

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

Organisation: Riverina Regional Development Board
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Date received: 28/08/2007



22 August 2007

The Director
Standing Committee on State Development
Legislative Council
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Sir

**Inquiry into
Aspects of Agriculture in New South Wales**

I am pleased to be able to respond, on behalf of the Riverina Regional Development Board, to the current inquiry into aspects of agriculture in New South Wales.

This submission is made with due regard to the Terms of Reference.

Introduction

The Riverina Regional Development Board (RRDB) is one of thirteen Development Boards in NSW that are appointed every four years by the Minister for Regional Development and supported with an annual administration contribution from NSW Department of State and Regional Development.

The Riverina Region, for the purposes of the Board's jurisdiction, covers 16 Local Government Areas over 76,346 square kilometers and embracing a population of around 162,000 people. The RRDB comprises 10 members drawn from a wide cross section of the regional community. Members are selected for their ability to demonstrate the following capabilities:

- Leadership, vision and ability to champion regional interests
- Track record in achieving creative, strategic and holistic solutions for local and regional development
- Ability to gain commitment and support for regional and local initiatives
- Ability to advise the NSW Government on a broad range of regional development issues
- A good understanding of the principles and practices of effective corporate governance

Members are expected to be able to demonstrate expertise in one or more of the following areas:

- Economic development at local and regional levels
- Successful business and/ or management experience
- Business and local development networks
- Academia and/or higher education relevant to regional economic development
- Community initiatives that contribute to local or regional economic development.

The Riverina Board is an Incorporated Association and has been in operation since 1991.

The Board has adopted a Vision Statement as follows:

“The Riverina will prosper through smart industry strategies and value adding businesses, generating sustainable long-term employment and harmonious communities... enriching lifestyles naturally.”

and a Mission Statement:

“To facilitate the appropriate and effective Regional Development of the Riverina through a partnership approach to the implementation of the Riverina Economic Development Strategy (REDS) and related initiatives.”

The Board has adopted a Strategic Plan 2004-2010 which incorporates the REDS and identifies nine Strategic Sectors for the Riverina Region. Each of these sectors addresses goals which match one or more of the NSW Department of State and Regional Development’s statement of strategic intent.

One of the Board’s nine Strategic Sectors is identified as **Agriculture** as Strategic Sector 1 and the strategic intent of this sector is to *“Secure Employment and investment in agriculture by promoting a better agri-business environment for the Riverina.”* A copy of the Agriculture Strategy is attached as appendix “A “

Terms of Reference

(a) The contribution of agriculture and agricultural-based products to the NSW economy

Attached as Appendix “B” is a summary of various agricultural activities and production data from the Riverina Statistical profile, a snapshot view of several key industry sectors in the region using a variety of data sources (refer appendix “C”). This Profile was prepared for the RRDB by the Western Research Institute in 2004. The complete profile can be viewed from the Board’s website www.rrdb.com.au

The regional economic overview reveals over AUD \$1 billion annual agricultural and horticultural production; the Riverina is Australia’s largest producer of wine-65% of NSW wine grapes are produced in Riverina; about 50% of the region’s wine production is exported. This includes Australia’s largest exporter of wine to the USA, Casella Wines(Yellowtail brand) of Yenda, near Griffith.

Sheep and cattle farming in the region is one of the largest employers in the Riverina agriculture industry with an annual value of production (2004) of about \$17.5 million.

Wagga Wagga saleyards regularly host the largest sheep sales in Australia and Cargill Abattoir in Wagga Wagga has recently undergone a multi-million dollar expansion and is a major employer in the region. The region boasts several major beef feedlots that head the large cattle industry in the region.

The Riverina Statistical profile reveals Agriculture Forestry and Fishing to be the region's largest employer from 1991 to 2001(2001 ABS census) with 17.8% of the workforce.

Appendix "D" is an extract from the Western Riverina Higher Education Needs Analysis prepared for RRDB by The Centre for Rural Social Research, Charles Sturt University, November 2001. Table 3.7 shows the total value of production for some of the products in the Western Riverina Region alone, to give an example of the highly productive nature of the region and to show that it is economically prosperous.

Agriculture and agricultural-based products in the Riverina make a major contribution to the NSW economy and the Riverina naturally logo and supporting words "Clean air, Fresh water and Fertile Soil" are widely recognized in Australia and internationally. This statement links neatly with the State Plan priority area E3.

(b) Impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry

Without a doubt the major impediment to the continuing and sustainable growth in the agricultural sector in the Riverina is the water access, supply and management regime (refer State Plan-Priority E1). In particular, the irrigation enterprises across the Murrumbidgee Irrigation Area (MIA) and various irrigation schemes in the Western Riverina have enabled a previous barren wasteland to be transformed into one of the most fertile and productive areas in Australia since establishment of the irrigation scheme for the region in 1912.

Attached as appendix "E" is a report jointly prepared by Peter Brooks, General Manager for Griffith City Council and Stephen Joyce, Economic Development Manager for Griffith City Council. The report, "Restriction of high security & stock water allocations to the MIA" has been considered and received by the RRDB as an authoritative overview of the major impediment to industry in the Western Riverina.

The report shows, inter alia, that the major industry in the Western Riverina is irrigated agriculture, with 80% dependence on irrigation and 50% dependence on high security water.

Externalities beyond the control of the industry are exchange rates and overseas agricultural subsidies and markets generally.

(c) initiatives to address impediments to sustaining appropriate levels of productive capacity and growth in agricultural industry, having regard to the NSW State Plan priority areas of 'Growing prosperity Across NSW' and 'Environment for Living.'

The State Plan provides direction at P1- Increased Business Investment in NSW, P6 Increased Business investment in Rural and Regional NSW and P7, better access to training and Rural and Regional NSW to support P1 and P6.

