list-style-type: none"> • Encouraging and harnessing greater levels of innovation • Instilling sustainable production systems capable of delivering strong economic returns • Encouraging and harnessing greater levels of innovation
Seafood	<ul style="list-style-type: none"> • Attracting, training and retaining workers at all skill levels – crew shortages and reducing enrolments increasing with emergence of oil and gas resource projects • Linking skill development with industry licensing and compliance requirements • Diffusing new practice and knowledge from research and development work into the workforce through formal training • Ensuring occupational health and safety and food safety from an integrated approach to risk management • Growing contemporary industry leaders and securing their engagement in skills and workforce development
Meat	<ul style="list-style-type: none"> • Labour shortages and lifting employee retention rates • Driving efficiencies and lowering input costs • Meeting changing regulator and customer requirements • Embedding career paths and rewarding job design • Growing contemporary industry leaders to drive high quality workforce development practices • Lifting innovation capability and capacity of enterprises

Question 42

Are you aware of programs to attract and retain new entrants to the field of agriculture working? If yes, how could these programs be improved?

With regards to attraction and retention of new entrants, one of the main areas that needs to be looked at is putting in place the policy reforms outlined within Chapter 3 of this submission. These reforms will increase the efficiency of agricultural production, expand the capacity of the supply chain and ensure greater market access for farmers. In doing so it is envisaged that returns upon investment in agriculture will improve, which has the corresponding feature of attracting greater investment, and also providing greater capacity for farming businesses to adopt employment practices, including remuneration structures required to make agriculture an industry of employment and of choice.

There also needs to be a more proactive role undertaken by Agrifood Skills NSW and Australia to attract underrepresented groups into the agrifood workforce. The industry needs champions; examples of women, indigenous Australians and underemployed working in the agricultural sector. This would show people what can be done and how the sector has recognition of prior learning, cross-sectional learning and continual learning.

Question 43

What could be done to use growing student interest in environmental issues to meet the skills needs of the food industry? (For example, the decline in supply of agricultural science graduates has corresponded with growth in environmental science graduates - there are crossovers and shared interests for these study pathways).

NSW Farmers believes we must promote agriculture at all levels of government as well as within schools, both primary and tertiary, via the promotion of a sustainable food and fibre cross curriculum policy. Agriculture should be seen to be of the same importance as health and social security. We must lift the profile of the industry as well as the cultural, social and economic wellbeing of the agricultural industry. More information about the Sustainable Food and Fibre Cross Curriculum policy can be found in Chapter 4.

6 Sustainable Food Industry

NSW Farmers strongly advocates triple bottom line sustainability principles in its policies and is therefore pleased that the issues paper includes a focus on sustainability with respect to the food industry. However, NSW Farmers is concerned that the definition of sustainability in the issues paper is very limited and does not provide the necessary guidance to place the priority issues outlined in this chapter into context.

Despite the popularity of the term, there is no apparent, widely-accepted working definition of ‘sustainability’. The term stems from *Our Common Future*, the 1987 report of the World Commission on Environment and Development, which defined it as “...development that meets the needs of the present without compromising the ability of future generations to meet their own needs”⁵². A related term, ‘sustainable development’ has been built around triple bottom line sustainability principles, defined by Dunphy et al as “types of economic and social development that protect and enhance the natural environment and social equity”⁵³.

The Australian Government, via the Council of Australian Governments, endorsed a National Strategy for Ecologically Sustainable Development in 1992, defining the term as “using, conserving and enhancing the community’s resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be increased”⁵⁴.

NSW Farmers suggests that the latter definition be referenced in this paper, with clear explanation of how the Food Plan relates to achieving the imperatives of the National Strategy, particularly noting that one of the key functions of the Australian Government’s Department of Sustainability, Environment, Water, Population and Communities is to “promote and support ecologically sustainable development”⁵⁵.

