

**SUBMISSION TO DEEDI DISCUSSION PAPER –
FOOD FOR A GROWING ECONOMY –
An Economic Development Framework for the Qld Food
Industry –
9TH SEPTEMBER 2011**

Friday 09 September 2011

Food for a Growing Economy -Economic Development Framework for the Qld Food Industry
Department of Employment Economic Development and Innovation
E: foodpolicy@deedi.qld.gov.au

Thank-you for the opportunity to provide feedback on the *Food for a Growing Economy - Economic Development Framework for the Qld Food Industry*. As you would be aware, Queensland Farmers' Federation Queensland Farmers' Federation (QFF) is the peak body representing and uniting 16 of Queensland's rural industry organisations who work on behalf of primary producers across the state. QFF's mission is to secure a sustainable future for Queensland primary producers within a favourable social, economic and political environment by representing the common interests of its member organisations'. QFF's core business centres on resource security; water resources; environment and natural resources; industry development; economics; quarantine and trade.

Our goal is to secure a sustainable and profitable future for our members, as a core growth sector of the economy. Our members include:

- Australian Prawn Farmers' Association,
- CANEGROWERS,
- Cotton Australia,
- Growcom,
- Nursery and Garden Industry Queensland,
- Queensland Chicken Growers Association,
- Queensland Dairyfarmer's Organisation,
- Queensland Chicken Meat Council,
- Flower Association of Queensland Inc.,
- Pork Queensland Inc.,
- Biological Farmers of Australia
- Fitzroy Food and Fibre Association,
- Pioneer Valley Water Co-operative Limited,
- Central Downs Irrigators Limited, and
- Burdekin River Irrigators Area Committee

QFF welcomes the opportunity to comment on this framework. We would like to congratulate the Government on coming this far in putting this proposed policy framework out for discussion. We would further like to acknowledge that this submission is being lodged well past the closing date for submission and the extent to which our contribution can be consider in this round of consultation may well have been limited by this fact. This is a complex policy area that crosses over traditional agency boundaries and requires detailed industry collaboration. In that vein, it is the implementation of the proposed framework that QFF would raise as the most pressing for future consideration. QFF notes the target description provided on page 5 of the framework document. It refers to a strategy to deliver the projected growth of a \$40b sector by 2020 but the actions identified in the rest of the framework seem to have little connection to this aim.

Support for the seven themes:

QFF acknowledges the seven themes of:

1. Reputation and the consumer
2. Innovation, productivity and skills
3. Planning and regionalisation
4. Trade and investments
5. Resources, sustainability and the environment
6. Food supply and continuity
7. Health, safety and food information

In our view these themes are a good starting point for the development of the framework. Our suggestion is that there seems to be a disconnect between these themes and the broader challenge of delivering on the target a \$40b sector by 2020.ⁱ

With such a strong emphasis on this target it seems the framework document lacks the economic development focus it proposes to be. QFF can only assume that the data and information working groupⁱⁱ will start with this target in mind and when considering the actions proposed under each theme, develop a strategy that bridges the gap between the proposed actions and the intended target. Under this assumption QFF would see great value in working further with the government on this particular methodology and supporting the formation of the data and information working group. When considering whether the proposed themes are appropriate we would say that they appear to be so, yet they lack a strategy to underpin their inclusion in an economic development sense. The themes are appropriate on the basis that they are almost universal which delivers a comprehensive product, yet this may be their weakness as they will mean almost anything to anybody. Nevertheless, and perhaps as a result of this, there appears to be no particular issue missing from the themes.

Feedback on specific themes and the proposed actions

Theme 1: Reputation and the Consumer

QFF believes that informing and supporting the consumer to make decisions that are both good for them and good for the domestic food industry is a good endeavour. The analysis provided in the economic framework and the associated actions are not wrong, they lack strategy and prioritisation. Against many of the proposed actions our first reaction is to ask – but why? What is the context within which those actions will be assured to do anything to achieve the proposed vision of success, that being “Queensland has a worldwide reputation for excellence in food.”

QFF would be keen to work with the Government to build these actions into a prioritised list based on a strategy that involved industry and Government. It would be our contention that to ensure the investment in this theme is well placed, particularly given that to be effective that investment may need to be substantial; it would be wise to start with gaining a better agreed understanding of the consumer market. We recognise that this is an activity listed within the framework but without any context against all of the other activities.