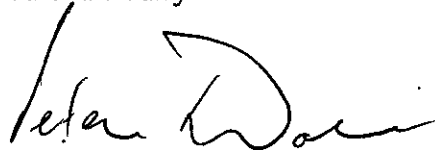
One initiative of the RRDB in 2006 was to commission a report into Irrigated Grain Crops-A scoping Study of the Southern Murray-Darling basin. The study confirmed the original hypothesis that it is feasible to significantly increase the production of winter cereals and oilseeds from the irrigation sector. At the most extreme, the study indicates that it is theoretically possible for the region of Southern NSW and Northern Victoria to produce close to 8 million tones of winter cereals under certain circumstances. However, the report finds that there are many barriers to overcome to move towards this goal. Not the least of these is the identification that the water use efficiency of crops under irrigation significantly lags the production efficiency of crops produced under dryland conditions.

The RRDB in 2007 has resolved to be involved in FHC-Food and Hospitality China, 2007 in Shanghai in November 2007. The RRDB will gather a contingent of major Riverina producers to attend the FHC Expo under the banner 'Riverina Food Group' a structure now owned by the Board embracing the 3 diverse sub regions of Western Riverina, Central Riverina and Riverina Highlands. The Riverina Food Group is expected to feature major wineries and food producers from the region as part of the Australian National Pavilion. Increased sales through such initiatives, clearly creates an opportunity for increased and more diverse production. As China is now the largest export destination for Australian produce(Source: Austrade-August 2007), this initiative will bring the productive capability of the Riverina, as one of Australia's most important food bowls, to the direct attention of the Chinese market.

Attention to the Riverina Region's transport corridors to cater to the significant movement of produce from the region cannot be overlooked. While there have been some good road improvements there is much more to be done. There are continuing concerns over the maintenance of grain lines and capability of major haulage routes for the massive timber industry in the Riverina Highlands as well as capability to move produce to markets from the Western Riverina, including freight to major Australian ports for export.

I trust that this report will indicate the important contribution by Riverina producers to the agricultural industry in NSW.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Dale', written in a cursive style.

Peter Dale
Executive Officer

4. Key Strategic Directions for the Riverina Region

The following Strategic Objectives have been identified by members of the Riverina Regional Development Board on behalf of the wide range of Riverina Region stakeholders. The tables in this section are intended to set broad directions for the economic development of the Region and to guide activities into the future that will be commenced during the term of the current Board.

Regional Partners and Stakeholders

Within the Riverina Region there are many stakeholder organisations, industries and individuals that can contribute to the economic and social development of the Region and their necessary inclusion and contributions are recognised in the structure of the Board's Strategic Plan. The tables below list:

- Each of the strategies, activities and outcome indicators that the Board has identified
- The intended Driver agency for each of those activities and
- The Partner agencies that need to be involved in the activity for effective implementation

The Riverina R D Board has completed or is in the process of completing Memoranda of Understanding with all these organisations and their representatives to ensure the continued collaboration between them and the Board in implementing its economic development strategy.

STRATEGIC SECTOR 1: Agriculture <i>Secure employment and investment in agriculture by promoting a better agri-business environment for the Riverina.</i>			
Strategies	Activities	Outcomes – 2004-2010	Partners
1.1 Assist all sectors to become more market driven and sustainable	<ul style="list-style-type: none"> ▪ Encourage use of "Riverina .. naturally" logo ▪ Facilitate advice on market trends and emerging opportunities ▪ Promote use of existing advisory services ▪ Encourage integration of conservation and commercial agriculture ▪ Invite all members of the value chain to participate in Agric Working Group and at information days ▪ Encourage development of QA programs ▪ Support land management practices ▪ Encourage farmer education 	i) Markets – Enhanced marketing skills in industry. Clean/green product image Co-op in production & marketing Increased productivity/quality Flexible production base Production responds to market Sustainable – Reduced soil salinity/erosion Best practice land management Sustainable practices adopted ii) Short courses promoted with education providers Operation of industry groups to share expertise	Dept Ag, industry
1.2 Improve the business skills within agricultural enterprises	<ul style="list-style-type: none"> ▪ Match courses with industry needs ▪ Promote courses available ▪ Facilitate formation of industry groups ▪ Support skill providers and programs ▪ Develop case studies 	RRDB	TAFE, CSU, other education providers, industry

Riverina Regional Development Board - Strategic Plan

<p>1.3 Encourage appropriate agricultural sector research and development</p>	<ul style="list-style-type: none"> ▪ Monitor needs, via co-op with stakeholders ▪ Identify appropriate projects to meet industry needs ▪ Develop portfolio of funding agencies, access \$\$ and matching funding ▪ Form links with other agencies in the Murray Darling Basin 	<ul style="list-style-type: none"> i) New courses established ii) Projects identified iii) Partners involved iv) Working with other agencies in Murray Darling Basin 	<p>RRDB</p>	<p>Industry, community, LGA, BEC, MDB, relevant RDCs and CRCs.</p>
<p>1.4 Improve physical and service infrastructure</p>	<ul style="list-style-type: none"> ▪ Identify needs ▪ Obtain funding (direct and matching) ▪ Obtain input to planning processes ▪ Develop appropriate projects ▪ Promote positive perception of region ▪ Support Landcare with landowner participation ▪ Lobby for project funds to find solutions ▪ Work with CMA, etc to support activities ▪ Develop demonstration case studies 	<ul style="list-style-type: none"> i) Improved infrastructure, resulting in increased productivity and profitability of agric production in region 	<p>RRDB</p>	<p>LGAs, industry, RTA, CMA's, electricity suppliers, AGL</p>
<p>1.5 Improve land and water management practices</p>	<ul style="list-style-type: none"> ▪ Monitor current production (and export) of ag produce ▪ Market "clean food" image to agribusiness ▪ Identify potential industries – expansion in corn, adzuki beans, mung beans, grapes, cotton ▪ Establish links between processors and producers of raw materials ▪ Encourage the development of by-products processing as new industry 	<ul style="list-style-type: none"> i) Land and water management plans implemented across region ii) Irrigation management strategy adopted and implemented iii) Solutions executed 	<p>CMA</p>	<p>RRDB, REROC, RIVROC, landholders, irrigators</p>
<p>1.6 Encourage diversification and develop value-added industries</p>	<ul style="list-style-type: none"> ▪ Promote "Maximising Rural Prosperity" planning forum outcomes ▪ Seek funding to address impediments ▪ Advise/lobby government ▪ Seek upgrade of roads in region ▪ Improve communication and all linkages between sectors 	<ul style="list-style-type: none"> i) Gain new investment 	<p>RRDB</p>	<p>Industry, NSW Ag, CSU.</p>
<p>1.7 Identify and address impediments to agricultural development</p>	<ul style="list-style-type: none"> ▪ Promote "Maximising Rural Prosperity" planning forum outcomes ▪ Seek funding to address impediments ▪ Advise/lobby government ▪ Seek upgrade of roads in region ▪ Improve communication and all linkages between sectors 	<ul style="list-style-type: none"> i) Containment of freight costs ii) Improved transport infrastructure 	<p>RRDB</p>	<p>LGAs, RTA, industry</p>