⁵² United Nations (1987) *Our Common Future, Chapter 2: Towards Sustainable Development* <http://www.un-documents.net/ocf-02.htm>

⁵³ Dunphy, D, Benveniste, J, Griffiths, A & Sutton, P 2000, *Sustainability: The corporate challenge of the 21st century*, Allen & Unwin, New South Wales, Australia, p. 22

⁵⁴ Ecologically Sustainable Development Steering Committee 1992, *National Strategy for Ecologically Sustainable Development*, Australian Government, Canberra

⁵⁵ Australian Government (2011) Ecologically Sustainable Development <http://www.environment.gov.au/about/esd/index.html>

Recommendation 24

That the definition of 'sustainability' in the issues paper be amended to reflect the Australian Government's National Strategy for Ecologically Sustainable Development, and how it relates to the National Food Plan.

6.1 Social and economic sustainability of communities**6.1.1 Land use planning**

It goes without saying that land is a fundamental input for agricultural production. The availability of land is continuing to diminish with the expansion of our cities and towns, and also through conflict with other industries - notably the mining and petroleum industries. Looking ahead, there will be new pressures on the availability of arable farm land as we look to locate renewable energy infrastructure and plant non-food producing vegetation for carbon offsets.

This ever increasing pressure means that we must be strategic in the way we allocate land so it is used to maximise our social, economic and environmental outcomes, and allows us to meet the global food task.

To make informed decisions about land use planning, state planning authorities must have access to the best available spatial data for a range of criteria including:

- soil quality;
- water (quantity, quality, reliability and vulnerability to disturbance);
- agricultural land use (current and possible future);
- value of production (with scenarios for a range of future value projections);
- farm entities and ancillary entities (using cluster analysis);
- social values;
- biodiversity and environmental values; and,
- infrastructure (transport, storage, processing).

Currently this information is collected by various state and federal authorities and is not always made available to state planning agencies, or collected under a standardised methodology which allows various data sets to be integrated. Complicating the situation is the fact that some of this data is collected by corporations who are not always compelled to release the data to government, citing 'commercial in confidence' concerns.

NSW Farmers is currently assisting the NSW Government with implementation of its Strategic Regional Land Use Policy, which aims to preserve strategic agricultural lands from mining and coal seam gas development. While this is an area of state responsibility, NSW Farmers submits that there is a role for the Federal Government to play in this area. The irreversible damage to agricultural land and water resources, which can be caused by the mining and coal seam gas industries, means that getting this process correct from the outset is crucial.

The process committed to by the NSW Government will require extensive data collection and the development of a model to assess the various criteria and generate spatial boundaries for adoption in state planning legislation. Given the direct effect this process has on the Federal Government's priorities of water and environment, NSW Farmers submits that the Federal Government should consider funding studies across catchments around the country to gather data which can be used for strategic planning.

Federal Government agencies can also play a role in collating information gained through their management of important environmental assets and the Murray Darling Basin, and making this data available to state based planning authorities (in addition to conducting its own approval processes for developments which may adversely affect these resources). To improve the rigour of assessments in this area, NSW Farmers would support the Federal Government in broadening its powers under the *Environment Protection and Biodiversity Conservation Act 1999* to allow scrutiny of proposals which may adversely affect water resources within the Murray Darling Basin and Great Artesian Basin.

Recommendation 25

That the Federal Government commit funding to collect data by catchment which can be fed into states' strategic land use plans and encourage states which aren't already doing so to preserve prime agricultural land.

Recommendation 26

That the Federal Government actively supply relevant data on water and environmental resources to state planning authorities for use in land use planning.

Recommendation 27

That the Federal Government broaden its powers under the Environmental Protection and Biodiversity Conservation Act 1999 to intervene where mining or coal seam gas developments seek to interfere with water resources in the Murray Darling Basin or Great Artesian Basin.

Many areas of NSW are also facing renewed pressure for land and water resources, as a result of urban expansion. As recognised by the Federal Government, in appointing a dedicated Minister for Population, feeding and clothing a projected Australian population of 35 million by 2050, (when the global population is forecast to be a massive 9 billion people) presents a significant challenge.

