



Tasmanian Farmers and Graziers Association

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MESSAGE FROM THE PRESIDENT

Creating an innovative, competitive, profitable and sustainable agriculture industry is a key goal of the Tasmanian Farmers and Graziers Association. We look forward to engaging with the state government in the coming year to achieve that goal.

Governments have many duties in office but none more important as ensuring that there is an economic environment that allows the agriculture sector to get on with the job of growing food and fibre. The community has an expectation that it can be fed and clothed - and these fundamentals are the basis of a stable modern day society.

The reality is as we move forward and approach the point where nine billion people exist on the planet, food and fibre will become the currency of tomorrow. In thirty years time, the community will be more concerned about food security than the material concerns of the contemporary world of today.

In this wonderful and plentiful state of ours, we produce some of the best food and fibre in the world. It is imperative that we maximise our competitive advantages. With the irrigation infrastructure that is currently being constructed we are on the cusp of an agricultural revolution which will see the agriculture sector become the preeminent wealth creator for the state. In our Tasmanian Agriculture 2025 document we have committed to responsibility for our performance and behaviour as an industry and we will drive a positive image and view of Tasmanian agriculture, but government has a part to play as well.

The opportunities are there and the industry has confidence in the future, there is a feeling of expectation of where agriculture in the state can go over the coming decades. Government has a critical role to play in this future by providing an economic environment that is both vibrant and nurturing of the agricultural sector.

The government's engagement in providing a setting which encourages and stimulates innovation and development in agriculture is imperative to our success. As you read through the document and consider the issues presented please do so in the context of this requirement.

Your commitment and continued support will provide us with the opportunity to produce the finest food and fibre in the world and allow us to create jobs and build wealth not only as a sector but for the whole Tasmanian community.



Wayne Johnston
President

ABOUT THE TFGA

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian farmers. TFGA members are responsible for generating approximately 80 per cent of the value created by the Tasmanian agricultural sector.

The TFGA strives to maximise the potential and success of our members' businesses within the context of thriving state and national agricultural economies, in which our farmers are internationally competitive. We do this through influential advocacy, strong and credible leadership, and the promotion of innovative solutions. The TFGA is also committed to promoting the vital contribution the agricultural sector makes to Tasmania's environmental, social and economic fabric and to all levels of government and the wider community.

Operationally, the TFGA is divided into separate councils that deal with each of the major commodity areas. As well, we have a number of standing committees that deal with cross-commodity issues such as climate change, biosecurity, water and weeds. This structure enables the organisation to play an active role in championing issues affecting the agricultural sector.

About this submission

The development of our 2014/15 budget submission took place during the second half of 2013. Over that period, the TFGA board, commodity councils and standing committees have provided input into the initiatives to be included as part of this submission. Individual members were also invited to have direct input into this process through our publications and during field visits and meetings with TFGA staff.

There were more ideas put forward to the TFGA via this process than are outlined within this budget submission. Those ideas that are not included within the submission were considered as suitable for alternative investment opportunities or they were deemed to be areas of policy that the TFGA could take up directly with the state government via other existing processes and pathways. In some cases, the issue was more appropriately addressed by another jurisdiction.

The priorities identified throughout the Agriculture 2025 Blueprint process have also provided solid guidance for the areas addressed within this submission.

The TFGA believes that the initiatives outlined within this submission present a real opportunity for Tasmania to demonstrate the benefits of a proactive and innovative partnership between the state government and the agricultural sector. Consequently, the TFGA is looking forward to the opportunity to deliver a number of these initiatives collaboratively with the state government in the coming year.

This budget submission has been designed to provide a guide to the areas where we believe government investment would deliver benefits that far outweigh the costs.

It complements and builds upon existing state government initiatives such as the State Economic Development Plan (EDP) and the Innovation and Skills strategies. It also addresses opportunities raised through existing initiatives including the Wealth from Water program, the Innovative Farming Systems project, the Drought Taskforce, the Tasmanian Irrigation investment program, and the Alternatives to 1080 review. It is our attempt to take a strategic, objective and long-term approach to the industry's strengths and weaknesses.

SETTING THE SCENE

The last year has been a year of contrasts. We have seen bushfires, and in more recent times, significant rainfall across much of the state. Agriculture can be a fickle industry, and more water is not necessarily a good thing. Without some drying out of the ground, some spring and summer crops will not be planted and others will fail due to waterlogging. The reduction in the Australian dollar has been encouraging but it is early days yet and a more sustained fall will be required before exporters can be confident that things on this front have improved.

We continue to hear and read that the prospects for agriculture are huge, with the need to feed, clothe and house a booming world population. World population growth will climb to more than nine billion by 2050, driving demand for both quality and quantity of food and fibre, as well as the availability of arable land and water. We are entering the 'Asian century' and Tasmanian farmers are well placed to capitalise on this.

With the Tasmanian mainland representing just one per cent of Australia's land mass, we have 12 per cent of the nation's fresh water. Our ratio of arable land to population is the highest in Australia, with agriculture occupying 24 per cent of the state's land mass. Being further south, we have the most usable sunshine; less than the mainland in winter, but more in the critical ripening periods of summer and autumn. And we have some of the world's most skilled farmers and researchers.

As a result, agriculture has long been the backbone of the Tasmanian economy. The sector is forecast to generate almost \$2 billion at the farm gate this year. This is approximately 10 per cent of the overall state income, and one in every three dollars of private sector income. We employ (directly and indirectly) one in every ten Tasmanians. So every Tasmanian has a stake in the future success of the agriculture sector.

Our industry has grown year on year, even during tough times like the recent drought, which is a performance not matched by any other sector. Farming has kept not only Tasmania, but also Australia, out of recession since the global financial crisis. Agriculture has an enormous uptake of new technology, we employ thousands of people, we keep many rural communities alive, and we produce the clean, healthy, fresh food that Tasmanian families take for granted, and indeed that families across the country and world enjoy.

Professor Jonathan West has identified agriculture as one of the key opportunities for growth in the state economy. In the Innovations Strategy he prepared for the state government, he identified that we could generate another \$5 billion p.a. Agriculture is also one of the key targets for growth in the EDP, where the government puts forward a vision for Tasmania to substantially increase its food and agriculture production and become a major supplier of the nation's premium food products. Recognising this, the government has supported development of irrigation infrastructure and committed to other supportive programs. It also funded the TFGA to develop a strategic plan for agriculture to underpin the EDP.

These findings have been supported by the recently released Deloitte's report entitled *Positioning for Prosperity? Catching the next wave*, which focuses on business imperatives for a prosperous Australia. The report identified that the next set of super-growth waves we need to ride as agribusiness, gas, tourism, international education and wealth management.

Deloitte says that the first place to look for sectoral growth is in markets that can be expected to grow faster than the global economy as a whole. Their analysis shows that we have a 16.2% comparative advantage in agriculture.

(The Australian average is 5.2%; and the next nearest sector is mining at 13.3%.) On this basis, they have identified agriculture as Australia's 'forgotten hero' – the sector which offers the greatest potential for economic growth amongst the five top spots. Furthermore, they have singled out agriculture as Tasmania's best prospect for growth.

So it is not just farmers saying that Tasmania's economic prosperity is dependent on agriculture!

However, it is important to understand that this future is dependent on just one thing: growth. Just as crops need water to grow, the farm sector needs investment to grow.

TFGA recognises the parlous financial circumstances facing the state at present and it understands the efforts the state government is making to address this crisis. We are under no illusion as to the magnitude of this task and we understand that it will require difficult budget decisions. We are supportive of tough measures by the government to consolidate Tasmania's fiscal position, reinforce our reputation as strong and responsible economic managers and build a sustainable economic base for the state into the future. However, cost cutting alone will not deliver the systemic change we need to move forward. The government should be looking for options to grow income, as well as cut costs. Yet there's been no recognition at all of the other side of the state ledger in the current debate.