Riverina Regional Profile

Riverina Industry Profile

A study of the performance and trends across the Riverina Region

Commissioned by the Riverina Regional Development Board

Prepared by the Western Research Institute



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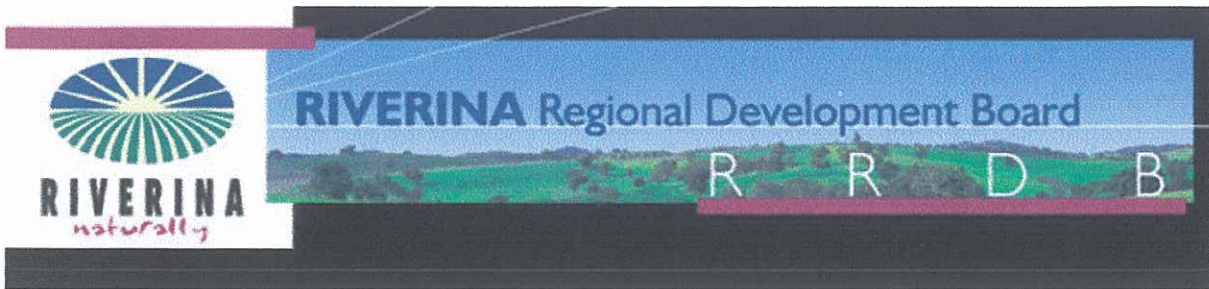
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Department of State and
Regional Development



The Western Research Institute Ltd would also like to thank the Riverina Regional Development Board, IBISWorld Data, Murrumbidgee Irrigation, Riverina Citrus, the Wine Grapes Marketing Board, ABARE, DOTARS and the Australian Bureau of Statistics for their assistance in this project.



Industry Profile

Agriculture

Tourism

Education

Defence

Agriculture

Wine

Printable Document

Home

Area of production:	approx 16,000 ha
Volume of production:	
2002 Vintage:	230,000 tonnes
2003 Vintage:	199,500 tonnes
Value of production (2003 Vintage):	\$107m (farmgate)
	over \$300m (wine)

Source: Wine Grapes Marketing Board

The Riverina region is the largest producer of wine grapes in New South Wales, with over 700 vineyards. The reason for this is that the region is particularly well suited to grape growing due to its sandy, loamy soil and access to Snowy Mountains water.

There are 19 wineries in the Riverina region and two of these wineries, De Bortoli Wines and McWilliams Wines, are in the top eight wine manufacturers in Australia. Griffith is also home to Rossetto Wines, which is a major supplier to the Hardy Wine Company and is developing its own premium wines.

The wine and grape industry is in a long-term growth phase, despite the fact that there is currently an oversupply of some varieties of grapes. The key driver of demand has been the rapid growth in export markets, with wine exports increasing from 24% of sales in 1993 to 56% in 2003. Other drivers of growth are population growth, increased disposable income, and lifestyle changes leading to increased patronage of bars and restaurants.

Given the competitive conditions in the industry the sustainability of individual wine grape growers will depend on their ability to establish supply contracts. The negative effects of the grape glut can also be reduced if a vineyard has the ability to produce premium wine varieties. Across Australia, lack of water resources and climatic conditions will have a significant impact on the future growth of the wine industry. IBIS World expects that wine grape production should grow at an average of 3.7% per annum between 2003 and 2008 due to strong growth in the area planted and bearing grapes.

Wineries tend to benefit from the oversupply of grapes as it reduces prices and/or allows them to purchase higher quality grapes. However, given the appreciation of the Australian dollar between 2002 and 2004, the growth of the wine manufacturing industry will depend on their ability to conduct effective marketing campaigns in export markets. IBIS World expects that small and medium sized producers will struggle between 2003 and 2008 as larger wine companies more actively pursue overseas markets.

Industry trends supplied by IBISWorld

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Rice

Area of production:	184,381 ha
Volume of production:	
medium grain:	590,365 tonnes
long grain:	329,366 tonnes
mv:	824,337 tonnes
Value of production:	\$135 m

Source: Ricegrowers
Cooperative Ltd &
Ricegrowers Association
of Australia

The Riverina region is one of Australia's leading rice producers, as the Murrumbidgee irrigation scheme makes the area well suited to rice crops. Rice is not a labour intensive crop, but the enhanced economic activity generated by the industry provides employment opportunities in many local communities. The Riverina region exports rice to more than 70 countries, producing over one million tonnes of rice each year.

The rice market is in the mature stage, as the ability to introduce new products into the marketplace is relatively limited. Still, the ability of producers to develop new products, particularly convenience foods products, and expand into new markets will be critical to their long-term sustainability. An expected return to normal weather patterns should result and increase in area planted and improved crop yields in the short term. Rice consumption per capita is expected to increase and there are new opportunities emerging in the health food sector for products such as wild rice. Water shortages will have the largest effect on the Riverina rice industry. IBIS World predicts future restrictions on rice production due to reductions in the amount of water released from the Snowy Mountains hydro electricity system.

Industry trends supplied by IBISWorld

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Citrus

Area of production:	8,366 ha
Volume of production:	215,000 tonnes
Value of production:	\$120 m

Source: Riverina Citrus

The Riverina region is a prominent producer of citrus fruits including oranges (95%), grapefruits, lemons and mandarins. The Riverina produces about 70% of all citrus in NSW, and 30% of Australia's total citrus production. Citrus accounts for 58.3% of the Australian fruit market, 80% of which is sold as fresh fruit.