For example, Sydney's population is expected to grow to 6 million by 2036, with the South West Subregion expected to experience the highest level of growth, closely followed by the North West and West Central bioregions⁵⁶. These growth projections represent an enormous risk to agriculture in the Sydney Basin, given the resultant pressure on land and water resources. The latest analysis of vegetable production in the Sydney Basin⁵⁷ indicates that 50 percent of Sydney's identified vegetable growing enterprises, are in the proposed Southern and North West growth centres.

Australian society has failed to recognise that land with good soil and reliable water is a scarce and precious asset in this predominantly arid continent. On the contrary, we have allowed urban sprawl to claim much of our best farm land for low density housing. Nor have any positive incentives, such as Transferable Development Rights, been provided to farmers holding land close to cities to keep that land in production.

Policy to protect agricultural land across Australia must be carefully developed in consultation with the industry. Zoning land for agriculture is not sufficient. The urban/agriculture interface is complex. Specific planning instruments are needed to enable various farming enterprises and practices to co-exist harmoniously with surrounding urban land uses. Issues facing vegetable production in peri-urban areas is discussed in a recently published Horticulture Australia Final Report⁵⁸. These issues are relevant for all horticultural business in peri-urban areas.

⁵⁶ NSW Government (2010) Metropolitan Strategy Review, Sydney Towards 2036 Discussion Paper

<http://www.metrostrategy.nsw.gov.au/LinkClick.aspx?fileticket=K30vHZ6LP-l%3d&tabid=286&language=en-AU>

⁵⁷ Malcolm P and Fahd R (2009) *Groundtruthing of the Sydney Vegetable Industry in 2008*

⁵⁸ Drew, C. and McEvilly, G. 2011. Issues facing vegetable production in peri-urban areas review and scoping study - VG10059: Final report and recommendations. Horticulture Australia Limited.

Currently, some areas of land zoned 'rural' are effectively sterilised for agricultural use by local government ordinances, neighbour complaints and a general failure by all tiers of government to provide positive incentives for profitable agriculture in urban and periurban settings. Statutory amendments to the tortuous action of nuisance should be investigated as a means to ensure that the common law is not implemented to obfuscate the implementation of such planning instruments..

Recommendation 28

That the National Food Plan encourage State Governments to introduce explicit protections and incentives for agriculture as part of State and Local Government planning processes.