The government must actively pursue key opportunities to invest in growth sectors of the economy, sectors that already make a key contribution in setting the Tasmanian economy up for future prosperity and that can actually do more into the future, sectors such as agriculture. Now is definitely not the time for the government to be cutting its investment in agriculture.

It is important, for instance, that relevant capacity within government agencies (including DPIPW) is not further eroded, as has been the case in past years. Some cuts have delivered efficiencies, and there is still room for re-ordering of departmental priorities and funding allocations. However, the agriculture industry is concerned that there is little room remaining in the system and unfortunate resourcing trade-offs are already emerging. This will be to the detriment of the industry - and the state - at a time when experts are emphasising the importance of expanding agricultural research and development activities.

There is a national debate about food and agricultural policy in Australia and policy that impacts food and fibre production. The development of the National Food Plan, the ongoing work to implement the Beale Review reforms to Australia's national biosecurity system, trade developments, the introduction of the carbon tax and moves to remove it and the carbon farming initiative, negotiations on the future of water use for agriculture, and public debate around issues such as milk pricing and coal seam gas have highlighted the need for governments to maintain a strong policy capacity and investment in areas related to agriculture. Unfortunately, resourcing constraints limit government capacity to contribute to national debates and policy development.

Certainly, there have been some very positive developments over recent times in a policy sense and some parts of government are actively promoting the value of agriculture and the vital role farmers play in creating wealth for all Tasmanians. The recognition of agriculture's key economic role in the EDP; the ongoing investment in irrigation infrastructure; the agriculture strategic plan and skills plan; Wealth from Water and Sense-T are just some of the exciting projects underway in partnerships between industry and government.

Yet, at the same time, other parts of government seem to be going out of their way to stifle growth and drive farmers out of business.

We can point to many examples of where the government's policy viewpoint seems to have turned inward in the development of state policies and the national context in which farmers operate is being ignored. More and more policy decisions are putting our agriculture sector at a disadvantage with even our mainland colleagues let alone when compared to farmers in other less regulated international markets.

This is unsustainable. If agriculture in Tasmania is to continue to be one of the key, if not the key economic drivers of the state economy and to generate more wealth and prosperity, farmers must at least be able to compete on a level playing field with other Australian producers. State-specific regulatory costs in Tasmania continue to impose significant burdens on farmers here with no evidence of any increased return. We are continually told that farmers must operate in a global market – and we do. That means our prices are set by factors well beyond our control; and we have limited capacity to claw back more of the retail dollar to cover increasing on-farm costs.

We all recognise that regulations are a necessary part of everyday life. However, regulations need to be practical and evidence-based. Good public policy requires ownership by those that it impacts, failure to achieve that goal results in poor policy outcomes. There seems to be a mindset within some parts of government that they must set the highest regulatory standards anywhere in the world regardless of the science and the impact on farm businesses. It is not clear if this bizarre disjunct is deliberate or inadvertent. What is clear is that, unless we get a more sensible approach to regulation of the agriculture sector, then many of our farms will be driven out of the industry.

Clearly, given the right operating environment, agriculture is a key part of the solution to the state's financial woes. But this can only happen if government understands the impacts its decisions have on farm businesses and ensures that regulations are not burdensome. If the government continues down the current track of unjustified over-regulation, then farmers simply can't continue to absorb the costs that result. And that will put paid to our capacity to drive much needed growth for all Tasmanians.

In light of the importance of agriculture to the state, TFGA encourages the government to allocate an adequate level of resources via the budget process to ensure that the agricultural sector continues to advance and innovate and to deliver improved performance and value to the overall state economy.

INITIATIVES TO PROMOTE THE EXPANSION OF TASMANIAN AGRICULTURE

1. ENSURING FOOD SECURITY

The *Tasmanian Food Security Strategy* was launched two years ago and immediately began to gather dust. It focuses on increasing access and supply of affordable and nutritious food and community driven approaches to food security for Tasmanians most at risk. However, TFGA was disappointed that the food strategy hardly mentions the word agriculture throughout the document, and the only mention of farmers is in reference to farmers' markets.

The TFGA accepts that the state government recognises the pivotal role that agriculture is playing and will continue to play in terms of economic development in this state. However, it needs to focus more clearly on ensuring there is a clear recognition in the policy sense of the inextricable link between agriculture (and farmers) and food.

Without this, not only will we not be able to capitalise on the many opportunities to grow our industry, but we'll struggle to even maintain what we have. One of the ways to address these issues is the establishment of an Office of Food Policy within a restructured Department of Food and Agriculture.

Further actions and investments need to be undertaken to strengthen the Tasmanian Food Security Councils *A Food Security Strategy* to deliver food sector initiatives that include:

- an investigation of the feasibility of a restructured Department of Food and Agriculture that encompasses the many functions of government now spread across several agencies
- establishment of an Office of Food Policy to drive the whole-of-government food policy and provide high level strategic advice. This could either be within the Premier's department or within a new Department of Food and Agriculture.
- a whole-of-government commitment to sustainable agriculture as part of the overarching food policy. This should involve a cooperative approach to sustainable agriculture that places emphasis on self-management rather than regulation.
- funding programs and initiatives that give peak industry organisations such as the TFGA the responsibility and resources to work directly with their industries on tackling value chain, business development, biosecurity, climate change, workforce, regional planning and natural resource management issues. There is clear evidence from other jurisdictions that this approach has a higher success rate of achieving both industry and government goals and objectives than government departments undertaking initiatives themselves. Program priorities are outlined elsewhere in this submission.

The TFGA seeks support for further development of a whole of government food policy which involves a strategic long-term approach to ensuring our food sector remains sustainable into the future.

2. INDUSTRY PRODUCTIVITY AND INNOVATION

2.1 Farm Innovation and Consolidation Funding

While the opportunities for expansion of agriculture in Tasmania are clear, there are numerous hurdles to be addressed if this potential is to be achieved.

Many farmers are coming out of a period of enormous financial strain.

Past poor seasons, low commodity prices, increasing input and compliance costs and the uncertain future of various industries and markets have all contributed to this situation. The global financial crisis has exacerbated these conditions. Banks tightened their lending requirements as a result of the GFC. Before the GFC, banks required only 50 per cent equity for borrowing; the current requirement is a minimum of 60 per cent and often more. Farmers therefore have to tie up a lot of capital to just stay in business. This is capital that could be used in developing their businesses.

The global financial crisis, the relative high Australian dollar and the recent spate of significant weather events across Australia have resulted in particular and specific difficulties in accessing finance for farm-related investments. This combination of circumstances is impairing the ability of farmers to increase their business debt levels.

There is a significant 'small farm' problem in the Tasmanian agriculture sector. While there is no quick fix solution, and the impact is likely to be longer term, there is considered to be a sound case for government to extend current sector support arrangements to farm consolidation property purchase.

The particular challenge of vineyard, orchard, and other perennial agricultural finance is the substantial gap between planting and commercial harvest (about five years). Similar challenges face farmers looking to establish or expand dairying facilities that require significant initial investment but have a relatively long payback period. Purchase of irrigation entitlements also poses challenges for many farmers. The upfront purchase price is just the beginning of required expenditure and delivers water only to the farm gate. Industry estimates are that every dollar spent on purchasing entitlements requires another two to get to the point of delivering water - on irrigation infrastructure, drainage, equipment and so on.

Current structures for debt and equity do not address these problems.

Banks are reluctant to lend for these purposes when first cash flow is so distant, and landowners commonly do not generate sufficient cash flow from other activities, such as sheep grazing, to meet the obligations of substantial loans.

Equity investors are reluctant to commit without ownership of the underlying land, which landowners are reluctant to grant. The result is that most landowners invest in small units, hoping to expand incrementally as cash flow builds. The total industry in Tasmania expands very slowly by international comparison.

There are several government initiatives that could address this issue.