There are approximately 650 citrus farmers, 7 processors and 50 packing operations in the Riverina who process over 200,000 tonnes per year. Most producers own relatively small farms, however the Riverina is home to Carrathool Slopes Farms Pty Ltd near Griffith. The farm produces navel and Valencia oranges, grapefruit, prunes and vegetables and is one of Australia's major citrus producers.

In general, the fruit growing market is in a mature phase. To address this there has been a push to promote exports of fresh citrus and in July 2000 the South Korean Government opened its market to Australian citrus. Success in the citrus industry will depend on climatic conditions, production of specialty products and supply contracts.

Horticulture Australia has indicated that tariff reductions and the removal of sales tax have made concentrate fruit juice unprofitable. Growers have therefore increased the proportion of their crop that is marketed as fresh fruit. IBIS World expects world citrus prices to fall between 2003 and 2008 due to increased global supply and a reduction in demand for juice concentrate. The dumping of orange juice concentrate on the Australian market is also reducing demand for locally grown Valencia oranges.

Industry trends supplied by IBISWorld

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Meat and Livestock

Sheep and cattle farming is one of the largest employers in the Riverina agriculture industry, and has an annual value of production of about 17.5 million. Over the next 5 years the meat industry is expected to remain fairly stable with demand increases more or less in line with population growth, although dietary changes are causing a decline in the per capita consumption of red meats. Success in this industry will depend on proximity to market, ability to meet consumer demand and the production of high quality meats. Financial and debt management will also be crucial as farmers recover from the drought and build stock supply once again.

Industry trends supplied by IBISWorld

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Vegetables

Area production:	of	8,500 ha
Volume production:	of	148,000 tonnes (ex. rockmelons, pumpkins and lettuce)
Value production:	of	\$56 m
Includes: Broccoli, capsicum, carrots, gerkins, lettuce, onions, potatoes, pumpkin, rockmelon, sweet corn and tomatoes.		

Source: NSW Agriculture

Vegetable growing and processing are relatively mature industries. The Riverina has a number of small operations, the most prominent of which is Carrathool Slopes Farm, a diversified horticultural producer. In recent years the vegetable growing industry has experienced a decline in production, although there has been a rise in the consumption of processed foods. Vegetable growers and processors are both under pressure to reduce costs and minimise wastage in order to remain viable. Success in this industry depends on the ability of businesses to market differentiated products, adopt new technologies and manage costs. IBIS World expects some growth over the next five years driven by an expansion in domestic demand and more favourable economic conditions.

Industry trends supplied by IBISWorld

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Cereals

Area of production:	325,960 ha
Volume production:	of 873,417 tonnes

Includes: sorghum, maize, mungbeans, sunflower, soybean, wheat, barley, peas, faba beans and canola.

Source: NSW Agriculture

Both summer and winter cereals are produced in the Riverina region. Trends facing cereal producers are similar to those of the rice industry. The market is in its mature stage with product differentiation focused on improved quality. Rationalisation across the industry is a necessary measure to protect profit margin. Financial and debt management will prove to be critical success factors in light of extreme weather conditions are expected in the near future should see an increase in planted acreage and crop yields. IBIS World predicts that the industry will experience moderate growth, driven by large increases in sorghum and maize plantings.

Industry trends supplied by IBISWorld

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Tourism

Tourism is an important industry in the Riverina region. In the year to June 2002 there were over 1.1 million overnight visitors to the region, with an average stay of 2.4 nights. The estimated expenditure of tourists in the Riverina region is \$405m, resulting in the creation of approximately 3,568 jobs. Most tourists attracted to the region (98%) are domestic visitors with the number of both domestic and international visitors expected to grow.

IBIS World argues that the Australian tourism industry is still in a growth stage, fuelled by rising disposable incomes, increasing tourism participation rates, and the desire of individuals to enhance their lifestyle. Critical success factors for tourism growth include: product offering and location; associations with travel agencies and tourist authorities; consistent good reviews; and high occupancy and patronage rates. IBIS World expected the tourism market to grow at an average of 3.9% per annum until 2008, with most of this growth is the form of domestic tourism.

Industry trends supplied by IBISWorld Riverina Statistics provided by Tourism NSW

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Education

The Riverina region is characterised by its excellent educational facilities. There are numerous public and private schools across the region as well as Charles Sturt University and seven TAFE campuses.

There were over 20,000 children enrolled in NSW government schools across the Griffith and Wagga Wagga education regions in 2002 and 7.15% of these students are indigenous persons.

The seven TAFE campuses in the Riverina region are located at Cootamundra, Griffith, Leeton, Narrandera, Temora, Tumut and Wagga Wagga. Most of these offer Access; Business and Public Administration; Community Services, Health Tourism and Hospitality; Construction and Transport; Information Technology, Arts and Media; Manufacturing and Engineering; and Primary Industries and Natural Resources courses. The largest campus is at Wagga Wagga with over 7,000 enrolments. The largest growth between 2000 and 2002 was at the Narrandera campus with a 78.2% increase in enrolments. There was a 21.8% growth in enrolments of students from across the Riverina region between 2000 and 2002.

The Charles Sturt University campus at Wagga Wagga offers studies in Arts, Commerce, Education, Health, Science and Agriculture. The university has its own winery, vineyard, equine centre and farm to give students a unique "hands on"

experience. Enrolments at the Wagga Wagga campus grew by 6.98% between 1999 and 2002. A majority of students complete their studies via distance education (74.4%) with an additional 22.6% internal full-time students and 3% internal part-time students.

The education industry across Australia is in its mature stage. However the move toward vocational training, leisure education, and lifelong learning are expected to be drivers of growth in the future. Other drivers will include changes in population aged between 5 and 15 years, retention rates of secondary and tertiary institutions, Government funding and the move towards continuous skill upgrades in the work place. IBIS World estimates an average annual growth rate of 3.1% until 2008 with most growth expected in post-school education, adult and private education.