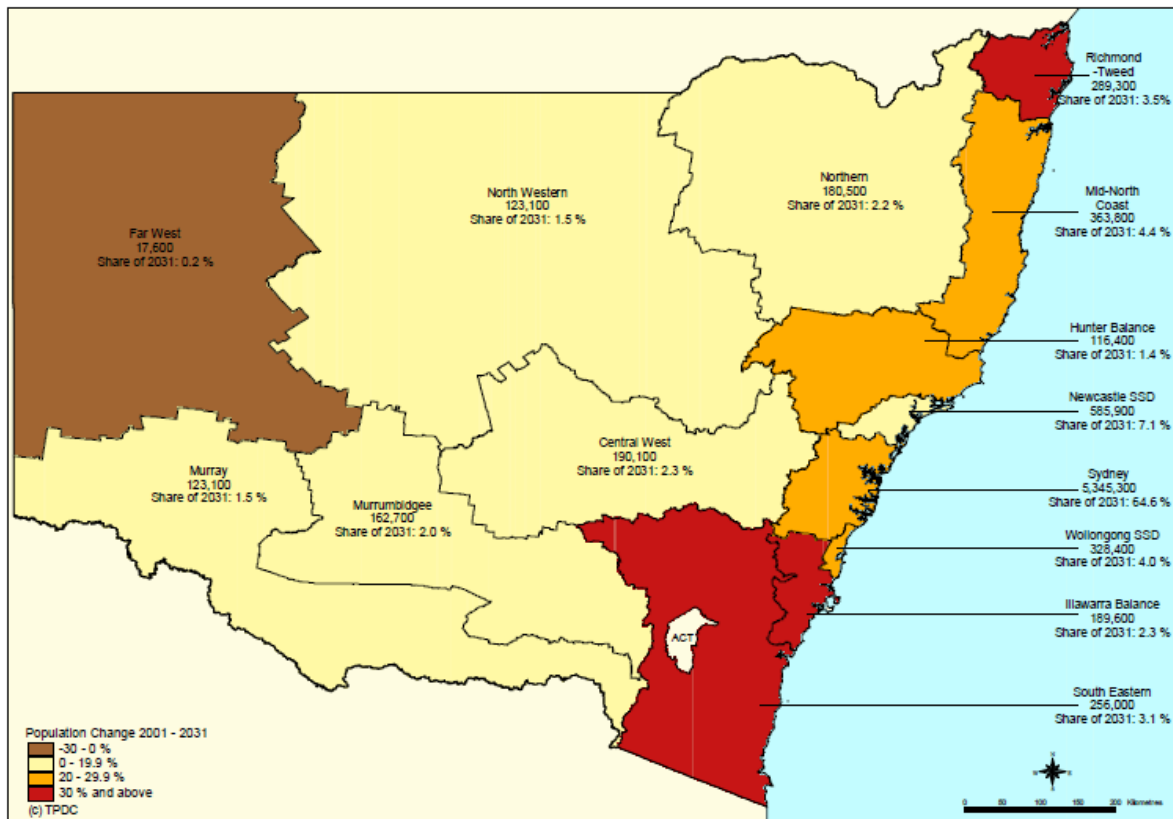
The issues of competing land use, population growth and food supply are intrinsically linked. NSW Farmers has repeatedly expressed concern about the very low and even negative population growth in some rural and remote areas, such as the Far West statistical division, where -16 percent population growth is expected from 2006-2031, and the Northern statistical division where 1% population growth is expected from 2006-2031⁵⁹. Current projections indicate quite dramatic population changes in NSW over the next 25 years (see Figure 3).

Whilst the significant growth (>30 percent) in a number of coastal areas will present all levels of Government, particularly Local Government, with a range of infrastructure, planning and logistical challenges, the significant decline in the Far West (0%-30%) presents arguably a more pressing challenge, particularly in terms of the costs of land management.

If the National Food Plan investigates decentralisation as a mechanism to secure and facilitate ongoing food production, Governments must commit to maintaining and improving the transport, soft and hard infrastructure, and essential services available to residents in rural and remote Australia. NSW Farmers believes that Government has a critical role to play in improving delivery of these essential services where there is market failure, through a 'local solutions to local problems' approach, encouraging sharing of ideas and resources wherever possible.

⁵⁹ NSW Department of Premier and Cabinet (April 2008) *Towards 2030: planning for our changing population*

Figure 3: Populations of NSW Regions 2031 and Population Change 2001-2031⁶⁰



Further, a precondition for decentralisation is economic growth in regional areas. Agriculture is the backbone of regional NSW, accounting for nearly 50 percent of regional economic activity. Any decentralisation strategy, therefore, must be linked to changes to the policy framework currently restricting agricultural development, and to regional development strategies that provide genuine opportunities for growth in the agricultural sector.

Recommendation 29

That the National Food Plan encourage the creation of regional development strategies, infrastructure investment and policy reforms that enables growth in the agricultural sector and which provides the economic foundation for decentralisation

6.1.2 Transport

Decentralisation and regional development opportunities are limited without an effective transport network. If the agricultural sector is to remain price competitive in international markets and overcome the wide geographical

⁶⁰ Mackintosh and Parr (2004) *New South Wales State and Regional Population Projections 2001-2051* in *Australian Population Association 12th Biennial Conference Proceedings*

spread of the nation's farmers, it must have the support of an efficient transport infrastructure network. Such networks are integral for the movement of agricultural produce to both domestic and export markets, with supply chain costs amounting to approximately 20 percent of farm gate returns.⁶¹

NSW Farmers argues that the National Food Plan must consider the transportation of produce and the importance of transportation associated with industry 'hubs' and 'clusters'. For example, the chicken meat industry operates largely through vertical integration, with company ownership of breeding farms, hatcheries, feed mills, (some broiler growing farms) and processing plants. Within this industry structure approximately 40 percent of the infrastructure value is tied to independently owned family farms contracted to the grow out phase. Each of these farms then require reliable transport from each node, which each node being in close proximity to markets. Similarly, horticultural enterprises with seasonally large staff numbers rely on affordable public transport in reasonably close proximity to the farm, given the socio-economic status of many staff.