The government has an established Farm Water Development Loan Scheme which has been designed to assist in the purchase of water entitlements in irrigation schemes. However, take-up has been low. A review of conditions would expedite water scheme development by encouraging expanded purchase of water entitlements in new schemes. No additional government resource provision would be required, as this can be facilitated through current Farm Water Development Loan Scheme provisions.

A government HECS model loan scheme could overcome this market failure.

It is proposed that concessional medium-term finance (principal repayment holiday and/ or interest only) loans be extended to farmers who want to expand their farms or farm investments. Unlike those in other states, Tasmania farmers have not had access to such funding programs. This program would have a clear focus on cost competitiveness and essentially require an underwriting role on the part of government.

One possible structure would be an income- or profit-contingent loan scheme, in which the government creates a self-replenishing pool of funds, repaid by landowners on successful maturation of the vines or trees. The interest rate should be set low, to cover a low anticipated default rate. The funds could be made available only to experienced or qualified individuals, for land in regions externally verified as suitable (perhaps optimal) for the proposed usage. The program could be operated on the government's behalf by a well-established rural or community bank, for a fee. This would be in conjunction with commercial lenders, perhaps under terms similar to the Queensland Rural Assistance Authority (QRAA) sustainability loan scheme.

In essence, this would be a form of HECS scheme for farmers, with loans being paid back as profits are generated from activities as they come on line. As these loans are not grants, the scheme would not require a major financial commitment from government. It is proposed a matched maximum loan of \$250,000 is provided at bank bill interest rate and repayable over 5 years.

One of the major obstacles to new entrants to the farming sector is the high price of land and associated costs. Governments in other states have recognised this and put in place incentives to encourage farmers onto the land, and to facilitate inter-generational transfer of farming properties. It is time Tasmania addressed this major issue too.

One of the challenges young people who want to pursue a career in agriculture face is the high cost of securing their own farm. Lowering these costs would help them gain a foothold in the market.

We therefore urge the government to introduce a stamp duty concession on the first \$600,000 of the purchase price of a farming property. The exemption would apply to any young farmer under 35 years of age, buying land or a farm for the first time. The threshold for full farm-based exemptions should increase with marginal concessions up to \$750,000 and be capped at \$15,000 for each individual.

While such a concession may not be enough to entice potential young farmers to take on the significant investment, and accompanying risks, associated with starting a business, it is designed to remove potential barriers to young people who wanted to go farming.

In addition to stamp duty concessions for young farmers, we believe the government should also provide other forms of tax relief, concessions on motor vehicle registration and an exemption on land transfer duty for family farms.

At present, 86,700 hectares of land owned by Tasmanian farmers is covered by voluntary binding conservation agreements, most of which have no sustainable funding stream. The state governments own figures predict that this will increase. No provision has been made for any form of compensation or even stewardship payments, the assumption seeming to be that farmers will do this out of the goodness of their hearts.

As a general rule of thumb, a further of 30% of every farm is required under state regulations to be set aside for environmental purposes. That's 40% of farm land alienated without any meaningful return – land for which farmers must pay mortgages, rates and taxes; as well as maintenance costs like fencing and pest and weed control. On top of that, under the now defunct Regional Forests Agreement, a ban on further conversion of native forest to farmland comes into force in 2015 – but that is a conversation for another time.

Many farmers view an integrated approach to environmental management as a matter of course, where commercial utilisation is balanced with providing other non-commercial values.

So, in fact, they do provide community benefits at their own cost. However, it seems unreasonable to then charge land tax on land which can't be used to generate an income.

We therefore seek a review of the state land tax provisions that will provide exemptions for land which is cannot be for used for agricultural purposes because it either has a covenant on it or has been required as an environmental offset.

The TFGA seeks support for:

- **a review of qualifying conditions for the Farm Water Development Loan Scheme; and**
- **establishment of a HECs model loan scheme; and**
- **introduction of concessional stamp duty scheme for young farmers; and**
- **exemption from land tax for environmental offsets and covenanted areas.**

2.2 Smart Irrigation

Tasmania comprises just one percent of Australia's landmass but receives 12 per cent of the country's total rainfall, making our freshwater resource potentially the state's most valuable natural resource. If utilised efficiently and sustainably, Tasmania's water resources should provide it with a great advantage over mainland states.

The state also has a comprehensive investment program in irrigation infrastructure – an advantage that also does not exist anywhere else in the country.

In the first tranche of funding under the National Water initiative, \$310 million has been committed by farmers and the state and federal governments to development of an irrigation program that will provide more than 70,000 ML of water when the component schemes are completed. Those schemes embrace the north-east and north-west of Tasmania, the midlands and the south-east.

Funding is now being sought for a third tranche of projects covering other regions where irrigation development is feasible and would return a positive economic benefit to Tasmania and the nation. The TFGA believes it is vitally important that a third tranche is funded and that the state government has a critical role to play to lobby the federal government.

The serious water issues facing mainland agricultural producers, including the wind-back of the Murray-Darling water scheme, will inevitably result in reductions in the productive capacity of agriculture. This will open gaps in the market that Tasmanian producers have the potential to fill.

The state government has already committed to substantial investment in Tasmanian irrigation schemes. If Tasmania is to achieve the most from this significant investment in irrigation, there are a number of support measures that need to be made to ensure that maximum benefit is delivered, both in terms of agricultural productivity and also for the state's economy.

The availability of high surety irrigation water through the state's irrigation schemes will assist farmers to maximise the value they can generate from their existing water resources. The certainty of the water from the new schemes will allow farmers to invest in new technologies and markets, which, over time, will lead to a substantial increase in the value of goods produced from irrigated farms. This will not only directly benefit the farmers themselves but, more importantly, it will re-invigorate many local communities and add additional value to the state's economy.

The use of water by farmers in Tasmania is highly efficient and profitable: the industry uses just 6 per cent of Tasmania's farming land to produce 62 per cent of the value of irrigated agricultural production. However, increased understanding of irrigation water management, savings and efficiency skills, building on the Wealth for Water program, is necessary to make the most of steadily expanding water infrastructure.

Obviously, having access to water alone does not guarantee that farmers will achieve maximum potential outcomes or that the state will optimise its investment in agriculture.

In order to achieve this potential, opportunities for irrigation need be explored, potential investors found, new markets revealed and water from irrigation used as efficiently and responsibly as best practice allows. The Wealth from Water program will deliver some valuable tools and information but there remains a need to provide best practice training and support for farmers in irrigation and related technical areas.

To ensure that the maximum financial return is achieved, it is proposed that the state government fund a program of education and training for farmers, including interrelated activities to attract investment and identify potential new food and fibre markets.

The TFGA believes that introduction of an industry-based irrigation efficiency program would fast-track the ability of farmers to make best practice decisions about water use.

It is clear that most irrigation information is based on a single commodity model, when the reality in Tasmania is that the vast majority of production takes place in diverse enterprise and rotation situations. As more dam and water reticulation infrastructure is installed around the state, more farmers will be faced with the task of integrating irrigation water application into expanded enterprise production as well as account for new and unexpected impacts on soil. Government support to broaden the skills base in water management is sought.

An up-to-date irrigation training package for landholders in Tasmania needs to be developed based on the findings of the Australian Government's National Audit of On-Farm Irrigation Information Tools. The last state-wide on-farm irrigation program promoted by the Tasmanian Government was the Waterwise program. Advances in irrigation have been vast since this program was initiated. The National Audit of On-Farm Irrigation Information Tools reviewed hundreds of tools across Australia. It is recommended that the findings of this report be reviewed for a Tasmanian context and that an appropriate suite of tools for Tasmania be developed.

A similar program run by the Queensland government delivered a saving of around 250,000 ML in water efficiencies over four years. As well, significant increases in agricultural GVP and in jobs creation have also been documented as a result of this program. An independent review concluded that the program had resulted in a conservative return of 3:1 for every government dollar invested. While water savings per se may not be a key priority in Tasmania, the ability to reinvest efficiency gains in additional productive capacity would provide windfall gains for farmers and the state as a whole.

