



**Tim Whetstone MP**  
Member for Chaffey



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**Submission**  
**National Food Plan green paper**

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***Tim Whetstone MP, Member for Chaffey***

PO Box 959  
Berri SA 5343

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## **Introduction**

As the Member of State Parliament representing one of South Australia's primary food bowls, I agree with the need for a National Food Plan and I broadly accept the assessment, outlined in the *National Food Plan green paper 2012*, of the Australian food industry.

This submission will not comprehensively address all topics covered by the green paper. It will focus on issues that are more specifically relevant to the South Australian state electorate of Chaffey, where I consider there are issues not sufficiently addressed by the green paper, and national issues. These include:

- improving research, development, extension and adoption;
- country-of-origin labelling and food import regulation in the context of making competition fair between Australian food producers and food imports in domestic markets;
- water reform in the Murray-Darling Basin; and
- economic and social sustainability of the farming sector and rural communities.

## **About the electorate of Chaffey**

The South Australian state electorate of Chaffey (area 16,400km<sup>2</sup>) has a population of approximately 40,000 people and includes more than 2500 food producers.

The majority of food producers in the electorate, which includes the Riverland and northern Mallee regions, are irrigated horticultural producers. These comprise the majority of irrigation water entitlement holders in South Australia. In addition there are a number of 'dryland' broadacre grain and livestock producers.

The electorate's economy is very much reliant on food production. Estimated gross food revenue for the region in 2005-06 was \$1.269 billion (*Riverland Regional Food Scorecard 2005-06*, Primary Industries and Regions SA) with wine accounting for around half of this value. This figure is considered to have fallen in more recent years as a direct result of drought, and large areas of irrigated land (approximately 6000 hectares) being taken out of production due to water entitlements being purchased by the Federal Government.

In addition to being South Australia's largest wine grape production region (accounting for approximately half of South Australia's wine production), the Riverland provides a climate highly suitable for a range of irrigated agricultural industries including citrus, stonefruit, almonds, olives and vegetables. The majority of these involve permanent plantings and perennial horticulture.

Irrigated food production in Chaffey is the most efficient in the Murray-Darling Basin, the result of millions of dollars of private and public investment over the past 40 years. Irrigation water is delivered by pressurised underground pipes. Water use is accurately metered at the point of extraction from the river system and at the farm gate. On-farm irrigation mostly comprises efficient

drip or pivot systems. Irrigated food production and the River Murray are integral to the region's social fabric and its history. The electorate of Chaffey itself is named for the Chaffey brothers, who founded Australia's first dedicated large irrigation settlement at Renmark in 1887.

Dryland agriculture in the region – largely concentrated in the northern Mallee – is generally characterised by low-rainfall, low-input, low-yield broadacre grain production, with some livestock enterprises. Grain production in the region has reached over \$100 million in value (about 500,000 tonnes) in high rainfall years but is more typically less. Livestock industries (mostly sheep) typically contribute \$20-30 million per year.

Food processing in the region in 2005-06 was valued at just over \$1 billion (wholesale value), with wine accounting for about 63% of this figure.

Food production, processing and packing is a major source of employment in the electorate, with approximately 29% of people directly employed in food production and associated businesses. About 47% of businesses in the electorate are directly involved in the agriculture or food industries.

### **Improving agriculture, food and wine research, development, extension and adoption**

*Reference:* National Food Plan green paper 2012, p187

#### *6.10 Consultation questions*

*6.4 One option to increase agricultural productivity to help the sector meet future growth opportunities and challenges, such as increasing productivity growth in a changing climate, is to increase rural R&D investments over a number of years. This would be in addition to continually seeking better ways to increase the overall benefits of this investment.*

*(a) Is this the best way to help the agricultural sector meet the challenges and opportunities of the coming decades? Why/why not?*

*(c) How could any additional investment be targeted to achieve the greatest overall benefit for Australia?*

Australian agriculture's 'edge' in the context of competition in international and domestic markets is safe, high quality food and fibre production enabled by historic and modern innovation, relative freedom from many agricultural pests and diseases and, in general, best practice farming and food manufacture.

