

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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SUBMISSION- INQUIRY INTO ASPECTS OF AGRICULTURE IN NEW SOUTH WALES

BACKGROUND

The Role of the Regional Development Board and the Importance of Agriculture to the Region

The Northern Inland Regional Development Board is supported by the New South Wales Department of State and Regional Development. Key Board activities include the following:

- Promoting regional economic development initiatives (and hence sustainable jobs) in regional new South Wales
- Providing advice to the New South Wales Government and the Minister for Regional Development on important regional development issues
- Involving all levels of government in regional economic development
- Developing local leadership
- Championing major investment projects
- Promoting key initiatives to improve the region's business climate including infrastructure
- Hosting other New South Wales government business related initiatives

The Northern Region covering the New England and North West areas of New South Wales, is acknowledged as one of the major agricultural areas in Australia. Over fifty percent of the region's income is derived from agriculture.

In a normal productive season, the Narrabri and Moree Plains Shires (both within the Northern region) are the two most productive local government areas in this country. Crops include cotton, wheat, barley, sorghum, maize and sun flowers.

In addition, the eastern Northern Tablelands area produces some of Australia's finest wools for export to the processing plants in Europe and China. The region also contains major meat processing plants utilising product from the local beef, lamb and mutton producers in the surrounding areas.

Plans are underway for the establishment of a bio fuels refining plant at Gunnedah, a principal town in the region. Materials to be processed in this plant will be sourced from the surrounding agricultural areas.

Agriculture has been identified as an area of importance and focus for new opportunities within the Northern Inland Regional Development Board's Strategic Plan.



ISSUES

1. Current Agricultural Business and Employment Climate

The Northern Inland region, like most areas located away from the coast has suffered from the most devastating drought in the last one hundred years. The drought at the date of this submission is continuing despite some smaller falls of rain in recent times.

The climate change evident through this drought has been present since 2000. The resulting negative effects on agricultural and related industries have been well documented by the government and its agencies. The effect has been severely felt in both traditional dry land and irrigation agriculture.

The resulting loss on income to smaller traditional farmers and graziers has had direct ramifications on their ability to not only meet day to day business debts but personal expenses such as children's education, clothing and basic commodities such as electricity and food. The effect on larger corporations is less personally significant but does affect the level of spending on local goods and services.

The multiplier effect of the above on the businesses supplying goods and services to the agricultural sector from the adjoining towns and villages has been significant. This has also had a significant effect on direct and indirect employment opportunities. Many smaller businesses servicing the industry have been forced to relocate or shut down.

As a result over the years of drought some areas have seen significant losses of population particularly the younger sector up to the age of thirty five. If and when the drought breaks, there will be a resulting shortage of skilled employees in the agricultural industries.

While the development of the coal mining and related industries in the south west of the region is assisting with overall economic development, the loss of skilled agricultural employees to these industries (which have a higher capacity to pay salaries and wages) will mean the agricultural industries will have difficulties in attracting skilled employees at wage rates which can be afforded by the individual farmers and companies.



The aging of the rural population will also cause a shortage of skilled managers and employees. Presently many aging farmers and graziers are continuing with their enterprises into age groups traditionally connected to retirement.

Many farmers continue to see farming as a lifestyle issue rather than an industry and do not undertake continuing education to improve skills and knowledge.

Recommendations

- **Governments put additional resources into education and skills training in the area of agriculture and allied industries.**
- **Some consideration is given to the future of agricultural high schools including the need to become fully co-educational to better reflect the demographics of people involved in the industry. For example, the Farrer Agricultural High School in this region could commence by initially taking on female day students.**

2. Succession Planning

The continuing drought has forced many farming families to postpone the important traditional issue of succession planning. This has resulted in many older rural landowners deciding to continue with agricultural pursuits while the younger generation is forced to relocate either to the surrounding towns or out of the region. In many cases the next generation does not return or, is reluctant to return and this compounds the problem.

Recommendation

- **That succession planning be an important area of consideration including the needs of industry service providers.**

3. Marketing of Products

The continuing problem of rural agriculture (particularly for smaller producers) to be "price takers" in relation to local, national and international markets continues to be a hindrance to the profitability of many rural enterprises. It may be time for many farming groups to consider some form of cooperative national marketing but many traditional people in the agricultural industries may find this unacceptable.



The global nature of trading in many agricultural products does leave many producers to the mercy of currency fluctuations and changing world events. Again there is a need for effective producer groups to be formed to at least make people aware of the many factors that as individuals, producers may not be able to influence decisions.

The contrasting operations of the larger corporate agricultural organisations may need to be analysed to gain knowledge of the different approaches that size of a particular agricultural organisation can bring to the bargaining/marketing table.

Recommendation

- **That more efforts are made to increase knowledge and skills in marketing both locally and globally.**

4. Government Regulations

One issue which is constantly brought to the Board's attention is the differing weight restrictions on the transport industry conveying produce from New South Wales to Queensland and return. Currently there is a two tonne penalty on meat product being carried by road into Queensland (as compared to that state) which reduces the competitive advantage of meat companies processing in this part of New South Wales as to those located over the border.

Despite submissions to the Roads and Traffic Authority by the Board, this matter continues to be unresolved.

A further problem is the non allowance of "B" doubles to travel the Gwydir Highway to Inverell. The meat processor located in that town (Bindaree Beef) as a result, does not enjoy the same economies of scale as processors in areas which have the capacity to deal with transport companies with this economy of scale.