As an example, Sydney Markets is located within a sub region expecting 35 percent population growth by 2036⁶². An estimated 2.5 million tonnes of fresh fruit and vegetables, valued at \$3 billion, are sold through the Sydney Produce Market and Sydney Growers Market annually, with more than 5000 people working at the 42ha site and approximately 140,000 customers attracted to the community markets each week⁶³.

Given the significance of the site, both in terms of the scale of the business and the importance it plays in terms of providing fresh food and produce on the doorstep of Sydney's metropolitan region, NSW Farmers understands that two studies have already been conducted to determine the feasibility of relocating the markets to an alternate site. It is vitally important that the infrastructure, including transport infrastructure, required to handle movements to and from the markets is in place, both now and into the future. The crucial nature of this planning is highlighted in the light of increased demand likely to be associated with population projections.

⁶¹ Business Council of Australia (1995) *Investing in Australia's Future*

⁶² NSW Government (2010) Metropolitan Strategy Review, Sydney Towards 2036 Discussion Paper

<http://www.metrostrategy.nsw.gov.au/LinkClick.aspx?fileticket=K3OvHZ6LP-l%3d&tabid=286&language=en-AU>

⁶³ Sydney Markets Ltd (2010) *Market Facts and Statistics* at <http://www.sydneymarkets.com.au>

⁶³ [Community impacts of the Guide to the proposed Murray-Darling Basin Plan](#)

Recommendation 30

That the National Food Plan include consideration of transport hubs and corridors to enable movement of agricultural produce within and out of metropolitan and non-metropolitan regions.

6.2 The future of farming**Question 48**

Who will be farming in 2030 (and 2050)? What will farmers' relationship to the land be (ownership, management, leasing) and what are the implications of this for social sustainability of farming communities?

There are a number of challenges and issues that will impact on Australia's farming future. They include, but are not limited to, the ageing agricultural and agrifood workforce, the increasing world population leading to issues of food security and climate change. Other issues and future challenges that need to be addressed are the rising costs of inputs, the long term decline in the farmers' terms of trade, the variability in the real net value of farm production and the economy wide effects of resource booms.

6.2.1 Australia's ageing agricultural workforce

By 2020 more than 30 percent of agricultural workers in Australia will be aged over 60, with half being over the age of 55. In the next five years 100,000 of the country's 300,000 agricultural workers will be retiring at the age of 65, leading to significant challenges associated with trying to replace those individuals. Alarmingly, half of Australia's agricultural scientists are already nearing retirement.

The key challenge associated with the ageing agricultural workforce is attempting to bring younger workers into the industry and promoting job opportunities that will bring these young people out into regional areas. Not only is the promotion of jobs in the industry important, but also getting the appropriately skilled individuals into the industry. The level of professionalism and innovation in the agricultural industry has greatly increased in recent years, especially considering the massive skills shortage associated with the agricultural science sector. Obtaining appropriately skilled workers to fill these roles will be a major challenge for the industry.

6.2.2 Increasing world population and food security

This year, the world population is projected to reach seven billion. Of increasing global concern is how the emergence of ‘failed states’⁶⁴ is closely linked with demographic indicators and food insecurity. Populations in 15 of the top 20 failing states are growing between two and four percent per year; a population growing at three percent will expand twentyfold in a century.⁶⁵

According to Agrifood Skills Australia, although 2050 will still see the predicted nine billion world population, it should remain a relatively stable figure. While not relieving the pressure on the world’s resources, it could provide the time to put in place solutions to the looming food, fibre and fuel shortages.

