

ASMC submission to the Agricultural Competitiveness Green Paper

The Australian Sugar Milling Council (ASMC) is the peak industry organisation for raw sugar milling in Australia. The ASMC represents some 95 per cent of Australian raw sugar production. There are 24 sugar mills in Australia, owned by eight companies. These mills produce raw sugar, which is either directly exported or refined in four Australian refineries. Around 80 per cent of raw sugar is exported while most refined sugar is sold domestically.

Infrastructure and water

Policy ideas 1,2,3 and 18 Building new transport and water infrastructure and improving existing transport infrastructure

ASMC supports building and improving infrastructure that assists supply chain efficiency and growth in sugar production. We also support public-private partnerships with appropriate level of investment from both government and industry. Government investment in infrastructure recognises the ongoing economic and social benefits to the broader community, particularly through increased economic activity. Incorporating the costs of industry building new infrastructure in expanded agricultural production or greenfield developments significantly reduces the viability of such projects (see for example Northwest Queensland Sustainable Resource Feasibility Study¹).

Financial contribution from government is also required in recognition of the level of public good and/or where it increases the flexibility of the infrastructure. For example rail freight is more efficient and can be used by a range of sectors and provides public good through less road freight, but it is cost-prohibitive for industry alone to establish. Similarly, investment in water and energy efficiency on farms and for processors has flow-on benefits to the broader community, including downstream industries by reducing costs and/or by reducing competition for limited water resources.

The public-private partnerships model needs to clearly define the investment benefits for the private sector, including through a strong legal framework and enduring tenure that can be applied through successive governments. The sugar industry has invested in infrastructure including processing, storage and transport over a long period of time to build an efficient and cost effective system that enables the industry to remain competitive in the global sugar market. The industry understands the long pay back periods associated with such investment as well as the cost of maintenance. Our industry has also invested substantial capital into several water infrastructure projects with the Queensland Government in the past, including water storages and irrigation infrastructure.

The ASMC also supports government and commercial investment in communications infrastructure to facilitate improved access to the digital economy and new technologies that facilitate improved production.

¹ <http://www.townsvilleenterprise.com.au/economic-development/economic-development-projects/north-and-northwest-queensland/north-and-northwest-queensland.php>

Working with States and Territories/regulations

Policy idea 4 State government deregulation

The ASMC supports reducing red tape and unnecessary regulations and enhancing consistency across jurisdictions. Excessive red tape can impact routine improvements on sugarcane (and other) farms, such as clearing a small area for installing a new irrigation system (for example a centre pivot), with potentially significant financial implications. ASMC supports the description in the CANEGROWERS submission to the Agricultural Competitiveness Issues Paper (IP581) 'The regulatory process is complex, involving separate pieces of state and federal legislation and differing state and federal administering authorities. There is no consistency to native flora protection across each state or federal jurisdiction.'

Sugar mills have similar experiences. For example one mill explored extending their cane railway system but abandoned the project after a protracted and complex application process to both state and federal governments for a number of regulatory requirements, often resulting in conflicting advice from between jurisdictions. The extension would have significantly reduced the frequency of truck movements on the Bruce Highway.

Regulations regarding work health and safety should be outcomes oriented, to deliver better safety outcomes. Agriculture has one of the highest rates of work accidents, and reducing regulations designed to minimise accidents might give the wrong message regarding worker safety in agriculture.

Competition and regulation

Policy idea 7 and 8 competition laws

Competition laws and regulations related to the agricultural sector need to be consistent with the competition policy laws, which are currently being reviewed by the Australian Government. The Competition Policy Review Draft Report found that there is no case for special treatment for agricultural industries and that the provisions of the Competition and Consumer Laws are generally working as intended.

Cooperatives can play an important role in terms of building economic scale in agriculture, but there are limitations, primarily related to capital raising. The proposed cooperative capital units under the Cooperatives National Law that appear to provide access to external capital may provide a solution to this problem but the degree to which this could trade off control from the cooperative members will need to be clarified.