These advantages have been underpinned by significant public and private investment in agricultural research, development and extension, and a robust quarantine regime.

These advantages will also drive the competitiveness of Australian agriculture in the future, and enhance our ability to respond to the challenges and opportunities of the future:

*“Food security has once more risen to the top of national and international policy agendas. Despite steady progress in many countries in the agricultural development necessary to underpin the food security of a growing global population, there remain formidable challenges to food production and to current and future food security. These challenges include:*

- *Significantly increasing demand for food due to population growth and, in Asia particularly, income growth. Global population is still growing by around 130 people per minute, with the highest rates of increase being in Africa, and in parts of Asia. When combined with rapidly increasing incomes and urbanisation, this has resulted not only in intensified demand for food, but also changing patterns of demand. There have been, as a result, unpredicted increases in the demand for meat, dairy products, oil crops, sugar crops, fish and fruit. Livestock feed requirements have also risen in line with the ‘livestock revolution’ in Asia, and elsewhere.*
- *Reduced supply of food resulting from a range of issues. Foremost among these is reduced land capacity for food production, arising from urbanisation, from competing land uses including the production of biofuels, and from land and soil degradation. Combined with this, reduced availability of water for irrigation and other farm uses, arising from increased competition for water for urban, industrial and environmental purposes, as well as declines in both water quality and water infrastructure, have also adversely impacted on productivity in many food-producing regions. Finite or dwindling water supplies and still rapidly increasing global population means less water per capita for future food production, and in many parts of the world this will be exacerbated by climate change, particularly in the tropics and sub-tropics. A warming, drying climate especially in currently semi-arid regions will place further pressures on food production there. In addition, all farmers have been impacted to a greater or lesser extent by the increasing costs of fuel, energy and other farm inputs, including fertiliser. That are dependent on a ‘finite’ oil supply and its generally rising costs.*

*“A combination of the above factors, together with a long-term substantial reduction of investment in agriculture, including in agricultural research, development, technology transfer and extension, has resulted in reduced rates of productivity growth for all the major food crops, at a time when significant productivity increases are necessary but essential, for future food security, particularly in many LDCs.*

*“As a result of these imbalances – more people and more food needed, but a generally slowing and eroding global capacity to produce more food – feeding the world in the foreseeable future can only be assured by a revolution in sustainable agriculture, and associated management of land and ecosystems. The ‘home grown, sustainable green revolution’ must now be implemented with urgency.”*

*p1, ‘A sustainable green revolution for global food security’  
Professor Tim Reeves FTSE (2009).*

*“In the coming decades, Australia’s rural sector will face considerable challenges, including climate change and the need to concurrently increase productivity and sustainability to respond to rising global demand for food while maintaining the resource base for future generations.*

*“Meeting these challenges will require long-term transformation of the rural sector, defined broadly to include communities associated with agriculture, fisheries and forestry as well as related industries along the value chain. Every effort should be made to secure and enhance the substantial capability that enables our rural sector to develop, access and apply world-class, adaptive knowledge.”*

*p3, ‘National Strategic Rural Research and Development Investment Plan’  
Rural Research and Development Council (2011).*

The answer to the question posed in the green paper is a firm yes. Improved funding and targeting of agricultural research, development, extension and adoption in Australia will be essential to achieve increased productivity, take advantage of future opportunities and meet future challenges. Just as importantly, it will enable Australia to maintain and even improve its 'edge' over competitors in international and domestic markets.

I acknowledge the Federal Government's commitment to maintaining its current level of funding contribution to rural research and development in response to the Productivity Commission's report.

I generally agree with the following rural research and development priorities: productivity and adding value; supply chain and markets; natural resource management; climate variability and climate change; and biosecurity (Australian Government (July 2012) *Rural Research and Development Policy Statement* p20).