The objectives of such a program would include:

- assisting growers to optimise on-farm natural resource management and water use efficiency, particularly through efficient irrigation practices;

- developing and delivering a new industry program, 'Farm Management Systems', that will drive continuous improvement in farm profitability and environmental performance; and
- enhancing the alignment of industry sustainability initiatives with regional NRM planning processes.

The estimated cost of the program over three years would be \$1.5 million.

This would deliver a dedicated Water for Profit extension team working through the TFGA with representation in each of the state's three major production areas to deliver workshops, trials and demonstrations across a broad range of water use efficiency themes. It would also provide a strong linkage to on-ground work being done by the Tasmanian Irrigation business development unit.

The TFGA seeks support for establishment of a Water for Profit program.

2.3 Farm Productivity and Innovation Fund

This program would require \$1.5 million over three years for financial incentives. It is envisaged that this would fund matching grants to assist farmers to take the next steps in being innovative, achieving efficiency gains and developing long term solutions to enhance productivity and food security.

The TFGA would administer the program with specific terms to be worked out in consultation with DPIPW and DEDTA. Eligible expenditure could include development of farm management plans, implementation of water use efficiency technology, installation of energy saving equipment, assistance for funding to meet regulatory requirements for dam applications, or expert advice on new systems, equipment or infrastructure construction.

The TFGA seeks support for investment in a farm productivity and innovation fund.

2.4 Developing Sector Plans

The importance of strategic planning has been recognised at a state level by the development of the EDP. The government has also funded the TFGA to develop a high-level vision for agriculture in 2025.

Both these plans recognise the potential for growth in the agriculture sector, as does the state Innovation Strategy. In that strategy, Professor Jonathan West identified five key sectors with the potential for considerable expansion:

- intensive horticulture
- dairy
- red meat
- vineyards
- aquaculture

It is well recognised that commodity plans that sit under an overarching industry strategic plan provide the best mechanism for consultation, prioritising of programs and co-ordinated industry investment in projects that will support industry growth and development. Such commodity specific plans also enable the adaptation of national research, issues and responses to reflect the specific conditions prevailing in a particular jurisdiction.

The effectiveness of such plans at a state level has already been recognised in the dairy and vegetable industries, where specific plans have been developed with government support and funding to facilitate industry growth into the future. Plus, TFGA is sitting around the table developing the future needs of the poppy industry.

However, a number of other commodities do not yet have state-based plans. While such plans may be in place at a national industry level, the capacity to deliver may be significantly different on a state basis where production and marketing impediments provide a very different competitive environment. Development of such plans would benefit these sectors by creating a mechanism for consideration of future direction including investment in research and market development.

As a first step it is our view, significant benefit would accrue through the development of specific plan for the red meat sector. There is clearly a lack of common direction on a range of matters in the Tasmanian red meat industry including meat branding, access to slaughter facilities and attitudes towards value-adding. The industry is in growth mode, and expansion is predicted to continue over the next few years. A strategic approach to this development would deliver even greater benefit.

It is estimated that this plan would require funding of \$25,000. This request has been rejected by DPIPWE and DED. However, we strongly urge the government to reconsider this decision. The red meat sector is an important focus for growth in agricultural production in the state. There has been little government investment to date in identifying opportunities for growth – unlike the dairy and poppy sectors. In each of these sectors, the state has invested significant funds in developing future visions. Red meat producers believe the government should be showing equal interest in their sector too – especially in light of some major restructures flowing from things like the closure of the King Island abattoir and the potential risk posed to production from the on-going live exports issue.

The TFGA seeks funding support for development of a strategic plan for the red meat sector.

2.5 Delivering an Integrated Property Management Planning Framework

The Tasmanian Property Management Planning Framework (PMPF) is a state-wide framework that overarches the development and delivery of property planning activities. It is recognised by the TFGA, the state government and Tasmania's Natural Resource Management bodies. Its function is to ensure co-ordination and consistency between the various property planning activities and policies which are developed within Tasmania.

In essence the framework has two broad components:

- a policy framework supporting the development and co-ordination of property planning activities in Tasmania;
- a set of property management planning standards that are intended to encourage a consistent and credible approach to the development and delivery of property management planning processes throughout Tasmania.

The PMPF means that farmers will have access to property management planning processes that are credible and recognised by a wide range of stakeholders including government, natural resource management bodies and industry. These property management planning processes will be practical and cost-effective and will assist farmers in managing their properties in a productive and sustainable manner.

There is also potential through the framework for farmers to receive recognition from the wider community, retailers and markets for implementing safe and sustainable management practices among a range of other benefits. Ultimately, the effective implementation of the framework will provide a platform for Tasmania's agricultural sector to continue to progress and grow its productivity while demonstrating safe and sustainable management practices.

The first suite of property management planning modules to be recognised under the PMPF was developed in 2009/10. The development of these modules represented the transition of the framework from a conceptual idea to what is now a recognised framework with practical applications. The modules that have been developed this far under the framework are the Soil, Water, Biodiversity and Financial Management Property Management Planning Modules.

A set of technical standards that had been developed under the framework in 2007 were reviewed and revised and a four-booklet information series explaining various aspects of the framework was produced.

A review of the property management planning in Tasmania was conducted and the findings were submitted to the framework management committee for use in planning the future direction of the program. This is a good start but much remains to be done. If this program is to be successfully implemented, it is important to integrate all PMP requirements into the framework.

A consolidated effort is needed now to fast-track the development of relevant modules, integration of modules into the PMPF and roll out of the program across the state. Past experience has shown that the most effective means of achieving up-take of PMP programs is through representative farmer bodies, in consultation with other key stakeholders such as NRM groups. Funding of \$600,000 over three years would enable development of new modules and delivery of this program.

The TFGA seeks support for funding development of new property management plan modules and roll out of the PMPF across the state.

2.6 Sector Statistics and Analysis

Accurate and timely data should underpin Tasmanian policy development and implementation, including the rural sector. The DPIPWE scorecard data plays a vital role to this end, but has some shortcomings. It would be of greater assistance if compiled for release in line with ABS national timing. As the scorecard is the outcome of a large amount of data compilation, it would also be more useful if some of the data were more widely available in disaggregated form.

On balance, it is considered that the economic contribution of agriculture to the Tasmanian economy tends to be understated due to significant value-adding of produce taking place on the Australian mainland (wool, red meats and other fibres) and also to the paucity of data with respect to the private (farm) forestry sector. Furthermore, there is insufficient credible data available to assess the important social and environmental contributions made by this sector to the overall state economy.

More detailed data and analysis that looks at the overall contribution of agriculture to the Tasmanian economy would play a greater guiding role in government economic development plans and key support infrastructure such as the current irrigation program. This would also facilitate more informed decision-making by other investors, including farmers. Accordingly, government is requested to increase resourcing for more timely data collection, analysis and availability to build a more comprehensive document.

This initiative would not require additional funding as resources could be reallocated from within current government programs.

The TFGA seeks support for an expanded sector analysis and statistics program.

2.7 A Sustainable Private Forest Industry

Establishment of a private forest industry development program would assist in mitigating the potential for farm forestry business activities to be further economically damaged by current external pressures.

The contribution of private forests to Tasmania's economy is not clearly understood. Private forest owners have carefully managed forests, often for generations. These management regimes have resulted in maintenance of biodiversity and non-forest values while still generating an income for families. In many cases, the returns from these investments have been used to enhance and improve both the environmental and economic aspects of the resource.

Private forests make a larger contribution to Tasmania's gross state product (GSP) than either mining or the hospitality and tourism sector. A November 2008 IMC report, titled *Measuring the Economic Value of Private Forests to the Tasmanian Economy*, found that 26 per cent of Tasmania's forest cover is privately-owned. These private forests contribute \$450 - \$650 million annually to GSP, or 3.2 per cent of the State's economy. Mining directly contributes 2.6 per cent and hospitality and tourism 2.2 per cent.