Industry trends supplied by IBISWorld

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Defence

There are two defence bases located at Wagga Wagga, the Kapooka Army facility and an Air force base. Multimillion-dollar building and communication upgrades in recent years make Wagga Wagga home to some of the most sophisticated defence training technology in the country. There are three major military schools at the Kapooka base including executive training, airmen leadership and distance learning. The base conducts over 70 courses each year with over 800 defence trainees. The base is also home to the National Aerospace Training Centre of Excellence and the number one Recruit Training Unit.

The defence industry in Australia is still in it's growth stage, driven by increased spending across 2003-04 due to terrorist threats and regional instability (IBISWorld). Further growth will depend on government spending, development of management and internal processes, ability to adopt new technologies, access to skilled workers and supply contracts for key inputs (IBISWorld). It is anticipated that defence personnel will become more involved in coalition forces and stabilisation and reconstruction operations.

Industry trends supplied by IBISWorld

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Riverina Regional Profile

Data Sources

A study of the performance and trends across the Riverina Region

Commissioned by the Riverina Regional Development Board

Prepared by the Western Research Institute



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3.1.5 Engaged in types of occupations

The number of people engaged in types of occupations over 1986 to 1996 may be seen in Table 3.6. The data show a declining trend in manager/administrator occupations and an increasing trend in professional, intermediate clerical and production and labourer occupations.

• **Table 3.6: People engaged in different type of occupations**

Occupations	Total 1986	Total 1991	Total 1996	% 1986	% 1991	% 1996
Manager/Administrator	4326	3974	3803	25.8	23.5	21.2
Professional	1911	1796	2244	8.5	8.1	9.6
Assoc. Professional	1161	1206	1821	5.7	6.1	8.3
Tradesperson	2678	2590	2699	12.4	12.5	11.9
Advanced Clerical	1121	982	741	5.0	4.5	3.2
Intermediate Clerical	1574	1658	2503	7.2	7.5	10.5
Intermediate production	1800	1531	1895	9.6	8.3	9.8
Elementary Clerical	1922	1779	1383	8.3	7.9	5.4
Labourer	2830	2829	3607	15.1	15.2	17.2
Inadequate Descrip.	223	154	159	1.3	0.7	0.7
Not Stated	234	1115	506	1.2	5.8	2.3
Total	19780	19614	21361	100.0	100.0	100.0

3.2 Industry profile of the WRR

The major industries within the area include:

3.2.1 Viticulture/Wine

Wine and table grapes are grown within the WRR which includes the Griffith Region as the home of the largest single Semillon producing region in Australia (Griffith Shire Council Website www.griffith.nsw.gov.au). Wineries throughout the region are receiving increasing international acclaim for the quality of their wines.

3.2.2 Value-adding/processing

The Western Riverina has the reputation as one of the most exciting, innovative regions within rural Australia. Local companies have developed to service their local industries and over time have successfully developed international markets. For example, *A & G Industries* produce the largest stainless steel fermentation tanks used in wineries around the world, and are one of the largest stainless steel users in Australia. Other examples of successful innovative companies based in the Western Riverina include Australia's largest producer of eggs and third largest producer of poultry meat products *Bartter Enterprises*, and *Parle Foods* who supply gherkins for McDonald's and Hungry Jack's (Griffith Local Government Area Handout).

3.2.3 Rice

The Murrumbidgee Irrigation Area (M.I.A.) located within the WRR produces the bulk of Australia's Rice (MIA Australia's giant oasis brochure). The *Ricegrowers' Co-operative* is one of the single largest employers within the region responsible for processing as well as marketing its product domestically and internationally.

3.2.4 Other irrigation/broad acre agriculture

Agriculture and horticultural industries are the largest industries within the Western Riverina. This is largely attributed to the availability and quality of water through the Murrumbidgee Irrigation Area Scheme. Crops grown under irrigation include cotton, tomatoes, potatoes, pumpkins, lettuce, sweet corn, turnips, broccoli, cauliflower, cabbage, garlic, watermelons, rockmelons, carrots, parsnips, onions, citrus and stone fruits.

Within the Hillston area economic development has been occurring at an unprecedented rapid pace through the introduction of cotton, melaleuca, wine grapes, vegetables, cherries and citrus backed by substantial capital investment (Carrathool Shire Profile Handout).

3.2.5 Health industries

The Health industry is one of the larger employers within the WRR but there is a severe shortage of qualified staff to fill available positions as is the case throughout Regional Australia.

3.3 Value of production in the WRR

The total value of the following products for the year 2000 (see Table 3.7), provided by the Riverina Regional Development Board shows that the region is highly productive and economically prosperous.

Table 3.7: Total value of production for some of the products in the WRR, for the year 2000

Product	Total value of production in A\$	Remarks
Citrus	120,000,000	Wholesale added
Wine Grapes	300,000,000	Wine
Rice	135,000,000	Farm gate
Broccoli	720,000	Farm gate
Capsicum	1,320,000	Farm gate
Carrots	4,100,000	Farm gate
Gherkins	1,800,000	Farm gate
Lettuce	5,800,000	Farm gate
Onions	6,500,000	Farm gate
Potatoes	10,100,000	Farm gate
Pumpkins	9,600,000	Farm gate
Rockmelon	7,400,000	Farm gate
Sweet Corn	3,800,000	Farm gate
Processing tomatoes	4,600,000	Farm gate
Cotton	31,000,000	
Dried Prunes	4,000,000	Farm gate

Note: Total value of production is not calculated as the Table does not include all the products of the region. This is only an example to show that the region is highly productive.