6.2.3 Climate change

Australia is projected to be one of the most adversely affected countries by climate change, with average temperatures projected to rise by 0.6 to 1.5 degrees Celsius by 2030. Some predictions suggest food production in Australia could be reduced by over 15 percent. Changes to water temperature, sea level, rainfall and ocean chemistry will impact on the distribution and abundance of some commercial species around Australia’s shores.

Many sectors are well placed to manage the risks posed by climate change; adaptation skills and disaster planning are now common practice, having been honed by decades of experience in dealing with variability. Scientists and producers are already exploring potentials for different crop varieties, planting dates, and precision technologies, to manage finite resources and greater use of precision irrigation and global position systems to determine changing soil quality.

6.2.4 Rising input costs

Electricity prices have risen by about 35 percent over the last three years, largely due to the high capital cost of increased investment in electricity networks deemed as critical to guarantee supply reliability. Australia is more dependent on coal for electricity than any other developed country except Denmark and Greece, and as Australia moves towards clean energy targets, prices are set to rise further in the short term.

⁶⁴ a state perceived as having failed at some of the basic conditions and responsibilities of a sovereign government

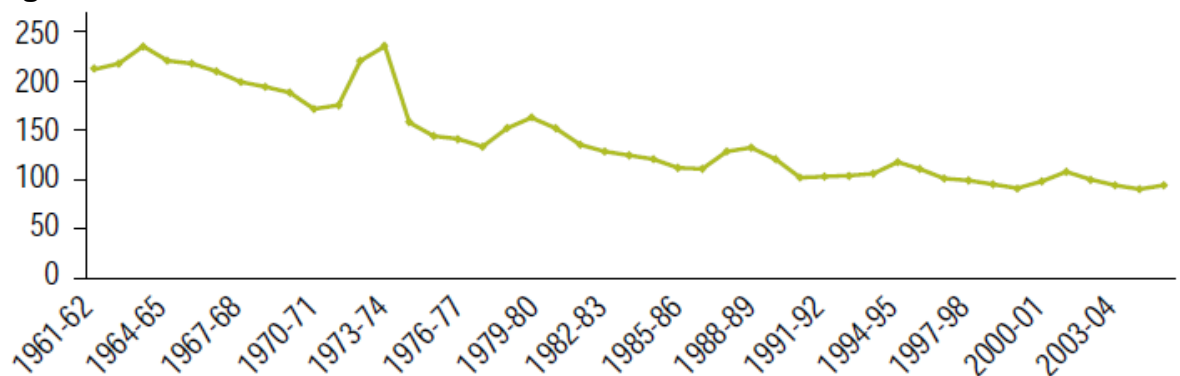
⁶⁵ Agrifood Skills Australia (2011) Australia’s Regions: Australia’s Future, Environmental Scan
2011, Barton, Canberra

Projections are that prices across Australia will triple over the next 10 years, directly affecting profitability which as some would suggest, places pressure on the business case for maintaining a food and grocery manufacturing presence in Australia.

6.2.5 Long term decline in the farmers’ terms of trade

The farmers’ terms of trade (ratio of prices received index to the prices paid index) has declined over the past few decades. Over this period, real prices received by farmers have declined significantly while real prices paid by farmers have increased marginally.

Figure 4: 6.2 Farmer’s Terms of Trade – Australia 1961/62 to 2005/06



Terms of Trade = Ratio of index of prices received by farmers to index of prices paid by farmers.

Source: ABARE 2006, Australian Commodity Statistics 2006, Canberra.

Financial pressures on farm businesses are ongoing. Figure 6.2 demonstrates farm terms of trade for Australian agriculture from the early 1960s to the early 2000s. Despite a growing volume of production throughout this period, the value of that production has declined over time. This information represents the aggregate of all farm enterprises, and demonstrates the ongoing economic pressure to maintain viable businesses. Along with climatic and social factors, financial factors such as the declining terms of trade are having negative impacts on the mental health of Australian farmers.

6.2.6 Mental Health of Australian Farmers

There is a growing body of evidence that people in agriculture are not coping with the pressures they face, and the mental illness that they experience. Male farm owners and managers commit suicide at around twice the rate of the national average.