Additionally however, I consider that research, development, extension and adoption should also be targeted to address the rising cost of inputs for farming:

- Intensive agriculture in Australia relies on some inputs which at this time come from largely finite sources: fuel and fertiliser. Over the long term, the availability of these inputs will be reduced and the cost will increase. Research must be focused on reducing agriculture's reliance on these inputs. Examples of systems which reduce these inputs are **controlled traffic farming (CTF)** utilising accurate GPS guidance, which has shown promise in its capacity to reduce fuel use on broadacre farms and also improve productivity through reduced soil compaction, and **variable rate technology (VRT)** – again using GPS guidance in addition to yield mapping and other information – which has shown promise in reducing or optimising fertiliser use. **Soils** research providing a better understanding of soil macro and micro biology, and how to utilise its benefits for productivity, will further reduce reliance on fertiliser.
- Another key input is chemicals: research needs to focus on reducing our reliance on chemicals not only from a cost-of-inputs standpoint but also to address pest resistance, human and animal health, and environmental issues as well as enhancing our advantage in domestic and international markets ('green' food). **Integrated pest management (IPM)** shows potential in this area, and again, **soils** research and how to utilise soil biology to improve plant health and suppress diseases must be pursued.
- Of particular issue in the electorate of Chaffey is the rising cost of electricity. While this is not strictly an agricultural research issue, the rising cost of this input especially affects water-efficient irrigators who require large amounts of electricity to pump and pressurise irrigation water. Irrigators in Chaffey are the most water-efficient in the Murray-Darling Basin, but this efficiency has come at a price. I consider there is scope for some **agricultural research funding contribution to energy research**.

I agree with the recommendation of the Rural Research and Development Council's recommendation of increasing overall public investment in agricultural research:

*"The Council recommends increased investment, including by the Australian Government, in rural RD&E to: enable Australia to play its part in the global effort to double rural sector output over the next 30 years while utilising proportionally fewer resources; develop a range of technologies and knowledge to contribute to healthy Australian lifestyles and global food security; and produce a wider product range, including food, fibre, energy and bio-based products, as well as ecosystem services."*

p4, 'National Strategic Rural Research and Development Investment Plan'  
Rural Research and Development Council (2011)

The council also notes in the investment plan that there is "...*potential for business sector investment in Australia's rural RD&E system to grow; current levels are low compared with other OECD countries...*" (p5). I consider this illustrates the need for closer collaboration with industry to provide greater incentive for increased research spending, and to ensure that business sector investment is broadly aligned with Australia's research priorities.

This further raises the issue of extension and adoption. Extension undertaken by the private sector necessarily has a commercial imperative, however this can have a detrimental impact on adoption rates. This has been recognised by one publicly-funded Australian research body in response to farmer concerns: the Grains Research and Development Corporation (GRDC) has for several years now run the National Variety Trials (NVT) program to provide farmers with objective and independent assessment of new grain crop varieties bred and developed, for the most part, by private interests. An important feature of the NVT program is its geographic breadth: hundreds of trial sites located across all of Australia's cropping zones in order to assess new varieties in Australia's highly varied soils and climate conditions.

I consider that adoption rates will be improved and better targeted by greater investment, by both Federal and State governments, in extension, particularly at a regional level. Specifically this means greater provision of publicly-funded, regionally-based agronomists specialising in both commodity and cross-commodity agronomy, utilising locally-based research.

This model had phenomenal success in terms of adoptions rates over many years in the Riverland region of South Australia, with the Loxton Research Centre undertaking regionally-specific horticultural research on new varieties, pest and disease management, salinity management and especially water-efficient irrigation technologies, and a team of locally-based agronomists providing valuable extension services.

