



Grain Producers SA

Policy platform for the March 2014 State Election

*Five key policy requirements for a more productive
and profitable South Australian grain industry*



Executive Summary

Grain Producers SA (GPSA) is the peak industry body for South Australian grain producers. GPSA is a non-political organisation representing all grain producers to government, the community and industry including grain marketers, exporters, transporters, storage and handlers, researchers and farm input suppliers. GPSA is funded by growers through levies contributed to the SA Grain Industry Fund and is a founding member of Primary Producers SA – the state’s overarching organisation representing all farmers.

SA’s grain industry is large and diverse. In 2013/14, total grain production was 8.612 million tonnes from an estimated 3000 grain producing businesses. The highest tonnage crops were wheat (5.006 million tonnes) and barley (2.126 million tonnes). With an estimated farm gate value of more than \$2.1 billion and export value of \$2.8 billion, the grain industry is a major contributor to SA’s economy and a significant export earner.

GPSA’s objective is to improve the profitability and sustainability of South Australian grain producers.

GPSA is outlining its five priority areas for the 2014 State Election and asks all parties use this platform statement as their benchmark when determining policies that could impact the grain industry. The five policy platforms include:

1. Increase competitiveness and profitability

Contribute to fostering a competitive, economically robust and environmentally sustainable grain industry.

2. Profitably grow grain production

Focus on the grain industry’s sustainable development across the whole supply chain to ensure its full potential is reached and its contribution to the state’s future prosperity is maximised.

3. Invest in research, development and extension

Enable the industry to drive innovation through increased government investment in agricultural research, development and extension and initiatives that encourage private sector investment, in collaboration with industry research partners.

4. Build a stronger workforce

Help to improve the understanding of agriculture’s opportunities to ensure the industry’s current and future labour demands are filled.

5. Balance agriculture with the environment and community

Promote a balanced and consistent approach to natural resource management, land access and infrastructure use, ensuring primary production has priority and can profitably increase production.

Introduction

Grain Producers SA (GPSA) is the peak industry body for South Australian grain producers. It is a non-political organisation that represents all grain producers to government, the community and industry including grain marketers, exporters, storage and handlers, researchers and farm input suppliers.

GPSA's objective is to improve the profitability and sustainability of South Australian grain producers through:

- Representing the views of South Australian grain producers to government, industry and the community.
- Working with an effective state farming organisation and other commodity groups to represent South Australian grain producers on cross-commodity issues.
- Working with government and industry to develop policies around creating and maintaining an efficient, accessible and cost-effective supply chain.
- Working with government, industry and institutions to improve the technical and business skills of South Australian grain producers.
- Working with research, development and extension organisations to identify and disseminate research priorities in grain production, handling and management.
- Supporting an effective national representative organisation to work with government around national initiatives to support the grains industry.
- Providing a program to include and develop young farmers to be prepared to take on leadership roles within the South Australian grains industry.

GPSA's highest priority leading up to the March 2014 State Election is to ensure that the State's primary industries, and in particular the grains industry, are high on the agenda for all political parties. The importance of primary industries to this state in value of production and employment is considerable and should not be overlooked.

Farmers have invested more than \$40 billion in farm capital in South Australia, contributing to the employment of 33,000 people directly in farming and an additional 146,000 employed in the food sector.

The State's grain industry is large and diverse and makes a significant contribution to the economy. Total grain production in South Australia for the 2013/14 season was 8.612 million tonnes from an estimated 3000 grain producing businesses. This was predominantly wheat (5.006 million tonnes) and barley (2.126 million tonnes). With an estimated farm gate value of more than \$2.1 billion and export value of \$2.8 billion, the grain industry is a major contributor to the state's economy and a significant export earner.

Future crop production is expected to increase through higher yields. Primary Industries and Regions SA has estimated an increase in grain production of \$800 million from advances in soil management in the future.¹ Grain production is a major contributor to the state's \$16 billion food, wine and fibre industry.

This year, GPSA is seeking that all political parties ensure the value of agriculture in our economy, community and environment is recognised through sound, strategic policies.

GPSA is outlining its five priority areas for the 2014 State Election and asks all parties use this platform statement as their benchmark when determining policies that could impact the grain industry.