This program is designed to assist and reduce risk for farmers in developing their farm forestry businesses and help them to make a structural adjustment and transition to growing private forests for supply to a changed domestic and export market suite.

The program's framework is made of five main components.

1. Quantifying and analysing IGA impacts on private forest owners;
2. Develop a strategic plan for the private forest industry;
3. Development of practical/commercial grower initiatives to address impacts;
4. Preparation of appropriate grower extension material; and
5. More informed participation of the sector in policy debate

Specialist skills are required to address emerging and complex production and marketing issues and significant farm forestry industry adjustment issues in the sector. It is envisaged that the program would be delivered and facilitated at the farm gate interface through an appropriately skilled industry liaison officer.

The private forest industry needs a future direction document. It will position the entire industry to proactively address future challenges and give the industry a strategic path for future growth. One of the aims of strategic plan will be to balance a long term strategy with immediate industry concerns. Another is to deliver tangible outcomes and advice to the industry and other stakeholders, including insight into what should be done, when, why and how. In particular to review the need for the implementation of the current proposed ban on clearing from 2015.

Under this framework, there exist a number of significant identified knowledge gaps and areas requiring immediate attention. These are recognised as potential obstacles that the industry must face in its efforts to re adjust and respond if possible to the changing markets. These hurdles need to be explored and immediately extended to private forestry industry participants. In particular, the relationships, time delays and principles between production and supply and demand of changing markets. It is estimated that this program would cost \$600,000 over three years.

The TFGA seeks support for establishment of a private forest industry development program.

2.8 Government Initiatives

The TFGA urges the government to confirm commitment to several important initiatives that are vital to the continued expansion of agriculture. These initiatives include:

- Wealth from Water;
- Sense-T; and
- Water Management Plans.

Wealth from Water

The Tasmanian Government's Wealth from Water Pilot Program aims to assist farmers and potential investors to develop their irrigation businesses and help make the transition to growing the high-value crops best suited to their area.

The pilot has pioneered new ways for providing soil, climate and enterprise suitability information, as well as market and business planning support. This is one of the most exciting programs ever designed and delivered by government. We would strongly urge commitment of ongoing funding for continued roll out of this program when the trial period concludes.

Sense-T

The TFGA is involved with the partnership of the Tasmanian Government and the University of Tasmania who are creating this revolutionary sensor network called Sense-T. The Sense-T program is looking at combining historical and spatial data with real-time sensing data from a whole-of-state sensor network. This is world leading technology which will enable Tasmanian farmers to access high-level decision making information on farm. The TFGA believes that this should be a high-priority investment focus for the state government.

Water Management Plans

We also seek immediate commitment to resource the finalisation of water management plans across the state. Under the National Water Initiative, the state government is required to develop and implement water management plans (WMPs) for all catchments. This process has stalled due to lack of resources within DPIPW, although recent efforts toward this are now occurring. To facilitate the transition to operating under the Plans, funding of a sound communication plan is essential this should include how the compliance and regulation will occur and reiteration of what license holders requirements are. There is growing unrest in some areas where there is a view that existing water license entitlements are not being policed. This not only undermines the current system but also discourages investment in new entitlements where it is perceived that others are flouting the rules. It is vitally important that this activity be adequately funded and communicated as a matter of urgency, and should include the increasing role of Tasmanian Irrigation in the process. The relationship between Tasmanian Irrigation and DPIPW must be supported and explained, to enable effective delivery of water management. This will not be achieved without adequate resourcing.

Independently, continued funding for each initiative is vital. However, long term investment in these would see them integrated to achieve adaptive management which will ultimately deliver increased agricultural productivity, including a reduction in transaction cost for government.

For example, using Sense-T technology to monitor agricultural and in-stream environmental parameters in parallel, and in real time, will enable decision making at a significantly higher level of sophistication than the current method of determining water allocations, based on resource heavy, surface yield modelling.

The problems associated with allocations based on modelled data alone is that its accuracy is unquantified, leading to a lack of confidence in the propriety of the allocations.

These issues compound to add layers of complexity, barriers to productivity and expansion, and also cost for the subsequent policing. Investing in the Sense-T technology to resolve the current problems with planning and implementing Water Management Plans will accelerate their successful finalisation. This will enable greater participation in the Wealth for Water products because of the confidence to invest that it will provide.

The TFGA seeks support for

- **continued funding of the Wealth from Water Program; and**
- **continued funding for the Sense-T Program and immediate resourcing to enable its integration into the Water Management Planning Process so that this program can be successfully implemented; and**
- **funding for communication plans around changes to water management planning and regulation;**

3. MAINTAINING OUR BIOSECURITY STATUS

The 2010 Tasmanian Innovation Strategy emphasises the government's commitment to biosecurity and recognises the important role that strong biosecurity program plays in protecting Tasmania's reputation as a producer of high quality, safe produce.

The avoidance of pest and disease incursions is of vital importance to the viability of agriculture. Tasmania's freedom from many exotic pests and diseases that plague competitor country suppliers such as fire blight in apples and ornamental plants (in the US and NZ), potato cyst nematode/zebra chip in potatoes (US and NZ) and fruit fly (Australian mainland) provide a key point of difference in the face of generally higher production and processing costs in Tasmania. Even so, incursions of white snail, Paterson's Curse and gorse have made it through the barrier and are causing damage at substantial cost to industry and environment. The risk of substantial loss of income and markets from incursion of exotic and Australian mainland diseases in Tasmania has never been so great.

The incursion of a new pest or disease can have serious, possibly irreversible, consequences for agriculture. The effects on the British beef industry from Mad Cow disease are well documented. In 2010, the potato/tomato psyllid cost the New Zealand industry approximately NZ\$43 million. Operation Minotaur estimated that a Foot and Mouth outbreak could cost Australia at best case \$2 - \$3 billion and worst case \$8 - \$13 billion. Estimates have shown that a possible outbreak of Karnal Bunt in the WA wheat belt could have a flow-on national impact of up to \$1.3 billion. The current outbreak of myrtle rust on the mainland could have devastating impacts on both the agriculture sector and Tasmania's natural resources should it spread here.

It is essential that Tasmania is adequately prepared and has the capacity to manage and respond to this increasing threat. Governments, industry and the community all have a role to play in biosecurity issues.

Resources need to be effectively used to prevent and combat pest and disease incursions as well as fund and coordinate eradication procedures.

In addition, resources need to be applied to enhance awareness of biosecurity issues amongst government, industry and the community.

In order to achieve this, the establishment of an on-farm, regional and industry biosecurity program is proposed. The overall aim of this program would be to increase awareness, preparedness and response capacity of individual enterprises, community and the industry in relation to biosecurity issues and threats.

Elements of the program would include:

- development of an integrated whole-farm biosecurity planning model specifically designed to reflect the reality of the Tasmanian farming enterprise mix. While industry biosecurity plans (IBPs) have been developed nationally for most major commodities, these do not recognise the unique and diversified nature of Tasmanian agriculture. One farm here may need to consider a number of separate commodity plans (e.g. cattle, sheep, wool, vegetables, potatoes) as well as dealing with commodities for which there are no IBPs (poppies, pyrethrum). This is simply not going to work.
- secondment of biosecurity liaison officer from government to work with the TFGA to develop this model. The officer would work with farmers to advise and ensure compliance with the numerous biosecurity requirements, vendor declarations and best practice measures.
- a public relations program to enhance community awareness of biosecurity issues.

Funding for this program is estimated to be \$500,000 over three years.

Other government initiatives include the establishment of a permanent emergency response capacity similar to that which exists in other states. This would include the ability to access contingency reserve funding to rapidly ramp up incursion management activities if required.

The state government must also ensure that funding is available to build core agency capacity to reduce the threat of future biosecurity risks, to strategically analyse risks, and to promote and facilitate interstate and overseas trade. This includes the agency has the appropriate capacity to undertake diagnostic services – resources and infrastructure.