Foreign investment

Policy idea 13 Improving the transparency of foreign investment

The register of foreign ownership of agricultural land is not yet operational. Given the time and cost involved in developing such register, it would be prudent to determine the success of the land register before developing a similar register for water and agribusiness.

Education, skills and training and labour

Policy idea 14 and 15 strengthening education and labour availability

Workforce skills and training is changing in the sugar industry, as it is in many other industries. Sugarcane farming has traditionally been a family affair, but this is occurring less, due to broader changes including competing employment opportunities, increased income risk variation associated with climate risk and global price exposure and rising input costs resulting in lower industry profitability. Prospective young farmers are increasingly assessing the economic potential of farms before committing to the industry. They are also accessing a greater level of technology and basing decisions less on traditional issues such as lifestyle or coming from a farming family. Mentoring new farmers is an excellent way of enabling the newcomers to combine sugar industry knowledge with the knowledge they bring to the industry.

Sugar mills place a strong emphasis on training apprentices, and they train more than they need. While the milling process itself is very lean in terms of a manufacturing process, maintenance remains a labour intensive, providing opportunities for training in trades. With a greater focus on technological development through the supply chain, the required skills set will become increasingly diverse. Options need to be explored and developed to ensure traditional training through universities and other institutions keeps pace with skills requirements of the industry in a changing technological environment. Tertiary centres of excellence suggested in the Green Paper (policy 14) are one possible avenue for this to occur. The Primary Industry Centre of Science Education (PISCE) is another. PICSE connects secondary school students and university undergraduates with agricultural industries through a range of activities including industry internships scholarships, presentations, professional development for teachers, industry placements for students, teacher resources and school camps.

The availability of seasonal workers is important for both sugarcane growers and sugar mills. Some of the work requires some level of technical skill and/or on the job training. Having workers return to the industry each year is beneficial for the industry. International travellers / backpackers form a significant portion of the seasonal workforce. The ASMC supports policy idea 15a-d to enable a streamlined, and practical approach to sourcing seasonal workers.

Drought

Policy idea 16 Increasing drought preparedness

The ASMC supports farm businesses being drought prepared. The accelerated depreciation for new water and fodder infrastructure and the crop insurance are practical options to increase drought preparedness. The Bureau of Meteorology provides seasonal forecasts and a range of climate and weather forecasting information tools tailored for agriculture. The use of these tools is not likely to increase simply by providing additional information tools. There needs to be a greater demand from agricultural users.

Research, development and extension

Policy idea 20 and 21 Strengthening RD&E system and improving RDC's

The sugar industry has recently restructured its RD&E sector with the establishment of the industry owned company, Sugar Research Australia. Government investment in agricultural RD&E has been declining in real terms over the past decades. Australian agriculture needs increased investment in RD&E to boost production and meet the growing global demand for food and fibre, and to capitalise on the opportunities for diversification and innovative business growth for agribusiness and agri-based manufacturing. The annual sugarcane industry RD&E investment through SRA (growers and millers equally) is around \$21 million, with the Australian Government contributing around \$5.5 million in matching funds. Commonwealth funding into SRA is acknowledged and should be maintained and strengthened.

Rural RD&E priorities (policy 20a and 20c) need to be set by the industry that is funding the research. While there is scope for including research that is blue sky, or broader than just industry needs or more community focussed, that decision needs to be made by industry to ensure continuing grass-roots support from industry through levies. The levy payers need to identify with and own the outcomes of the research. In cases where community expects particular research to be done, there is a role for government to support that research on behalf of the broader community.

Extension services (policy 20d) have changed and evolved in recent decades to provide more streamlined, focussed and effective services. While there is still a way to go, any government intervention should be enabling, rather than directing changes, to ensure future extensions services are best suited to industry needs.

Research and development are a long term commitment and reviews of the RD&E system need to be on a much longer timeframe than every five years. Five years does not allow adequate time for meaningful outcomes to be generated from research and development.

Transparency and cost effectiveness in rural RDC's is important (policy 21), as is having a strategic plan for the RDC. Allowing flexibility still needs to fit within the goals of the RDC's corporate plan.