¹ PIRSA Premium Food and Wine from our Clean Environment - updated statistics January 2014

1. Increase competitiveness and profitability

1.1. GPSA policy objective for government:

Contribute to fostering a competitive, economically robust and environmentally sustainable grain industry.

1.2. Issues:

- Many of the recommendations from the Select Committee on the Grain Handling Industry have not been implemented, including:
 - Inconsistent grain classification standards.
 - Lack of annual pre-harvest planning and communication between all three levels of government, industry and farmers.
 - Lack of transparency of post farm gate costs, which are producers' largest cost, including up-country storage and port expenses.
- All bulk export port grain storage and loading facilities are owned by one entity which means that there is a lack of competition in the supply chain for growers.

1.3. Action:

- Implement the Senate inquiry's recommendation², as follows:
 - That the Federal Government establishes an independent body to oversee the classification of grain. The body would develop and implement classification policies and procedures, set grain standards, accredit grain classifiers and their training, undertake audits to ensure compliance with mandated procedures and generally ensure the reputation of Australian grain. The body is to be funded from existing charges paid by the industry.
- The State Government establish formal arrangements for consulting with the grain industry and local councils on planning the logistics for each harvest, rationalisation of grain receival centres (strategic sites), and designation of access routes (rail and road) to ports. This arrangement would extend to providing annual reports to Parliament through an appropriate Standing Committee.
- Grain handling and storage operators be required to publish an annual management plan for receival sites prior to each harvest. The management plan is to be prepared in consultation with Silo Committees, Local Government, Grain Producers SA and other relevant stakeholders.
- Information on stock levels and grades is made available in a timely manner to farmers and traders to ensure transparency and fairness, such as weekly during harvest and monthly outside of harvest.
- The State Government authorise the Essential Services Commission of South Australia (ESCOSA) to undertake a review of the entire grain supply chain with the objective of establishing arrangements that provide the basis for pricing of and access to grain storage and bulk handling facilities (including up-country services) that are consistent with the requirements of a competitive and deregulated grain export market.
- The State Government review the Maritime Services (Access) Act 2000 to determine the legislation's effectiveness in providing the basis for competitive services and investment in port facilities. The proposed review would also clarify the interaction between Commonwealth and State regulations to eliminate possible duplication and simplify the procedures that are imposed on industry participants.
- Facilitate improved, efficient and cost-effective third party access to export ports by expediting completion of the Mandatory Ports Code of Conduct.

² Final Report of the Select Committee on the Grain Handling Industry – 19th September 2012

2. Profitably grow grain production

2.1. GPSA policy objective for government:

Focus on the grain industry's sustainable development across the whole supply chain to ensure its full potential is reached and its contribution to the state's future prosperity is maximised.

2.2. Issues:

- Grain production is South Australia's premier industry and grain is our largest export annually³, however it is primarily traded as a bulk commodity and often overlooked when available resources and programs are allocated. This means producers are not achieving the lowest cost of production to maintain competitiveness in an international market.
- In many instances, the broader community has lost touch with the value agriculture brings to the state and the jobs it creates. In the past 10 years, this has resulted in a serious decline in government programs and resourcing aimed at assisting the development of the primary industry sector.

2.3. Action:

- The South Australian Parliament establish a Standing Committee on Primary Industries with the following objectives⁴ :
 - That primary industries continue to be a vital part of the State's growth and economic success.
 - The production systems are economically sustainable and value chains are internationally competitive.
 - That maximum value is added to grain before it leaves South Australia.
 - Assist in developing policies and practices that promote SA as a producer of premium food and wine from our clean environment.

³ <http://www.dfat.gov.au/geo/fs/sa.pdf>

⁴ Final Report of the Select Committee on the Grain Handling Industry – 19th September 2012

3. Invest in research, development and extension

3.1. GPSA policy objective for government:

Enable the industry to drive innovation through increased government investment in agricultural research, development and extension and initiatives that encourage private sector investment, in collaboration with industry research partners.

3.2. Issues:

- The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES 2011) has evidence suggesting that agricultural productivity growth has been slowing in recent years, and critically, that stagnating public investment in research and development has been a key contributor. This decline in productivity highlights the need for even greater investment by the public and private sectors in Australia's agricultural research, development and extension.
- Attracting large scale investment into agriculture has proved difficult with the perception that the risks are high and returns relatively low. Factors such as climate change and the reliance on the weather, particularly in broad acre cropping, has reinforced this view. Investment in R&D is critical to increasing productivity, reducing risk and hence increasing investment in agriculture.
- Uncertainty around assessment standards of new technologies and readiness for commercialisation stifle investment, such as in the renewable biofuels industry.

