

Submission
No 12

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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The Hon. Tony Catanzariti MLC
Committee Chair
Standing Committee on State Development
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Chair

Regarding: Comment on the Inquiry into aspects of agriculture in NSW.

The Regional Communities Consultative Council (RCCC) is a community advisory body to the Premier, the Minister for Rural Affairs and the Government on rural and regional issues. The Council would like to thank you for the opportunity to provide a submission to this inquiry.

Agriculture is of great significance to the Australian economy contributing in 2003 – 04, **4% or \$25 billion of total output of the economy, employed 375, 000 people or 4% of the workforce and accounted for around 22% of Australia's total goods and services exports. NSW contributes just over 20% to the total Australian agriculture output** (Australian Government, Productivity Commission, Trends in Australian Agriculture, 2005.)

Communities outside the metropolitan areas of Newcastle, Sydney and Wollongong have a significant economic dependence on agriculture and its associated industries. Drought has highlighted this connection with many rural and regional communities suffering an economic downturn because of the current drought.

Any further decline in agriculture production and / or terms of trade will see a corresponding decline in our communities. What is associated with an economic decline is a loss of jobs and families leave our small towns looking for work. The flow on affect with the loss of teachers, nurses and other services is a pattern only too familiar to rural and regional communities.

Response to Review issues:

a. *The contribution of agriculture and agricultural-based products to the NSW economy*

In 2003 -04, **the gross value of agricultural production for NSW was \$8.5 billion** and in 2004-2005, the value of exports of agricultural commodities from NSW amounted to **\$1.5 billion**. (Australian Bureau of Statistics, Agricultural State Profile, New South Wales, 2004-05.)

The Department of State and Regional Development has stated **NSW** is the second largest wine producing state accounting for over **30% of the \$5 billion Australian wine industry** and Tourism NSW estimates that around **4.1 million people visit NSW wineries each year, generating expenditure of \$353 million.**

The majority of rural and regional communities are considered to be service towns to the agricultural industry. These communities provide direct agricultural support services such as the farm machinery shop, fertiliser business, auctioneer and so on. These businesses then employ people, who spend money on goods and services and so the community prospers.

The current drought has impacted greatly on communities as a whole; farmer's have received limited income so aren't spending money, agricultural businesses have put off staff who then move else where for work and all of a sudden there is a drop in need for services and the community begins to decline.

b. *Impediments to sustaining appropriate levels of productive capacity and growth in agricultural industry;*

Some impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry are;

1) Sustainable Environment

- " The availability of water has been, and will remain, central to the nature and extent of the state's agricultural development. Rainfall is low and irregular over a wide area of NSW yet, at times, flooding can be a serious problem, making control of water resources essential to the development of a viable agricultural sector". (Australian Bureau of Statistics, Agricultural State Profile, New South Wales, 2004-05.)
- Uncertainly with the handover of state control of water to the Federal government. What does this mean for current Water Sharing and Catchment Management Plans?
- Maintaining soil health is critical to production levels, and this includes the effective control of erosion, maintaining bio diversity and controlling soil salinity.

Salinity has been described as "one of the most serious long-term threats to the sustainability of land and water resources in NSW." The Department also points out that the high cost of salinity related "infrastructure damage to buildings, underground electrical equipment, roads, fences, foundations" and so on is being recognised with salinity related damage to one regional NSW city estimated at \$413,000 per year. (Department of Environment & Climate Change NSW).

3) Workforce and workforce safety

- An ageing farming workforce, with the average age of farmers now estimated to be fifty eight years of age.
- The farming industry is recognised as one of the most dangerous occupations to be involved in just because of the very nature of the work, handling machinery, working with chemicals, sun and noise exposure and the fact that the home place is the workplace. All of this can impact on the health and life expectancy of farmers.
- Low numbers of young people taking up farming as an occupation and associated issues with handing over the family farm to the next generation and
- The loss of farm workers to better paying positions in other industries such as mining.