These initiatives will work toward keeping Tasmania disease and pest free and protect its agricultural economy. It would protect the state from the devastating economic impact of new incursions of pest and disease.

The TFGA seeks support for:

- **the establishment of an integrated whole-farm biosecurity planning model;**
- **the establishment of a permanent biosecurity response capacity;**
- **ongoing government commitment to fund agency biosecurity capacity; and**
- **ongoing commitment to work with the federal government to implement Beale Review recommendations.**

4. PROTECTING OUR ENVIRONMENT

4.1 Minimising Damage of High Value Crops

Agriculture has changed significantly in Tasmania over the last 15 years, with a significant expansion of irrigation resulting in expanded cropping activities and the introduction of high value crop varieties.

The ready availability of water and feed has led to explosions in populations of browsing animals and nuisance birds. These pests are having a huge impact on farm incomes, by damaging and destroying crops.

A jointly funded state and federal government study to find alternatives to 1080 poison in controlling crop damage by browsing animals quantified the significant impact being caused to both cropping and forest enterprises by browsing animal damage. The research showed that total pasture loss varied significantly (10-100 per cent), with average losses within the first 100 metres from native vegetation being 60 per cent. On King Island alone, the crop losses suffered by farmers amounted to more than \$28 million p.a. across the state, that figure would exceed \$100 million p.a.

Expansion of high value crops has also resulted in increases in the numbers of nuisance birds. Damage caused by these birds is adding to the costs facing farmers as a result of browsing animal damage.

The TFGA proposes that the state government co- invest in a program to minimise damage of high value crops by browsing animals and nuisance birds.

The initiative would have three components with an estimated cost of \$470,000 over three years:

- minimising crop damage by browsing animals (\$100,000 p.a. for three years);
- minimising crop damage by nuisance birds (\$170,000);
- King Island Crop Protection Zone (no cost to government).

Minimising crop damage by browsing animals

The Alternatives to 1080 Program identified that use of appropriate fencing regimes can assist the management of larger browsing animals, in particular preventing movement from public to private land.

Private agricultural land accounts for only 25 per cent of the Tasmanian landmass. Failure to act on this significant damage runs the risk of seriously undermining much of the irrigation development and investment taking place by government and farmers.

Farmers are interested in installing appropriate fencing but are not in a position to bear all of the cost of fencing materials. It is proposed that a 25 per cent subsidy on fencing material be made available where boundary fencing has been identified on property management plans as an effective way of limiting crop damage by browsing animals. By way of example, fencing incentive programs have been administered under Landcare programs in other Australian states. Priority in this scheme should be given to fencing boundaries which adjoin public land.

Minimising crop damage by nuisance birds

Expansion of high value crops has also resulted in increases in the numbers of nuisance birds (including cockatoos, corellas, galahs, crows, wild ducks, skylarks and starlings). Damage caused by these birds is adding to the costs facing farmers as a result of browsing animal damage. Most of these bird species are not native to Tasmania and should therefore be regarded as feral pests.

There is increasing community concern in relation to the possible adverse treatment of native birds and their habitat in farming areas. This suggests a broader assessment of nuisance bird issues is necessary to make good policy and determine appropriate remedial actions. While some surveying of the problem has begun, it is important that the size, incidence and financial implications be quantified.

Government investment is sought to gather data to assess the incidence and magnitude of losses as well as to undertake research into relevant courses of management and actions. Essentially, this would be a replication of the Alternatives to 1080 research program, focussed on birds. The research would be undertaken by the Tasmanian Institute of Agriculture. The TFGA would undertake communication and industry engagement.

King Island Crop Protection Zone

Populations of browsing animals have exploded over recent years on King Island. Expert estimates are that the island is now carrying a population of some half a million wallabies –five times the sustainable population level. According to the Alternatives to 1080 research, the crop losses suffered by farmers from browsing animals alone amount to more than \$28 million pa. But this is not just an issue for farmers. Biologists are now identifying serious risk to native plant communities and threatened species (including an endangered orchid).

Action must be taken to bring this population back into a normal and sustainable range. This will require a concerted island-wide program of action that would essentially treat the entire island as one farm. In order to achieve this, an exemption from the standard crop protection approvals regime is sought.

We recognise that the state government has allocated some funding under the King Island recovery plan to address this issue. However, it is our understanding that this will simply fund desktop and localised activities. This is the equivalent of putting a Band-Aid on a severed limb. Until the population load is reduced to close to carrying capacity, there is little chance of successfully managing this problem.

The TFGA seeks government co-investment in a program to minimise damage of high value crops by browsing animals and a continuation of the pilot program currently in place to reduce the incidence of nuisance birds.

4.2 Invasive Animals Program

Wallabies, rabbits, cats, feral pigs (Flinders Island), foxes, bird species, feral domestic species and other invasive animals are a major threat to Tasmania's food and fibre production, our biodiversity and social well-being.

Experts calculate that invasive animals cost Australia at least \$740 million every year in lost agricultural production and control costs.

Invasive animals are among the biggest threats to the conservation of Australia's environment. Feral cats, rabbits, rats, foxes, pest bird species, feral domestic animals and other invasive animals have contributed to numerous mammal and bird extinctions and still impact on hundreds of threatened plant and animal species. The rabbit, for example, impacts on 156 threatened species and native vegetation over two-thirds of Australia. New and emerging pests, combined with new challenges posed by established pests, have created a dynamic and constantly changing situation.

Some of the most significant changes in the rural environment include; globalisation and expansion of overseas travel and trade; changing land use and demography in rural and regional Tasmania; climate change and changing community preferences and expectations.

Tasmanian investment in management of invasive animals over recent years has been limited and slow to change.

The most recent outcomes have been the enabling of the *Cat Management Act 2009* and establishment of an invasive animals program.

The TFGA seeks three outcomes:

- implementation of the invasive animal program;
- appropriate resourcing allocated to feral cat management; and
- a focus of resource effort in the fox program to include a program directed at minimising the risk of fox entry through the state's (shipping) various import entry points.

Implementation of the invasive animal program

Under the government invasive animal unit, the TFGA would like to see specific programs that include preventative and educational awareness, training, monitoring and reporting focussed on invasive pest animals and feral domestic animals, which are currently scientifically recognised and reported as threatening to biosecurity; a threat of disease spread; a threat to animal health; impact negatively on farm productivity; or cause real economic farm production losses.

The importance on prevention and early intervention provisions to cover a range of invasive species covered under this program has the ability to further protect Tasmania from the threat of new high risk invasive species.

We need to update our invasive species management legislation and create a flexible operating environment to better manage the risks of invasive species entering, establishing and spreading in Tasmania and potentially causing harm to our communities, environment and economy.

The threats from invasive pest animals and feral domestic animals are dynamic and therefore the implementation program for invasive animals will need to be flexible and economically efficient in its approach to deliver real net state benefits.

Effective implementation of the invasive animal program should include as a priority, appropriate resourcing allocated to cat management and the redirection of state resources directed to the threat and risk posed from the illegal entry of live foxes into the state through various import entry points.

Feral Cats

The state government passed new cat management legislation in 2009. It includes more stringent requirements about de sexing cats and also provision for more proactive management of feral cats on farms and in rural areas.

There is currently a standing and self-sustaining population of stray and feral cats in Tasmania. This population is 'topped up' constantly from the domestic cat population, mainly through the actions of irresponsible cat ownership. Establishment, maintenance and regulation of a register of breeders who are permitted to retain sexually whole cats to breed pedigree and non-pedigree cats requires continuing government investment and resourcing.

Toxoplasmosis is a debilitating disease which can be life threatening for humans. The parasite is not limited to humans – it infects most warm-blooded animals. Cats are the major host of toxoplasmosis. There is increasing evidence of significant infection affecting commercially-farmed animals (including sheep and cattle) and also native animals such as wallabies.