**REPORT RE-RESTRICTION OF HIGH SECURITY & STOCK
WATER ALLOCATION TO THE MIA**

Executive Summary

About the MIA – Population - City of Griffith	26,000
Leeton	12,000
Surrounding	22,000
MIA	60,000

History : Established 1912 and with 2 later waves of Soldier Settlement & immigration

Major Industry is irrigated agriculture

Dependence on irrigation 80%

Dependence on high security 50%

Major Industries – Relying on High Security

- Wine and Grapes** - **70% of NSW & 15% of Australian** production
- **1500 jobs**, 22,000 Ha of vines over 700 farms
 - Yearly value = \$800m
 - No high security = loss of **\$0.5bn vines**
= **\$2.88bn** lost earnings
 - **Minimum** water allocation to keep vines alive – **2.2mg** per ha

- Citrus and Juices** - **30% of Australian** production
- **1500 jobs**, 8,500 Ha of Orchard over 690 farms
 - yearly value over \$75m
 - no high security = loss of **\$400m**
 - **\$38.7m** lost earnings
 - **Minimum** water allocation to keep trees alive – **5mg** per ha

Other Permanent plantings -prunes, peaches, apricots, walnuts, almonds, cherries, olives, apples

Stock - Feedlots - 2 major feedlots = 75,000 Head (equivalent to 750,000 people)

- **800 jobs** including abattoir
- yearly value = \$450m
- no water = loss of industry and cost of moving stock

- **Routine on farm** = 634,605 of local stock, including sheep, cattle, pigs, horses & goats

- **Poultry**
 - 1.2 million chickens per week
 - **1500 jobs** including poultry abattoir
 - no water = loss of industry and cost of moving stock

-**Serious flow-on effects to Farm Supply Businesses**

Recommendations:

- **Government meet with regional industries**
- **Government expand current cloud seeding projects at Snowy Hydro**
- **Sufficient water for permanent plantings and processing industries**
- **Government & DEC allow wineries to use treated effluent for watering**
- **Allow bores to feed town supplies – reallocating water to horticultural use**

Report re Restriction of High Security & Stock Water Allocations to the MIA

Any decision regarding allocation and priority of water at the commencement of the 2007–08 water year for irrigation will need to take into consideration the impact on the whole Murrumbidgee Irrigation Area (MIA). The flow on effects of no irrigation water to this area could have major repercussions for a region that has already been affected greatly by the drought.

This region relies heavily on irrigated agriculture as its lifeblood and was established as an irrigation scheme in 1912. This turned a “barren wasteland” into one of the most fertile and productive areas in Australia contributing over \$2.5bn annually to the National economy.

With the major crops in the MIA being grapes and citrus, high security property crops, there has to be more emphasis on protection of permanent plantings. If these permanent plantings are lost they will take many years to recover. This would have a disastrous long term effect on towns such as Griffith, Leeton, Goolgowi and Hillston with job losses in the thousands forcing people to flee these towns in search of other employment. These losses would be near impossible for those towns to recoup such as has been the case for towns such as Pyramid Hill in Victoria and Murray Bridge in SA.

To suspend water for permanent plantings will mean that these plantings will die and will take years to re-establish (grapes 4-7 years and citrus 7-9 years). The flow on effect to towns would be major, eg wineries:

- Without water wineries will not be able bottle current stocks of wine
- With no crops they would be forced to scale back their operations and suspend all expansion projects.
- Presently wineries employ about 1500 staff and these would be shed
- These jobs would impact by over \$270m per annum in lost wages
- Backpackers who are attracted to Australia because of the work they find in this region.
- Backpackers contribute around \$8m to the economy of the MIA's
- 65 containers a day will not be delivered by road and rail companies.
- Engineering companies – no new wine tanks or associated equipment required
- Concreting suppliers - footings and paving not required

So the decision to not allow any water allocations to this area will have a massive flow on effect that will not only impact on the farming community but the MIA as a whole and with most areas just surviving through one of the nations worst droughts this would be seen as the killer blow for a lot of these communities.

Region Information:

Murrumbidgee Irrigation area is geographically located within the Riverina area of New South Wales created to control and divert the flow of local river and creek systems for the purpose of food production. The main river systems feeding and fed by the area are the Murrumbidgee and the Snowy Mountains Scheme.

The system is still regarded as a major engineering achievement comprising an elaborate series of weirs, canals and holding ponds.

Many of the towns within the area which include Leeton and Griffith were purpose built and designed for the project and remain as thriving communities today. The two towns are growing at a rapid rate due to sustainable employment. The growth of inland centres is unusual for central New South Wales which displays the uniqueness of the MIA. Your excellent Government colleague, Kay Hull, can attest to this.

The region has continued to grow because of its diversity in agriculture and industry with many variety of cropping in the area including vegetables, grapes, citrus, rice, grains and other industries such as chickens, engineering, retail and many others. This diversity has contributed to the strong growth of the area with new industries emerging and the area experiencing some of the lowest unemployment rates in Australia. If this pattern was to falter due to no water then it would be almost impossible to attract workers here in the future.

Griffith and Leeton are the only city and town not on a river and rely on channel supply for water.

Griffith

Griffith is one of the most vibrant cosmopolitan cities in Australia with a population of over 26,000 and supporting regional catchments in the Western Riverina of over 60,000. The city has been widely recognised as the fastest growing inland city in mainland Australia for numerous years, with this growth being sustained by the diversification of agriculture and industry with in the area.

With unemployment levels at 4.5% and a steady growth that has been built up over many years it is a city that has survived and surged on the diversification of agriculture which is reliant on the irrigation scheme. Griffith is considered the centre of the Western Riverina with surrounding areas relying on it for larger services such as health, education, professional services and retail. The next closest city to provide this would be Wagga Wagga which is 2 hours away.

Leeton

Leeton is the gateway to the Murrumbidgee Irrigation Area which forms the focus point of several major irrigated agriculture industries such as on horticulture, rice, wine and beef feedlots in NSW and along the Murray-Darling system.