Further we would observe that the commentary associated with this theme leads towards a bias that assumes that if we inform the consumer then they will drive the market to provide to them the clean, green and safe Qld produce we can provide. QFF would encourage policy makers to look at the data associated with consumer purchases and not be fixated on trends alone. Most food purchases originate from the major supermarkets and it is the diversity of product lines, product labelling, associated marketing and pricing strategies of these supermarkets that in the main drive consumer behaviour. Actions that reflect this reality must be considered, no matter how difficult the problem is to influence. Any actions in this area that do not involve the major supermarkets would seem to be gap.

Theme 2: Innovation, productivity and skills

Integration of the innovation and skilling agendas remains critical. More accurate and comprehensive data about current workforce practices is needed for workforce development initiatives. From a farming point of view this theme of the framework appears to say that the focus will essentially be on delivering existing activities. This is particularly the case in relation to Beef, Grains and Horticulture 2020 and associated fresh approach activities, delivering the already agreed roles for the State under the National Primary Industries RE&E Framework and the reforms associated with ag colleges and gateway schools.

The only new initiatives noted, are the working group on innovation and productivity and skilling.

QFF would agree with the sweet of activities but it must be reiterated that they lack any obvious strategic direction. The stated vision for success is focused on innovation and a workforce that supports growth. However this growth is defined by the theme as an increase in productivity. We can only assume that the working group referred to will come up with the answer to the fundamental question which is – “where will this productivity growth come from and how can we know how we are tracking”.

Our current understating of productivity constraints and production limitations in Queensland’s agricultural systems is limited in terms of accurate and verifiable data. QFF supports strong focus on R and D and Innovation but it is a declining economic return for farmers and a reliance on a market place where the purchaser has the power that has put the primary producer at a disadvantage. This decline, associated with an out of date extension paradigm are a known and accepted challenge. The action nominated in the framework to “develop a Qld extension roadmap to direct future extension services across the value chain” does not give QFF any confidence that this issue will be addressed beyond further study and analysis.

Theme 3: Planning and regionalisation

QFF agrees, regionalisation presents both challenges and opportunities. At the time of writing this submission QFF has the advantage of knowing what the State Regionalisation strategy looks like. We support the premise that is embodied in the strategy. However it is

fundamental that the regionalisation strategy and this proposed food industry economic framework are developed in an integrated way. Our assessment is at the outset this integration does not exist.

With DEEDI's assistance QFF is undertaking an ambitious project to plan for future engagement in rural, resource and regional planning activities. These issues have always been critical to the sustainability of agricultural systems but it would be fair to say that now they are critical to the very viability of many of our farming systems. QFF believes that in this theme the economic framework should focus on the cornerstones of stability that are required for food and fibre production. They are:

- Secure access to land
- Secure access to reliable and appropriate water resources
- The social environment and legislative framework to operate
- Infrastructure that supports trade and investment security
- A market place that returns fair value for effort.

This theme discusses planning provisions and strategic cropping land (SCL), perhaps in trying to tick off two of the issues outlined above. Strangely though in listing the actions that will be undertaken the framework does not refer to the SCL framework, it is left to theme 5 – resources, sustainability and the environment. Besides the structural confusion of this within the document, it also points to a very fundamental difference in the way that industry views SCL compared to Government. In industry's mind the SCL framework or any such instrument to protect farming land is not an environmental desire it is an industry necessity.

Theme 4: Trade and Investment

QFF supports the Qld Government playing a very active role in opening pathways to trade. Further we believe that industry and Government need to work together to present Qld agriculture as a high end performer and high security investment. Lack of new investment or the erosion of confidence in existing investment in agriculture and food in Qld is perhaps our second greatest risk to productivity growth after research, development and innovation. In addition to the suggested actions, QFF would encourage the Government to consider other limitations that may exist to encouraging investment. These might include porous or incongruous industry data sets that inform the investor market, industry supply chains that are overly exposed to climate risk and natural disasters and industry marketing and supply arrangements that lack sophistication or the rigour that provides investors with confidence. A working group on this theme could consider these issues.