3.3. Action:

- In partnership with relevant stakeholders, including the SA Grain Industry Trust and Grains Research and Development Corporation, facilitate a review of Government R,D&E programs with the aim to increase Government investment. An increase would provide the environment for further private sector confidence and investment and can lead to public/private co-investment opportunities.
- Formalise and publicise assessment processes and standards for introduction of new technologies, such as drought-tolerant grains.
- Create certainty around new low emission energy generation, enabling development of a renewable biofuels industry.

4. Build a stronger workforce

4.1. GPSA policy objective for government:

Help to improve the understanding of agriculture's opportunities to ensure the industry's current and future labour demands are filled.

4.2. Issues:

- In the past, many South Australians have had some connection to the land usually through family and friends and have been more aware of the production value from it. However with increasing urbanisation, this link has weakened until, in many cases, the image of farmers is one of low skills and of a low paying workplace.
- For the past couple of decades, agriculture has not been a profession of choice for young people. This has led to fewer people with the necessary skills working in the grain industry and agriculture generally. The exodus of young farmers to the city seeking careers in fields other than agriculture has continued to increase, leading to a decline in young, educated farmers taking over the family property and major succession planning issues.
- Farm safety is a priority and so a streamlined approach to the development and implementation of occupational health, safety and welfare (OHS&W) policies and procedures needs to be developed and promoted.

4.3. Action:

- Contribute to policies and programs that demonstrate and communicate to the whole community the value of primary industries and, in particular, the grain industry and the diverse range of career opportunities in these sectors.
- Enable the Department for Education and other relevant stakeholders to seek ways to embed positive opportunities and careers in agriculture and grain production into the primary and secondary school curriculum.
- With other relevant stakeholders, provide opportunities for young people to enter agriculture through secondary and tertiary scholarship programs.
- Encourage and foster the development of future rural leaders by linking with existing and relevant leadership programs.
- Work with relevant stakeholders to streamline the development and implementation of OHS&W codes of practice for grain farmers.

5. Balance agriculture with the environment and community

5.1. GPSA policy objective for government:

Promote a balanced and consistent approach to natural resource management, land access and infrastructure use, ensuring primary production has priority and can profitably increase production.

5.2. Issues:

- Lack of clarity and an inconsistent approach to rulings on land and water use priorities between competing users has led to confusion and negatively impacted investment decisions. Land use planning conflicts at the rural/urban interface will increase and appropriate systems and processes are needed to resolve such conflicts.
- Inconsistent approach to community infrastructure access and use, such as road access and excessive red and green tape.
- Lack of recognition of the importance of farming tenure and heritage in regard to adjacent land use changes including mining and urban development.
- Lack of acknowledgement of farm stewardship and natural resource management carried out by farm land owners and managers and the ability to offset these gains for further productivity enhancement.
- Lack of recognition of the benefits of primary production in value generation and social cohesion of local and state communities.

5.3. Action:

- State and Local Governments and other relevant bodies to work with GPSA to ensure land and water use rights of primary producers, in particular grain producers, are an integral part of planning policies and procedures. Government policies need to clearly define the state's priorities. They must support incumbent, long-term industries, such as grain production, against new endeavours and ensure changes do not unduly impinge on grain producers' profitability and sustainability. Examples include recent disputes on wind farms, mining and urban sprawl.
- The State Government, in consultation with Local Government, transport operators and appropriate primary industry and grain industry representatives, establish a project group to:
 - Identify a coherent network of local government roads which provide direct and appropriate access for heavy vehicles between main roads, storage sites, railheads and ports in all council areas.
 - Produce an agreed single policy document for the operation of heavy vehicle on access roads across all councils.
 - Provide a forum for councils, transport operators and the industry to work collaboratively to identify priority needs to maximise the benefits of road infrastructure funding.
 - Provide a single voice for councils to present a logical and consistent argument to the State and Federal Governments for road infrastructure planning and funding of heavy vehicle access routes.
- Develop support mechanisms for primary producers in financial stress and foster mechanisms to build business resilience and economic sustainability.