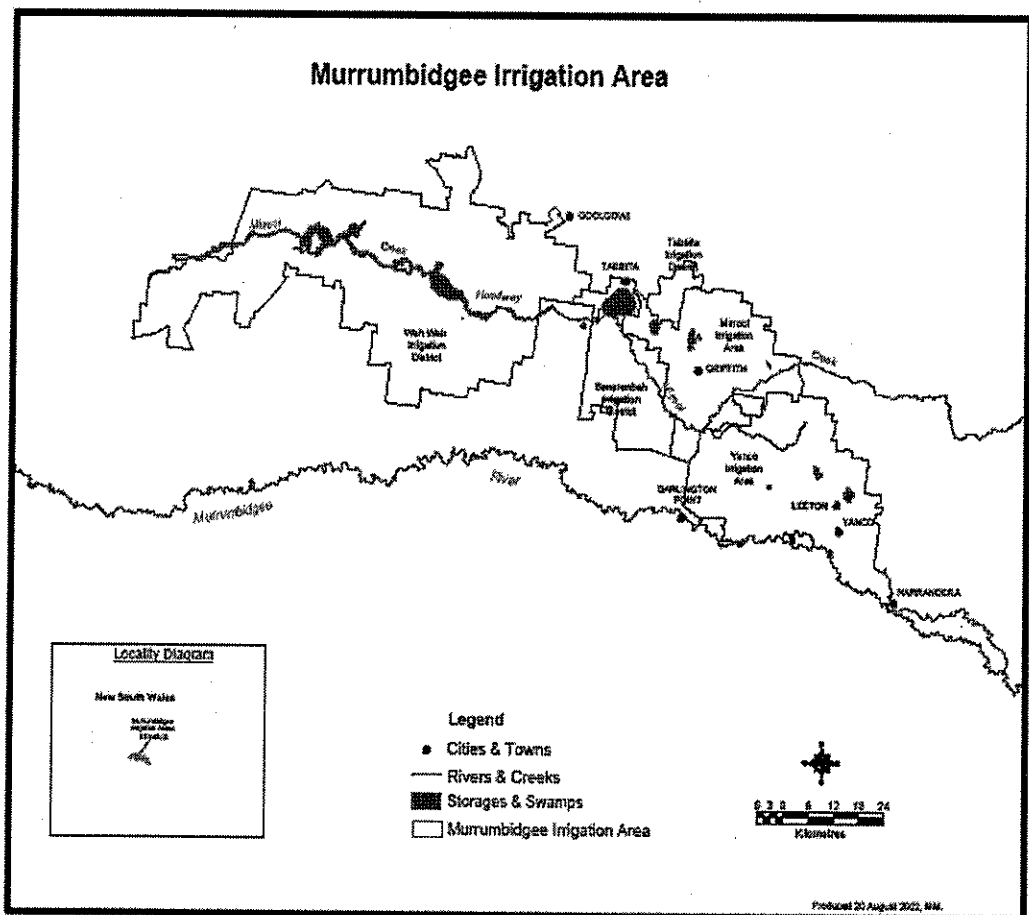
Leeton is a major centre for the production and processing of agricultural and food products, as well as a major centre for research, training and education and has a vibrant and growing population of 12,000.

Leeton forms the headquarters of the Australian rice industry and is home to one of the largest cattle feedlots in Australia. Between these two industries over 1150 people are employed injecting over \$59 million in salaries into the Leeton economy. This wealth has resulted in Leeton defying NSW trends by having lower unemployment and higher growth than many other rural centres.

Carrathool

Carrathool Shire is a large rural shire located in the highly productive western Riverina area in the state of NSW. Carrathool has a population of approximately 3,200 and cover an area of over 19,000 square km.

The economy of the region and therefore the strong employment base is very much dependent on agricultural production and particularly irrigation based agriculture. It is estimated that the annual value of agricultural production in Carrathool Shire exceeds \$350 million, most of which comes from the irrigation sector.



Wine and Grape Industry

The wine and grape industry is the largest industry in this area with growth expected to continue due to the success of many of the local family owned wineries such as Casella Wines, DeBortoli Wines, Warburn Estate, Westend Estate, McWilliams and many more including Orlando's. These wineries have contributed greatly to the growth of the city with direct employment alone contributing well over \$200m per year to the local economy and this does not take into consideration associated industries such as transport etc.

This industry being a perennial industry requires constant water to the vines to ensure that they will survive and with most farmers moving to high-tech irrigation systems (drip) to ensure savings of water, the vines will need regular watering. If there is to be no allocation for this area then these vines are in danger of dying and this would entail over \$0.5bn of vineyard infrastructure being lost.

Note:

- Average water usage, for vineyards is 4.1Mg/Ha p.a to sustain full crop.
- There is over \$500m of vine infrastructure in the area.
- 700 farms covering 20,000Ha of vines with about 1500 fulltime workers.
- The gross dollar value return to the Riverina growing area would equal \$720m
- Drip irrigation results in shallower root systems requiring constant watering.
- Itinerant worker numbers is in the vicinity of 600 people per month
- There are 13 wineries in this area

The Government's decision to not allow any irrigation allocation for this area would have dire consequences for the wine and grape industry with vines dying and the whole industry being set back by a minimum of 4 years due to shortage of planting material & cash flow. The impact of this would reach further than the effect on farmers and wineries with the impact affecting other associated industries such as transport, engineering, packaging, local supply companies and numerous other industries.

The following figures are an indication of the effect of no irrigation allocation for this area:

- \$0.5bn worth of vine infrastructure would be in danger of dying
- 4 years of grape production would be lost = \$2.88bn lost earnings
- \$500m needs to be allocated for re-establishment of vineyards.
- 1500 full time farm workers will be unemployed
- Wineries will need to shed at least half of their staff = \$225m lost to economy
- Wine exports reduced by a staggering \$400m - export markets lost for good
- Minimum water allocations required to keep vines alive is 2.2mg per ha
- Over \$80m worth of expansion projects in jeopardy affecting other industries.

Citrus Industry

The citrus industry in this area has recently experienced a major decline due to cheap overseas import that had made it virtually impossible for local growers to compete and this alone caused many farmers to move away from citrus. The industry has undertaken some immense work over the past few years to help build the industry back to a strong level that has allowed them to compete on the world market. A failure to obtain at least sufficient water could cripple the citrus industry for good.

Like the wine and grape industry, citrus is a perennial which requires constant water over a period of time to ensure that the trees will survive and if they are left unwatered old trees will suffer severely and new planting will perish.

The following points should be noted:

- 8,500ha of plantings in the area.
- 689 orchards employing 1500 fulltime workers per year.
- 43 packing sheds employing an average of 10 employees per shed.
- Exports in excess of 30,000 tonnes with new markets such as China.
- 600,000 tonne of oranges are produced in Australia.
- Importing of oranges would cost over \$540m
- 7-9 years to replace due to shortage of plantings, cash and maturity time

The citrus industry is currently surviving on a knife edge and has managed to get it self into a strong position to make it competitive on the international markets with further markets to be opened up over time. The effect of no irrigation could totally cripple the industry in this region forever....