The reasons people feel they can't cope, suffer mental disorders, or commit suicide are very complex. Some key risk factors in the pathways to personal

and family breakdown and potential pathways to maintenance of health and wellbeing have been identified and described for farming people.

Outside of droughts, floods and other factors, farmers' stress levels are rising due to the changing nature of farming (e.g. globalisation, restructuring, the ageing farmer population) and the prevalence of increasingly restrictive legislation affecting day-to-day farming activities (particularly native vegetation and Occupational Health and Safety). Emotional stress is impacting not only farmers, but also their families, communities and even the support and mental health services themselves. Whilst the climatic events may have a limited life span, their ramifications such as depression, financial hardship, and loss will continue for many years.

Deaths from suicide of male farmers and farm workers are approximately double that of the Australian male population. There is also a significantly higher number of accidents (e.g. death by firearms, car accidents, etc) occurring particularly in remote areas in the bush. Despite the disproportionately high levels of depression and other mental illnesses in rural and remote areas, communities continue to have poorer access to mental health support, which is a problem that must be addressed as a matter of urgency.

Rural Support Workers (RSWs) have proven to be an extremely valuable resource, particularly facilitating the agricultural mental health interfaces during times of droughts and floods. It is NSW Farmers position that this program should be given permanency, given their location and standing in rural and regional communities.

RSWs provide a first point of contact for those seeking different types of support. They provide a mobile, relational hub for a number of further support agencies and are able to direct individuals and communities to the appropriate available resources. Also, they provide an important role from their placement within the Department of Primary Industries that manages to overcome the current stigma associated with mental health issues. The fact that the RSWs are agriculturally orientated means that those in the agricultural industry that are in need of support are more likely to contact the RSWs and use the services provided by them.

The RSW model is strongly recognised as a crucial link in rural community capacity building and interagency collaboration. They also provide important links to further pathways.

The RSW program, along with the nationally organised Rural Financial Counselling Program, is essential in addressing the short and long term mental health issues facing Australian Farmers, which must be maintained.

Recommendation 31

That the NSW State Government extend the Rural Support Worker contracts to a minimum funding cycle of three years and ensure that there are no reductions in staffing levels within the program with full support from the Federal Government.

Recommendation 32

That the Federal and State Governments continue to financially commit to the Rural Financial Counselling Program and ensure that there are no reductions in staffing levels within the program.

6.3 Role of natural resource base and biodiversity

6.3.1 Native Vegetation

Controls on the clearing of native vegetation in NSW have had a significant impact on food production across the state. In NSW, there has been a decades-long process of developing, reviewing and amending native vegetation legislation, which is yet to result in an outcome which satisfies any stakeholders in this debate.

The current controls lead to outcomes which prevent efficient use of farm land, without maximising the environmental potential of the landscape. This is further complicated by Department of Planning and local government initiatives which circumvent the *Native Vegetation Act 2003* to protect further vegetation without any strategic forethought. The end result is unnecessary restrictions on landholders' food producing capacity with no corresponding benefit to the environment. The best example of this is where scattered trees in a cropping paddock cannot be offset by reforesting a clump elsewhere, this not only provides a better habitat for native species, but also has beneficial outcomes for improving the land's food producing capacity, farm business viability and community vitality.

NSW Farmers would like to see changes to the current system which would maximise its social, economic and environmental outcomes. This would involve developing a planning process which would operate concurrently to the present Property Vegetation Plans. It is the view of NSW Farmers that this planning process should utilise a landscape planning methodology in

which Catchment Management Authorities work with landholders to develop triple bottom line outcomes.

Simple legislative amendments are also needed, for instance changing the definition of 'broadscale clearing' so it does not capture the removal of single native plants, and standardising the regrowth definition to post 1983 vegetation (as is currently the case for the Western Division of NSW). Enforcement provisions are also disproportionate to the offence of clearing vegetation. In NSW, sentences under the *Native Vegetation Act 2003* are similar to those imposed for offences which threaten human life. We submit that this needs to be re-evaluated.