Both problems are examples of regulations which have indirect effects on the local agricultural industry which result in additional costs which affect the price paid for beef cattle from facilities either in or close to this region.



Forestry is an emerging industry in the region, particularly since the prospect of carbon trading has taken on greater significance at a state, national and international level. The lack of clarity surrounding the trading of carbon limits the development of this industry further. Developing a clear framework for carbon trading will enable further development in this region.

Recommendations

- **That the NSW Government continues it's Red Tape Reduction campaign and cross border issues continue to be addressed. Agriculture and allied industries to become the next focus of attention.**
- **That the NSW Government support the adoption of clear carbon trading guidelines**

5. Telecommunications

Currently the Board is seeking solutions to the clearly identified problems of a nationally competitive telecommunications system for the region. Despite promises by current and future telecommunication companies, the northern region still has sub standard mobile and broadband facilities which are directly impacting on regional agricultural industries.

Many companies and individuals from this region are forced to conduct their businesses in ways which increases costs as compared to other metropolitan and regional areas. National and international companies dealing with individuals and corporations with agricultural interests have an expectation that they can communicate at the same broadband speeds available to them. This could not be further from the present situation, where many businesses are not globally competitive and as a result, cannot participate in marketing arrangements or ordering systems for goods and services taken for granted in other areas.

While realising that this matter is a Federal and private enterprise issue, the Board believes that the New South Wales Parliament and Government should be endeavouring to bring pressure on all organisations to have the matter of a competitive regional broadband and mobile service resolved as soon as possible.

Recommendation:

- **That the NSW Government continue to monitor outcomes for telecommunications for regional and remote areas of NSW and where possible assist communities to obtain better outcomes.**

6. Impact of Climate Change

Climate change has already impacted on many farming activities. Farmers traditionally remain relatively sceptical of and show a reluctance to accept change. However, with challenges there will also be opportunities.

It is important that the Farming community be provided with the best science to allow them to assess these issues for themselves and be assisted to adapt to the needs for the future.

Recommendation

- **That there be a taskforce set up within the Department of Primary Industry with representation from agricultural practitioners to determine better ways of informing and assisting the farming community to address the issue of climate change including drought events.**

7. Research

The Northern region is fortunate to have the University of New England (located at Armidale) which has international status and standing in relation to research for all aspects of the region's agricultural industries. There are four Cooperative Research Centres co-located with the University, which adds to the region's capacity to support the latest technology for agriculture which faces many challenges through climate change.

World standard research facilities are located at Narrabri to coordinate activities in relation to the cotton industry. Wheat research facilities through the New South Wales Department of Primary Industries are located at Tamworth.

To ensure that the research continues to make the region's agricultural industries globally competitive, funding for the University and Cooperative Research Centres has to be continued at present levels. The fact that the above centres are located in and around the industries they serve, means cost advantages to Government at all levels.

Recommendation

- **That the New South Wales Government actively supports research funding applications for the University of New England and the four co-located Cooperative Research Centres in the interests of a globally competitive, State agricultural industry.**



8. Transport

The Northern Region will continue to have a large progressive agricultural sector which requires a developing transport infrastructure including modern roads and bridges. The current infrastructure in many cases was built early last century and has reached the end of its economic life. The Board recognises the progress that the three tiers of government have made in improving the local, secondary and highway road system. However, faced with continuing closure of railway branch lines the pressure on the present infrastructure will continue.

While the main North West railway line is utilised to transport agricultural products to the coastal port of Newcastle, the majority of freight in and out of the region is moved by road. Based on near capacity of some road systems there will be a need to consider reopening many closed branch lines or, increasing expenditure on roads which could cause further increased use of fossil fuels through the increased numbers of trucks required.

In relation to the movement of people, there has been a general rundown of passenger train services over the past twenty years with services no longer available for some communities or, replacement by bus services which often are unsuitable for travel by the aging community.

There are developing requirements for the movement of people around the region to access employment, retraining and education opportunities. Many people from disadvantaged groups cannot afford a vehicle to travel around the region to avail themselves of the emerging opportunities with in the agricultural industries for skilled or semi skilled positions.

Many services particularly medical, required by people in the more isolated agricultural areas are only located in the major towns and regional cities. In the future there will be a requirement for an efficient transport system to ensure these people are not disadvantaged.

The Board believes a comprehensive transport plan is required for the region which addresses the above issues as they affect the agricultural industries and the people who are involved with it.



Recommendation

- The State government investigate the feasibility of providing funds for a comprehensive transport study for the Northern region in association with the Northern Inland Regional Development Board.

9. Value of Production

It is expected that current data for the region's agricultural industry will be available later this year.

In the meantime the following chart shows) in descending order of value of production, ABS 1999/2000 survey data), the range of rural products produced in the Northern Region (New England - North West) includes:

Cotton	\$590 million
Cereals for Grain (including wheat, barley, sorghum etc)	\$521 million
Cattle and Calves	\$326 million
Wool	\$132 million
Poultry	\$60 million
Grain Legumes (chickpeas, field peas etc)	\$42 million
Sheep and Lambs	\$37 million
Oilseeds	\$35 million
Pigs	\$25 million
Eggs	\$24 million
Pastures and Grasses	\$10 million
Vegetables	\$6 million
Fruits and Nuts	\$3.6 million
Honey	\$3.3 million
Crops for Hay	\$1 million
Grapes for Wine	\$1 million