The bottom line is, despite the numerous financial shocks, natural disasters, productivity frailties and regulatory burdens, investing in food and agricultural businesses has demonstrated itself to be a stable choice and an option that exhibits steady growth. Interestingly it is overseas investors who appear to see this first.

Theme 5: Resources, sustainability and the environment

QFF acknowledges the pillars identified in this theme and makes the following comments with reference to the proposed actions:

- Managing our natural resources (protection policies)
- Waste reduction
- Strategic cropping land
- Dealing climate change and variability
- Exclusion from carbon tax emission calculation and associated market opportunities (by providing abatement options)
- R&D investment in efficiency

It is proposed that these support [and] not hinder business growth.

QFF broadly supports the activities listed against this theme.

However, we would encourage DEEDI to work with industry to analyse these activities for their ability to actually grow food related businesses. For instance, the Strategic cropping land policy announced by the Government in 2010 had an objective to identify and protect food producing land now and into the future. It held within it a concept for future growth. The evolution of the policy framework has moved away from this. The addition of the protection areas and management areas will constrain growth by reducing the amount of land that could potentially come under the protection of the policy. The fact that this economic framework identifies these specific elements of the policy shows that there is a very poor understanding of this reality. The management area definition requires not only that the land must meet the criteria but that it must have been cropped three times in the designated ten year period. Even then, this land that we must remember actually meets the SCL criteria, could still be permanently alienated subject to the mitigation provisions that are yet to be disclosed. It is proposed that this mitigation “fund” will be the driver for productivity growth through investment. It is apparent that DEEDI has taken a driving position on this element of the SCL policy, yet the agency has done nothing to work with industry to demonstrate how we will allow for what is a scarce land resource to be destroyed yet we will still provide for productivity growth.

QFF supports any collaborative effort to reduce waste in the supply chain and improve efficiencies. The cost burdens and the cost sharing arrangements of these activities need to be discussed.

QFF points out that nothing in this theme references a number of programs of work that industry is involved in with respect to natural resource management through negotiation with the Department of Environment and Resource Management through One Plan or alternative compliance regimes that involve accreditation of the industry led voluntary Farm Management Systems. QFF would also note that there is no reference to managing natural resources through the existing natural resource management regional and state wide NRM framework.

Theme 6: Food Supply and Continuity

QFF supports the objective of delivering more reliable, resilient and multi usage supply routes. QFF strongly supports the proposed activity around developing a food industry supply chain mapping project.

The fragility of our main supply lines (the Bruce, Warrego and Cunningham highways) was demonstrated to us in the recent summer of natural disasters. Not only did this pose real threats to food supply in urban centres it placed additional stress on primary producers who while they may not have had their production systems stopped by flooding or cyclones, their income was stalled due to blocked supply routes.

This supply chain mapping must also consider the importance of minor roads and infrastructure limitations that exist beyond just maintenance. It should consider load limits, permitting and local government restrictions on numbers, hours of operation and size of vehicle movements.

Theme 7: Health, Safety and food information

QFF supports the objectives and actions under this theme.

Conclusion

QFF appreciates the difficulties faced by developing this broad multi-agency framework. It is however difficult to see how this framework fits in with the other key planning strategies released by government in recent months, for example the regionalisation strategy, the infrastructure plan, the Surat basin workforce development plan.

QFF is committed to working with the Government to provide industry input into the activities identified.

QFF would recommend that the framework needs further work to demonstrate that the proposed actions are built against a strategy that will actually deliver the projected growth in the sector. This void between activity and objectives requires consideration.

QFF would also recommend that for the growth target to be achieved we must first “lock in” our existing production fundamentals, these being secure and reliable access to land and water resources.

QFF would also recommend that further policy discussion is required to work out how this economic framework has policy power. In our view, Qld still needs a food policy that guides this framework. This policy should provide a head of power against which government can benchmark decisions referencing the impact of those decisions on our ability to sustainably produce food.

Working in parallel with this planning and policy task we would commend the supply chain approach identified in the framework and encourage an early focus on data acquisition as a first critical step to planning for growth.

We look forward to further discussion as the framework evolves.

END.

foodpolicy@deedi.qld.gov.au

ⁱ Page 5 of the economic development framework for the Qld food industry

ⁱⁱ page 3 of the document, the “data and information working group”