Whilst many of these details are issues for the NSW Government, Federal Government funding to initiatives such as Landcare should be coordinated with state regulation and planning in this area, to ensure Commonwealth money is well spent. NSW Farmers proposes that this be coordinated through a balance sheet approach, which would involve landholders in the allocation of funds toward their region's most important environmental assets.

Through the Food Plan, NSW Farmers would like to see recommendations to the Federal Government to work cooperatively with the states to ensure their planning system and native vegetation regulations involve landholders in making science-based decisions and are able to properly allocate Commonwealth funding to targeted areas of environmental importance.

Recommendation 33

That the Federal Government collaborate with the states to redevelop native vegetation planning regimes so they maximise social, economic and environmental outcomes and the value of Commonwealth funding in this area.

6.3.2 Water

Along with the increased land pressures associated with population growth, the National Food Plan must also consider the increased demand for water associated with this growth. Rapid population growth in some areas is leading to increased net water usage in both urban and rural settings; combine this with the additional pressure being placed on our water resources by extractive industries such as mining and coal seam gas and it is clear that our water resources are under threat.

The Murray Darling Basin Planning process has the potential to take significant water resources away from productive uses in the Basin and give

them to the environment. While NSW Farmers supports the development of a balanced Murray Darling Basin Plan, evidence thus far is that the process has been very one sided in favour of the environment.

NSW Farmers believes the current Basin Planning Process is fundamentally flawed. A sustainable outcome for the Basin demands:

- A collaborative planning process that engages local expertise and the farm sector at valley scale in a process of optimising water allocation;
- Explicit management of the social and economic impacts of any reductions of water available for agricultural production, or the security of that water.
- Integration of engineering works, specific watering strategies and land management practices in setting the Basin's environmental water requirements to ensure efficient and effective use of environmental water;
- Consideration of tradeoffs between different environmental outcomes, and between environmental and communities' needs. Rivers are no longer pristine or natural, they are managed systems.

Removing water from productive uses has significantly detrimental impacts on rural and regional communities. NSW Farmers conducted a survey of over 500 members on the Basin Plan and its impacts, the results were concerning and have since been backed up by further social and economic work such as the MDBA commissioned report on the Social and Economic Impacts of the Guide.⁶⁶

The key here is that any move to take water away from productive uses must be closely assessed and considered, not only from an environmental perspective but also from an economic and social perspective. A current case in point is the Lower Lakes in South Australia. Two thirds of the water the MDBA is seeking to remove from productive uses is destined for the Lower Lakes, yet the MDBA seems uninterested in looking at the Lower Lakes system itself and whether or not savings could be made here. This situation is unacceptable to NSW Farmers and we are therefore calling for an independent inquiry into the management of the Lower Lakes.

Recommendation: 34

That the National Food Plan recommends triple bottom line planning principals in any future Water planning processes involving productive water.

⁶⁶ [Community impacts of the Guide to the proposed Murray-Darling Basin Plan](#)

NSW Farmers has been involved in the consultation process associated with the development of Water Sharing Plans (WSPs) across the state, calling for a stronger focus in the draft Plans on the scope for development, and the likely increased demand on water, including increased demand for the Basic Landholder Right (BLR) to Stock and Domestic Water. NSW Farmers' policy relating to BLR water is 'that no further rural residential or urban subdivision be consented to in sensitive areas until an adequate water supply for stock and domestic purposes has been secured'. This access to stock and domestic water must be maintained as part of protecting land for food production.

Recommendation 35

That the National Food Plan commit to the maintenance of primary producers' access to stock and domestic water in protecting agricultural water resources across the country into the future.

Along with the increased land pressures associated with population growth, the National Food Plan must also consider the increased demand for water associated with this growth. Rapid population growth in some areas is leading to increased net water usage in both urban and rural settings.

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Recommendation 36

That the National Food Plan commit to the maintenance of primary producers' access to stock and domestic water in protecting agricultural water resources across the country into the future.