4) Technology

- Internet speeds and access is a big issue for a lot of farmers. As one farmer said, "We all have broadband; just some have broader than others". A slow internet speed, unreliability of service

and access issues greatly disadvantage a lot of farmers and does impact on the farmer's ability to remain competitive in the global economy.

- Lack of mobile phone coverage and black spot areas is still an issue for rural and regional residents and the business community.

5) Research and Policy Development

- Continued research and development is imperative for agriculture to remain competitive, profitable and economically sustainable.
- Both Natural Resource and Agricultural Policy development in NSW has occurred during an above average rainfall period from the 1950's. The question needs to be asked if those policies are suitable for a possible drier sequence of weather.
- A debate needs to be undertaken in relation to managing drought and climate change. Current support modelling of maintaining high levels of agricultural production verses structural adjustment reflecting a more conservative expectation of resource use.

6) Change of land use practice

- There is community concern that prime agricultural land is being snapped up by developers, particularly on the coastal regions to cater for the sea and tree changers.

7) Quarantine

- It is crucial stringent quarantine practices are implemented in Australia to keep our agricultural industry free of foot and mouth and any other plant disease that may enter the state with the importation of used machinery and debris on shoes.

c. Initiatives to address impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry, having regard to the NSW State Plan priority areas of "Growing Prosperity Across NSW and "Environment for Living"

Some initiatives the RCCC believe could address the impediments are;

1) Environment

It is very difficult to know what the handover of the State's control of water will mean for residents of NSW. It would be hoped that the Water Sharing Plans and Catchment Management Plans as they

currently stand will be honoured. These plans took many hours of community consultation, expert input and hard work by the committee members before being finalised.

Maintaining soil health is also paramount to agriculture production. There needs to be ongoing investment in research and education to ensure current information is available to farmers and communities to address the soil problems of salinity, erosion and to maintain bio-diversity.

3) Workforce and safety

As in any industry, there needs to be incentives to attract and retain workers. The ageing farming workforce needs to be addressed by considering a package of assistance that will firstly encourage older farmers to pass on the family business to the next generation and incentives that will entice young people into the industry. There needs to be assistance for lifelong learning and implementation of policies and practices that will enable producers to manage fluctuations in markets and climatic conditions.

Farmers also need to be given educational and practical support to continue to address the Occupational Health and Safety issues associated with farming.

4) Technology

Rural and regional residents in NSW deserve the same access and quality of service as city residents. The State Government needs to put pressure on the Federal Government to ensure equitable delivery of technological services. The Agricultural industry competing in the global market economy needs a technology service that is of world standard.

5) Research & Policy Development

The Report by the Agriculture and Food Policy Reference Group, "Creating our Future", Agriculture and Food Policy for the next generation, February 2006, states "At least \$1 billion is invested in agriculture and food research and development each year by Australian governments, higher education institutions, rural research and development corporations and companies (RDCs) and the private sector". The RCCC supports the recommendation of this report that the "Council of Research and Development Corporation Chairs take a stronger leadership role to promote more systematic and consistent data

collection and financial reporting, and methods of determining research priorities, allocating funds, evaluating results of R & D expenditure and disseminating the findings”

Policy development at both the Federal and State levels in Australia needs to be based on current research and needs to encourage a flexible, competitive environment where producers can develop farm practices that cater to a changing global economy and changing climatic conditions.

6) Change of land use

Current land use practices need to be mapped for the whole state and controls need to be implemented so that local council planning decisions can be supported by a whole of state land use mapping guide.

7) Quarantine

NSW and Australia needs to remain vigilant and appropriate resources allocated to ensure NSW and Australia remains disease free.

A continued sound agricultural industry is vital to the economic viability and sustainability of rural and regional communities and to Australian export earnings. A strong agricultural industry is reliant on a healthy environment, a skilled workforce, sound policies that reflect changing global markets and climatic conditions and technological infrastructure that supports an industry competing in the global economy.

On behalf of the RCCC I would like to thank you again for the opportunity to raise these important issues with you. I trust the Standing Committee’s recommendations support the development and implementation of strategies that lead to an even stronger agricultural industry in NSW.

Yours Sincerely



Lynda Summers
Chair