## Country-of-origin labelling and food import regulation

Reference: National Food Plan green paper 2012, p237

*“The Australian Government would welcome feedback on the following possible options:*

- *review the Imported Food Control Act 1992 to enable more efficient and flexible control of imported foods.”*

While I note the Australian Government’s commitment to liberalised global trade, particularly with regard to food, it is quite apparent that many of our overseas competitors in the food sector are not. This is a long-term threat to the economic sustainability of Australian agricultural and food industries.

At the same time, Australia’s own liberal trade regime continues to place us at a disadvantage. Australia has in recent years been a net importer of fresh food, groceries and beverages:

*“With regards to international trade, in 2010-11, total imports exceeded industry exports by \$2.7 billion [an increase of 48.5% from the 2009-10 figure of \$1.8 billion] – continuing the recent trend of the industry switching from being a net exporter to net importer. The move to being a net importer is the result of increasing imports across the sectors driven in part by a strong Australian dollar and combined with a decline in exports ... it is critical that government and policy-makers in Australia create domestic business conditions which enhance, rather than inhibit, the competitiveness and sustainability of Australia’s food and grocery manufacturing sector.”*

p2, State of the Industry 2011  
Australian Food and Grocery Council

The same can easily be said of the agriculture and food sectors. In domestic (and international) markets, we do not compete on a level playing field and this threatens not only the viability of individual farming enterprises but also whole industries and rural communities.

A review of the *Imported Food Control Act 1992* and any other relevant legislation must as a priority focus on levelling the playing field in domestic Australian markets as much as possible.

Australian farmers in general use world’s best practice agriculture. It is entirely reasonable to demand that any fresh produce or manufactured food products imported into Australia are produced by the same practices and under the same standards.

A key example is chemical use. Australian farmers are banned from using many agricultural chemicals for a range of reasons, including human health and environmental impact, yet these same banned chemicals are used widely in the production of food overseas which finds its way onto Australian supermarket shelves. It is not enough to require that imported food comply with chemical residue thresholds when those chemicals cannot be used at all by Australian farmers. It is only fair to require that these chemicals, banned in Australia, not be used in the production of food imported by Australia.

This same principle can be applied to other aspects of agricultural practice in overseas countries, such as labour, land use, water efficiency and environmental impacts. The Australian community demands best practice of our farmers and food manufacturers, and it is only completely fair and equitable to demand the same of overseas competitors in Australian domestic markets.

Australian consumers' expectations of best practice in Australian agriculture reflects the common knowledge and confidence that, in general, Australian farmers produce food of a high quality standard. However, domestic consumers are severely hampered in making informed choices about purchasing Australian-produced food by confusing and inconsistent labelling:

*"...nearly half of all Australian consumers (40.3%) find it difficult to identify whether a product is Australian made or grown. In addition, understanding of country of origin labelling is low, with better understanding of the term 'Product of Australia' (61.0%) than the term 'Australian Made' (35.3%). This indicates a need for clearer government regulation and standardisation for country of origin labelling, and greater education on country of origin terms. Main reasons for buying Australian made and grown products included: wanting to support Australian growers and manufacturers (15.2%), better quality products (13.3%), taste (if food) (11.9%), higher safety/better health (if food) (11.5%) and better value (9.9%)."*

2012 Consumer Survey (July 2012)

Roy Morgan Research, on behalf of the Australian Made Campaign

<http://www.australianmade.com.au/new-research-reveals-what-consumers-want-when-it-comes-to-australian-made/>

The survey cited above also found that 68% of consumers purchase products grown in Australia based on country-of-origin claims, and 58% of consumers purchase products made in Australia based on country-of-origin claims.

Australian consumers clearly want to buy Australian food, and must be provided with unequivocal and consistent labelling which allows them to make this choice with confidence. National food policy must address country-of-origin labelling laws and regulations as a priority to reflect Australian consumers' requirements and to assist Australian farmers and food manufacturers in taking advantage of Australian consumers' preference for Australian-grown and Australian-made food.