The economic and farm financial business impact is becoming increasingly obvious at the point of slaughter. Meat sheep processing losses are reported to be in the hundreds of thousands of dollars; and the parasite also causes significant lambing abortions, leading to reduced weaning percentages and meat produced.

The proposed review of the Cat Management Act will provide the government with an opportunity to strengthen and enhance the Act in areas where it has been shown to be less effective. The TFGA will be contributing to this process as it unfolds over coming months.

Fox Program

The immediate commitment by the government should be to establish partnerships and relationships with other Australian states that carry populations of these pest animals (particularly Victoria, South Australia and Western Australia) with the objective of achieving a zero tolerance to incidence of illegal fox entry, as well as any other global export facilities and ports which are identified as potential risk sources and pathways.

A shift in redirection of quarantine effort and funding should include identification and use of modern technologies in pest identification located at all shipping entry points, CTVs, procedures and inspection changes along with additional fencing and security at port facilities. Funding is needed for development of modern quarantine facilities and ongoing inspection staff that are trained to implement pest inspection of shipping containers, 4WDs, caravans, passage vehicles and other incoming cargo are needed. Suitable quarantine facilities and monitoring will need to be also established if regular cargo is received from Brisbane to Bell bay where cane toad entry is a real threat.

The TFGA seeks support for:

- **implementation of the invasive animal program;**
- **continued resourcing allocated to feral cat management; and**
- **redirection of resource effort in the fox program to include a program focusing on minimising the risk of fox entry through the state's various import entry points.**

4.3 Managing Weeds in the Environment

The annual cost of weeds to Tasmanian pastures and field crops is estimated at \$58 million and, according to the Australian Bureau of Statistics, Tasmanian landowners spend almost \$40,000 per 1000 ha on weeds, pest, land and soil activities and 137 person days working on them. This constitutes a significant cost to each landowner each year both in terms of control and loss of productivity.

Extremely tight financial conditions during the drought years have resulted in a significant build-up in noxious weeds on both private and public property. After the excellent growing conditions of the past two spring seasons, there has been a rapid expansion of many weeds. It is challenging for farmers to manage this problem at the best of times. However, government cutbacks on their costs as a land manager are simply pushing the problem across onto private landholders. The evidence of this can clearly be seen in a visible deterioration to the environment and to heightened bushfire risks. This also has adverse impacts on tourism potential in which the state already makes a substantial promotional investment.

Government support is sought to initiate a state-wide weed management program. The initiative would have three components with an estimated cost of \$275,000 over three years:

- biomass trial (\$100,000);
- weed eradication incentives program (\$150,000);
- willow audit (\$25,000).

Biomass Trial

The main purpose of the trial is to find out if the Tasmanian agriculture industry can take advantage through immediate increased adoption of the bioenergy technology advances and turn the various supplies of on farm biomass waste and weed resources into a usable and profitable feed stocks of energy either directly or indirectly.

The potential and merits of gorse control using this biomass transformation methodology is of particular interest and the flow on benefits this could also provide in production of energy.

Weed Eradication Incentives Program

It is proposed that farmers be offered a 50 per cent subsidy on weedicide (to a maximum 30 litres/year), administered by way of grower rebate upon application to the TFGA. The major targets would be gorse, ragwort, English broom and serrated tussock.

Willow Audit

Willows are now regarded as one of Australia's most serious riparian and wetland weeds and are listed as one of Australia's 20 weeds of national significance. They cause substantial social, economic and environmental impacts. They are water guzzlers. When they extend their roots into waterways, they can consume significant amounts of water and dry out small streams and swamps. Four years of water balance measurement within southern NSW and northern Victoria have determined that potential water savings of 5.5 ML/ha/year are achievable by removing willows growing in stream or in areas where their roots are permanently inundated. An audit to target the worst economic, social and environmental areas of willows will render results in terms of water flow, quality and volume impacts on the landowner and the whole riparian system.

The TFGA seeks support for establishment of a state-wide weed management program.

4.4 Good Neighbour Policy

The Tasmanian farming community is constantly concerned about the impact that wildlife, fire and weeds spreading from public land have on the environmental, productive and safety significance of private land. The boundary fence doesn't stop the spread of fire, wildlife or weeds. However, responsible management on both sides of the fence will assist to control spread of these risks from public onto private land.

The area of land in the state in reserves and parks has increased significantly as a result of the Tasmanian Forests Agreement. This will exacerbate the impact on adjoining landholders.

Private landholders have the right to expect that they will not be adversely affected (financially or in any other way) by circumstances created on neighbouring properties, especially when their neighbour is a government agency. Unfortunately, the state government has not demonstrated basic good neighbour behaviour.

We therefore seek commitment from the government to the development of a good neighbour charter between private and public landowners. Obviously, this should be done in consultation with affected landholders through the TFGA. Development of such a policy would not involve any additional cost to government.

An issue of particular concern at the moment is the risk bushfires escaping from public land and damaging or destroying farm fences and other farm infrastructure.

Wetter weather conditions over this spring has resulted in phenomenal vegetation growth. As a result major bushfires will be a key concern as we move towards a drying summer. Changed management regimes on many public landholdings, especially forestry reserves, mean that the already critical threat of bushfire is exacerbated and there is an increasing likelihood of damage or destruction of private infrastructure.

Recent experiences have shown that in many cases insurance coverage does not extend to repair or replacement of damaged infrastructure in circumstances such as these. This can leave a landholder with no resources to replace their assets and, in worst case scenarios, even threaten continued business viability.

We urge the government, as a sign of good faith, to immediately commit to meet half the cost of materials to replace or repair fencing or other assets on private land where these are destroyed or damaged by bushfires or other activities that originate from roadside verges, national parks, state parks and forests or other state-owned landholdings. This policy would have to be developed in consultation with affected landholders. It would also have to be supported by guidelines that provide some certainty for landholders as to a baseline level of funding in such circumstances.

The Victorian Government's recently introduced landholder recovery plan provides a good model for this type of program.

It is not possible at this stage to estimate the likely cost to government of this initiative.

The TFGA seeks support for:

- **the development of a good neighbour charter that outlines a clear intent by public landowners to manage the spread of fire, wildlife and weeds across property boundaries; and**
- **the immediate commitment by government to meet half the cost of damage caused to farm fences and infrastructure by fires spreading from publicly owned land.**

5. PARTNERSHIPS WITH GOVERNMENT

5.1 Local Government Planning Schemes

The TFGA is aware that continuing planning reform is one of the Tasmanian government's priorities and that it has committed \$6 million to make further improvements and ensure it is kept up to date.

Through this priority, we have seen a new Tasmanian Planning Commission established to provide an independent statutory function and policy role for the 34 planning schemes in the state. Plus, significant funding has been provided to local governments to prepare regional land use strategies. These were prepared by regional council bodies – Cradle Coast Authority (North-west); Northern Tasmania Development (North); and Southern Tasmanian Councils Authority (South) – and their member councils as part of the regional planning initiative.

One of the main purposes for the reforms was to make it more streamlined and user-friendly.

To add another regional layer is not making it more streamlined but rather provides another layer of regulation that further compounds an already overloaded regulatory burden. The new schemes which have been published clearly show an increase in planning regulation as opposed to the stated objective of streamlining and simplification.

Farmers are the biggest private landowners on a council, regional or state basis. We would like to see more involvement with landowners through the reform process to engage them as both farmers and as business operators. To date, engagement has been scant and many of the reforms will result in serious imposts on agricultural business at a time when we should be developing an environment that encourages expansion within the sector.

The TFGA believes that there would be significant benefits in having staff seconded from local government and/or the Tasmanian Planning Commission to work on planning related projects with TFGA members and thereby come to a better understanding of the practical applications of planning regulation.

The TFGA seeks an assurance from government that we will be involved in any changes to the planning system and a commitment to reduce the current regulatory burden in this critical area.