The following figures are an indication of the effect of no irrigation for the citrus industry:

- 40,000 tonnes of navels forecast, losses can be expected of \$30m.
- 90,000 tonnes of Valencia - losses of \$45m
- Over 55% of farms have moved to drip irrigation in an effort to save water.
- Packing sheds – job loses of 430 staff costing economy \$38.7m per year.
- \$60m in lost exports
- Minimum water allocations to keep trees alive is 5mg per ha

Juice Processing Plants

The region has 5 major juice processing plants producing all types of juices including carrot, apple and citrus, who are reliant on local produce.

- 9m litres of juice per month (all varieties)
- \$55m in lost turnover
- \$5m in lost exports
- 200 jobs would be lost - \$30m lost to the local economy

Feedlots and Livestock

There are major cattle feedlots in the MIA area based at Yanco (Rockdale) and Tabbita (Australian Meat Holdings) as well as other smaller feedlots which either have abattoir facilities on site or rely on off-site abattoirs. While these feedlots will account some of the cattle stock in the area it is still noted that there is quite a deal of routine on farm stock which is also noted below.

- 750 jobs directly in jeopardy
- Annual Salary turnover of \$35m
- \$105m lost to the local economy
- \$300m annual turnover
- 50,000 cattle on feed
- 165,000 cattle processed through abattoir
- Rockdale contains one of the only surviving abattoirs in region

Routine on Farm Stock

- 88,906 head of Cattle
- 505,156 head of sheep
- 38,428 pigs

Bartter Enterprises

Bartter Enterprises (Steggles) are the Australia's second largest poultry producer, employing over 4500 people with 1500 of those employed locally at the Griffith site. The family owned and operated company is a major employer in this area as well as being one of the major grain buyers in the area for chicken feed. While they will be able to transport grain in to the region on a short term basis this will not be sustainable over a longer period. They are also restricted under quarantine from using imported grain so all grain would have to be sourced from within Australia.

The current plant processes in excess of 1.2m chickens per week and the chickens require an average of 5 litres of water per kilo of chicken meat produced with each chicken having 75% meat. The processing plant is also in need of water to allow their operation to continue and this is in the form of 3Mg/L per day.

The following are the effects on the chicken industry:

- 1.2m chickens per week unable to be processed.
- 5,000,000 birds a month without water.
- 1500 jobs in jeopardy.
- Wages lost to economy would be in excess of \$60,000,000
- \$300,000,000 in sales could be lost.

Rice

The region is home to rice in Australia with it producing over 95% of the rice grown in the nation and employs over 1,800 people both in Australia and overseas. The rice industry has already been severely depleted due to the continuing drought and loss of water allocations after planting has recorded its lowest harvest for 32 years this year with 305,000 tonnes.

The industry has continually researched ways to improve its efficiency with water and growing techniques which over the years have attributed to water savings of over 25%, just through better preparation of the land. Other water reduction strategies include shorter-season varieties, computer modelling and electro-magnetic surveying to ensure only the exact amount of water is applied, and efficient supply and drainage systems on the farm. The industry has been successful in reducing water use in terms of mega litres per hectare by 30% over the past ten years and increasing rice yield in tonnes per mega litre by 60% in the same period.

Companies such as SunRice have also moved into value adding of rice to enable them to market to new consumers both here and overseas which has seen an increase in demand for their products.

Note:

- 1000 growers in the Murrumbidgee valley
- 305,000 tonnes harvested this year – smallest in 32 years
- \$87m in value at farm gate
- 1,100 people employed in Australia & 700 overseas
- Industry generates 20% of employment opportunities in Murray/Riverina
- Annual salary of over \$108m
- Flow on employment estimated at 30,000 people
- Annual turnover of \$800m
- \$500m in value added exports
- \$2.5bn invested in land, plant, and equipment

Cherries/Walnuts

While the cherry and almond industries are relatively new to this area they are starting to make an impact and beginning to flourish with many new orchards being established and the industry would be severely disrupted if these permanent plantings are not allocated survival water.

Cherries

- 1000 tonne currently grown with losses of 500 tonne expected
- \$1m in lost wages to the economy
- \$4m in lost production with 25% being export market

Walnuts

- 1,750ha currently planted with another 2,000ha planned
- 5 tonnes per ha per annum @ \$4,000 per tonne
- Currently a \$35m crop with future cropping of over \$400m
- Wages of \$1.6m and an investment of \$44m in trees etc.

Farm Supply Businesses

There are many farm supply businesses in the area that provide everything from fertilisers to fencing for most farmers in this area and they will be directly impacted through a major reduction in their turnover. The following is a combination of rural supply businesses in the MIA:

- 110 staff of which there would be 70 % job losses
- \$8.5m in lost wages to the economy per annum
- Experienced staff lost to other areas
- Reduction of fertilizers sales by \$25.6m and chemical sales by \$38.4m

Vegetables

With the diversification of farming in this area being so broad there are numerous different vegetables grown in the area such as broccoli, capsicum, carrots, gherkins (McDonald Restaurants), lettuce, onion, potato, pumpkin, rockmelon, and watermelon.

- 4,475ha of vegetable planted
- Farm gate value of \$40.9m
- Hundreds of full time and casual workers affected
- Loss of produce will push prices up by 500%
- Major industries such as McDonalds, KFC and others affected

Recommendations

Some recommendations to date are:

- **Allow** allocations to keep permanent plantings alive until substantial inflows are received. The amount of inflows could be determined by meetings with industry representatives.
- **NSW Government** with the assistance of Murrumbidgee Irrigation seek to secure sufficient water requirements to keep permanent plantings alive and processing industries operating until substantial inflows are received.
- **Allow** wineries to use their treated effluent on their plantings for the purposes of keeping plantings alive. The Government would need to work with EPA and this could be reviewed on a monthly basis to ensure compliance.
- **NSW Government** expand the cloud seeding trial currently underway by Snowy Hydro Limited.
- **Allow** new and existing bores to feed the river system and town supplies, so that water can be reallocated to horticultural use.

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