### **Water reform in the Murray-Darling Basin**

*Reference:* National Food Plan green paper 2012, p69

*"Some stakeholder groups have expressed concern about government water reform decisions not appropriately considering the impact on food production and rural communities. The government needs to strike a balance between economic, social and environmental objectives and is investing substantially in water infrastructure (\$4.8 billion in the Murray-Darling Basin) and on-farm water efficiency programs through the Water for the Future initiative to help irrigators, irrigation industries and communities adapt to a changing climate and more variable water availability. Along with the creation and better functioning of water trading markets, water*



*infrastructure upgrades are significantly improving water-use efficiency and agricultural productivity in major irrigations regions, particularly in the Murray-Darling Basin.”*

**Note:** under the Water for the Future initiative, the Australian Government has committed **\$5.8 billion** to the Sustainable Rural Water Use and Infrastructure program.

The green paper’s reference to water reform in the Murray-Darling Basin, and in particular the Sustainable Rural Water Use and Infrastructure program, makes no mention of the impact on food production and regional communities of the Government’s \$3.1 billion water buyback program.

The impact on the Chaffey electorate (where five in every six South Australian River Murray irrigators operate) has been substantial, with more than 100 gigalitres of water removed from South Australia’s 2009 baseline diversion limit and more than 6000 hectares of irrigated land being taken out of production. The flow-on effects have not been kind to the community: businesses have closed, jobs have been lost, real estate values have declined, people have left the region and there is a significant strain on social services. Irrigators who have remained on the land are forced to pay an increased share of fixed water delivery costs. Water-use moratoria on exited irrigated land prevents investment and development, and severely hampers regional economic recovery and growth. Purchase of water entitlements has targeted not “willing sellers”, but desperate sellers.

Pioneering infrastructure and on-farm efficiency upgrades in the region over the past 40 years – which have made irrigation in Chaffey and South Australia the most water-efficient in the Murray-Darling Basin – have also effectively prevented local irrigators and irrigation industries from accessing funds from the \$5.8 billion Sustainable Rural Water Use and Infrastructure program.

The Federal Government’s implementation of the Water for the Future initiative has unequivocally reduced food production in the Basin and negatively impacted regional communities, because the majority of water recovered for environmental flows to date has been taken directly from food production with water entitlement purchases, and there has been unforgivable delay in the flow of funding for infrastructure upgrades.

A key example of the delay is the Menindee Lakes project in New South Wales:

*“An example of recovery work which should be undertaken prior to the development and imposition of SDLs is the Menindee Lakes. As noted by the Authority (pp 12-14 River management – challenges and opportunities 25 November 2011), “...the draft Basin Plan assumes that current operating arrangements for the Menindee Lakes will remain in place”. It is our argument that projects to recover water, like that identified by the CSIRO for the Menindee Lakes (Podger 2011 Darling Water Savings: Options for Environmental filling 17 November 2011), should be a priority before the imposition of SDLs. This project could recover up to 174 GL for environmental flows without compromising food producers or regional communities in the Basin.”*

p5, Submission to the Murray Darling Basin Authority (April 2012)  
Tim Whetstone MP, Member for Chaffey

In 2007 the Federal Government committed \$400 million to the Menindee Lakes project but as yet nothing has been done, and meanwhile water continues to evaporate from the lake system at an average rate of 426 GL per year.

The most promising recent development in infrastructure upgrades was the Federal Government's commitment in the 2012-13 Budget of \$200 million over four years to assess infrastructure upgrade projects in the Basin and their capacity to return water to environmental flows. However this commitment will not directly recover water either. My submission to the MDBA proposed that this sort of assessment – essentially an audit of all potential water savings that do not compromise food production and regional communities – be undertaken prior to setting sustainable diversion limits (SDLs) and factored into SDLs. In short, it should have been done much earlier and projects identified in the audit should now be underway.