5.2 Freight and Logistics

One of the greatest threats to future Tasmanian industry competitiveness is the high cost of freight, both on island and in our trade with the mainland and export markets.

We understand that the Freight Logistics Coordination Team will be reviewing these issues and we are supportive of this initiative. However, we would ask that specific attention be given to the very specialist needs of our food and fibre producers.

The current on-island freight system reflects a range of road and rail freight routes, a number of ports and unaligned cold storage. These have all been built out of a regional approach in product supply to predominantly external markets – whether mainland or export.

To significantly reduce costs and deliver scale benefits, the freight and storage system will need to be fully aligned; and this is likely to mean a significant departure from what has essentially been a regional approach to the application of freight resources.

In the absence of direct export shipping from Tasmania into export markets, the freight system will need to specifically focus on the container movement of high value perishable food and fibre; and seamless shipment of production from Tasmania for further value-adding on the mainland.

It is possible to envisage a freight system that achieves more than 50% of product movement on a two-way basis within Tasmania. Considering the diversity of Tasmania's imports and exports, this is likely to call for a multi-purpose movement capability.

It will call for centralised receival and dispatch facilities and multi-purpose storage and management of competing product - close to key port or ports for shipment and integrated road and rail -to and from relatively few internal (receival and dispatch) centres.

The TFGA seeks an assurance from government that freight-related issues of strategic importance to the farming sector be included in considerations of the Freight Logistics Coordination Team, and that appropriate resourcing will be provided to address relevant information requirements.

5.3 Promoting Tasmanian Produce

Tasmania's 'brand' is seen as distinctive and associated with premium food products within the domestic Australian market and, in some cases, internationally. We also hear much from government about Tasmania's 'clean green produce' and the premiums that farmers are supposedly receiving in recognition of the high quality food and fibre they produce.

There is nevertheless understandable scepticism within industry surrounding the actual benefits delivered to farmers by the Brand Tasmania concept. This scepticism is particularly relevant to the perceived market advantage and price premiums in the continuation of the state's GMO free policy.

The state government has promoted a number of marketing initiatives to enhance the perception that the Tasmanian food brand represents premium quality, food safety and sustainability. At the time the GM moratorium was introduced, the government also committed to implement a major promotions campaign to support this decision in the market place. This did not happen. As a result, there is little hard evidence of any real market advantage (as opposed to market access) in remaining GMO free; and much of the 'evidence' that does exist appears generally subjective. Furthermore, any so-called premiums paid need to be shared by the producers and not solely for the benefit of processors or agents.

TFGA seeks support for a significant investment in a specific food and fibre promotions program, jointly developed with industry.

5.4 Partnership Approach

Mutually beneficial relationships between government and industry are essential to ensure Tasmanian farmers can continue to sustainably supply food and fibre to consumers and drive wealth creation and economic development for the state.

Farmers are often directly affected by the day-to-day decisions of government. These often require costly changes to business or farm management practices and this can have a significant impact on farmers' long term profitability.

More and more, these decisions result in an expectation that farmers will bear the cost of policy changes implemented without a clear cost/benefit analysis and in the absence of any evidence-based assessment. Beyond a basic duty of care, farmers should not have to pay for an outcome that delivers only community benefits. Where industry is expected to incur costs to deliver a social rather than a science-based outcome, there should be appropriate compensation.

We are also increasingly concerned at the significant burdens state-specific regulatory costs are imposing on Tasmanian farmers with no evidence of any increased return.

Clearly, we believe that new initiatives or changes to policy should enhance the industry's contribution to the economy and also lead to greater productivity and industry sustainability. We also believe that initiatives or regulatory changes need to be transparent and well-managed and lead to outcomes such as increased investment, growth and new jobs.

The ongoing relationship between industry and government will be a key component in the success and long term viability of the agriculture industry in Tasmania.

We expect:

- a consultative government that engages with the TFGA on issues that affect our members;
- accountability and transparency in regulatory and administrative processes and, in particular, a commitment to undertaking credible regulatory impact statements when considering policy change; and
- increased accessibility to forums and consultative processes to ensure meaningful and genuine engagement between government and industry.

The TFGA seeks a commitment from government to join in a partnership approach on issues of strategic importance to the farming sector.

APPENDIX A: TASMANIAN FARM FACTS AND FIGURES¹

Agriculture in Tasmania plays a vital role in contributing to the state's social, economic and environmental sustainability.

Social

- There are approximately 3800 farm businesses in Tasmania, 99% of which are family owned and operated.
- More than 12,500 people or one in 20 were directly employed in agriculture and fishing activities and this increases to one in 5 jobs when food processing, wholesaling and retailing is included.

Economic

- In 2010/11, the farm gate value of agriculture and fishing (excluding forestry) was \$1.72 billion – which comprised 7.3% of the gross state product (\$23.7 billion). Taking into account basic multiplier factors, this means the farm-dependent economy contributes \$5.5 billion (24%) to gross state product – much higher than other Australian states.
- That is only part of the picture though. If you add in the vital value adding and support services that take place after produce leaves the farm, the figure rises to more than \$5 billion – or approximately 20% of gross state product.
- The sector is one of very few in the state that has continued to deliver improved performance over the long term. Over the past 25 years, the average annual rate of increase in farm gate GVP has been 4% although somewhat lower in 2010-11 due to severe wet weather events at harvest. The increase in output in 2011-12 suggests a return to the long term average GVP growth.
- The vast bulk of our agricultural product is sold interstate and overseas. Agriculture exports in 2010/11 were 16% of total export shipments from Tasmania (\$3.3 billion). In addition, a further \$1.8 billion of raw (livestock) and finished value-added product is estimated to have been shipped to the Australian mainland. This in total represents close to 30% of the state's shipped value.

Environment

- Tasmanian farmers are committed environmental stewards, owning and managing more than 2,000,000 hectares of Tasmania's land mass. This is around a third of the total area of the state.
- Farmers are at the forefront of delivering environmental outcomes on behalf of the wider community, with 94% actively undertaking NRM works on their farms.
- At present, 86,700 hectares of land owned by Tasmanian farmers is covered by voluntary binding conservation agreements, most of which have no sustainable funding. The state government predicts that will increase to 94,000 ha during the current financial year. No provision has been made for any form of compensation or even stewardship payments, the assumption seeming to be that farmers will do this out of the goodness of their hearts.
- As a general rule of thumb, a further of 30% of every farm is required under state regulations to be set aside for environmental purposes. That's 40% of farm land alienated without any meaningful return – land for which farmers must pay mortgages, rates and taxes; as well as maintenance costs like fencing and pest and weed control.
- They have done this as a matter of choice. In the main, they make these altruistic decisions because they feel the environmental outcome is important. Often, these decisions result in a significant opportunity cost or, even in the best case, a reduced financial return to them as individuals.

¹ Sources: ABS, ABARES, Australian Farm Institute, Tasmanian Agriculture Scorecard 2009/10, NFF Farm Facts 2011

APPENDIX B: GROSS VALUE OF AGRICULTURAL PRODUCTION 2010/11

Gross Value of Agricultural Production in Tasmania 2010/11	\$M	\$M
Cereals	18.1	
Other Field Crops – oilseeds, legumes, hay, nursery	54.7	
Other Field Crops – poppies, pyrethrum & essential oils	116.1	
Apples	30.7	
Other Fruit	57.6	
Wine Grapes	17.7	
Broccoli	14.0	
Carrots	20.5	
Onions	37.2	
Potatoes	87.8	
Other Vegetables	103.0	
Total Crops		485.1
Beef	180.0	
Lamb & Mutton	43.4	
Other Meats	28.0	
Wool	95.5	
Milk	311.0	
Eggs	12.0	
Total Livestock		669.9
Total Agriculture		1155.0

Source: ABS Value of Agricultural Commodities Cat No 7503.0

For the record, it should be noted that within this submission when the terms 'state' and 'Tasmania' are used, they include the islands within the state.

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