While infrastructure upgrades are more expensive than water entitlement purchases in terms of cost per unit of water recovered, there are important long-term advantages of upgrades over buyback that must be factored. Upgrades will inject money and jobs into regional and rural communities, provide better water security for irrigated food and fibre producers and, if properly targeted on water delivery and storage infrastructure, will not further compromise the Basin's food production, Australia's food security, and regional communities' economic and social sustainability.

### **Economic and social sustainability of the farming sector and rural communities**

I conclude this submission with a general statement about sustainability. Addressing sustainability issues in agriculture and rural communities requires an approach which balances environmental sustainability with economic and social sustainability.

It has long been identified that sustainable management of the natural resource base is a challenge and a priority requirement if we are to continue to produce high quality food in Australia, and if we are to meet increasing global food demand. I completely agree with the Australian Government's objective to *"...maintain and improve the natural resource base underpinning food production in Australia..."* (p195, green paper).

However, national food policy must not lose sight of the fact that business sustainability for farms and associated industries, and economic and social sustainability in rural communities, are equally important foundations for a strong, viable Australian food and farming sector.

National food policy must recognise that while there is consistent growth in the Australian agricultural sector, the viability of individual farm businesses (and subsequently the rural communities which rely on them) is vulnerable to a range of factors beyond farmers' control. Risk is an inherent factor in agriculture.

Effective risk management, particularly in a business sense, can offset farmers' vulnerability and national food policy must consider ways and means of assisting the farming sector and rural communities to better manage their risk. Key areas include:

- **Diversification of farm enterprise and business base** – while many Australian farms have more than one enterprise (for example, cropping and livestock), many do not and are therefore highly exposed to risks associated with climate, exchange rates and commodity market fluctuations. Diversification of a farming business improves its resiliency and minimises its exposure to commodity-specific risk. National food policy could profitably explore ways to assist farmers with diversification of farm enterprise, and with business management training in areas such as succession planning.
- **Diversification of regional economies** – regional communities can be heavily reliant on a limited economic base. Chaffey is an excellent example in this respect, with a heavy reliance on irrigated horticulture leaving it vulnerable to low river system flows and low water allocation regimes in response to drought. Diversification into areas such as tourism and aged retirement living, along with value-adding and a more varied farm commodity base, has been identified as the primary means of making the local economy less reliant on irrigated horticulture (*Riverland Regional Prospectus*, Riverland Futures Taskforce). National food policy needs to consider how it can assist rural communities in diversifying their economic base by fostering the development of new farming and food manufacture industries.
- **Off-farm income** – many farming families require, at different times or all the time, a form of off-farm income (often this is a case of a family member employed in a non-farming position or running a separate business) to meet the cost of living. Some farmers invest capital in off-farm income such as shares or real estate. However, as was demonstrated during the recent drought when many farmers still required exceptional circumstances (EC) support, lack of off-farm income exposes farmers to risk. National food policy should consider ways to assist farmers in improving their overall long-term sustainability through off-farm investments.
- **Regional infrastructure and services** – greater public investment in basic regional infrastructure and services such as transport, health and education is not only necessary for the economic growth and sustainability of regional communities, but will also substantially benefit food production in terms of efficient export paths and supply chains, and a regionally-based workforce with requisite skills and expertise (both in terms of attracting and retaining people).

Regional communities have inherent strengths which make them socially resilient in the face of economic difficulties, but the recent drought has demonstrated many social problems which can arise from such difficulties. Investment in, and support for, these communities will enable their inherent social strengths to come to the fore and provide long-term support for a growing Australian food industry.

**Contact details**

Tim Whetstone MP  
Member for Chaffey

PO Box 959  
Berri SA 5343

*Phone* (08) 8582 4230

*Facsimile* (08) 8582 4231

*Email* [chaffey@parliament.sa.gov.au](mailto:chaffey@parliament.sa.gov.au)

*Web* [www.timwhetstone.com.au](http://www.timwhetstone.com.au)