



Your strong and independent voice for livestock producers

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Primary Industries and Regions SA

Re: Food, Wine and Agribusiness Sector Plan Discussion Paper

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Growing food, wine and agribusiness in South Australia

As outlined in the discussion paper “Food, Wine and Agribusiness,” the State Government has set as an objective to lift the sustainable economic growth rate in South Australia to an average of 3% per year. The food, wine and agribusiness sector is one of nine priority sectors that have been identified for growth.

Livestock SA, which represents sheep, beef cattle and goat producers in South Australia, is pleased to be participating in further developing these sectors in line with this growth agenda.

As a major initiative, Livestock SA has worked with the entire value chain to develop both a South Australian Sheep Industry Blueprint and a South Australian Cattle Industry Blueprint (see <https://livestocks.org.au/sa-sheep-industry-blueprint/> and <https://livestocks.org.au/sa-beef-industry-blueprint/>). In brief these blueprints can be summarised:

South Australian Sheep Industry Blueprint

The South Australian Sheep Industry Blueprint was launched in April 2016 with an overarching aim to increase productivity by 20% by 2020. There are five key objectives we are working toward:

1. **GROWING:** Grow the South Australian sheep industry's production and value from \$1.48 billion in 2015 to \$1.80 billion in 2020 while maintaining international competitiveness.
2. **UNITING:** Develop a united value chain workforce plan from 2015 to 2020 that attracts new and energetic people to the industry.
3. **ENGAGING:** Support a 20% increase in the engagement of quality consultants and advisers with increased use of business decision-support tools.
4. **INNOVATING:** Act as a conduit for greater research, development and extension collaboration along the value chain at the regional, state and national level and develop a measure of greater adoption and uptake.
5. **SHARING:** Develop a proactive and progressive industry communication plan that, through advocacy and champions, gives greater consumer confidence to increase their demand and engages the whole value chain.

It is anticipated that the Blueprint will be renewed during the first half of 2020.

South Australian Beef Industry Blueprint

The South Australian Beef Industry Blueprint, launched in September 2018, seeks to position the industry to capture the benefits that exist in growing demand for premium beef.

For cattle producers and the wider value chain to fully benefit from increasing global demand South Australia's industry must be able to sustain consistent supply of highly credentialed product year-round. The Blueprint has been developed with input from across the value chain. It contains ambitious productivity and revenue targets. Moreover, the Blueprint details actions required over the next decade to ensure the South Australian beef value chain can sustainably increase revenue.

The South Australian beef industry makes a crucial contribution to South Australia and underpins substantial economic activity in our regions. Recent seasons and prices have been broadly favourable. In 2016-17 farm-gate cash incomes were the highest in 20 years supported by high prices. More than one in five farms recorded a rate of return on assets under management of greater than 5%. Despite record farmgate returns the South Australian beef industry faces several significant challenges. Firstly, there are nearly 240,000 fewer beef cattle than five years ago and some 140,000 fewer breeding stock. As an industry we need to re-build our breeding herd and improve productivity. This will enable sufficient supply of stock year-round to allow for efficient processing of cattle and marketing of premium beef products.

An agenda for industry development

Livestock SA is pleased that the State Government has recognised the importance of both the South Australian Sheep and Beef Industry Blueprints in setting the agenda for industry development in South Australia, and has committed in this year's State budget \$7.5 million over three years to implement a red meat and wool industry growth program. This program aims to improve productivity in the sector, help with cyber and technology adoption and vital infrastructure, and support the One Biosecurity program which provides greater traceability and market advantage for livestock producers.

Also, to assist in expanding the State's sheep industry, there will now be a rebuild of the SA dog fence. A BDO Econsearch report released in April, jointly commissioned by the State Government and the South Australian Dog Fence Board on the advice of Livestock SA, showed that replacing sections of the ageing dog fence would generate a net benefit to South Australia of up to \$120.3 million over 20 years. The State Government has recognised this economic benefit by contributing \$10 million, adding to the \$10 million commitment by the Australian Government and \$5 million pledged by industry. The BDO Econsearch report also indicated that a new dog fence will reduce wild dog management costs for pastoralists by up to \$97 million, while sheep enterprise sales income is expected to increase by up to \$69.7 million with a new dog fence.

Other aspects

There are a number of aspects that Livestock SA believes the State Government needs to consider as part of growing food, wine and agribusiness in South Australia and which would assist in ensuring that the livestock sector plays its part so that the State's growth agenda of 3% per annum is achieved.

- allowing the farming of rangeland feral goats on pastoral leases in this State

Rangeland goats need to be managed as an economic resource, rather just considered as a pest. This will require a shift in the mindset for many, including producers and service providers. This process needs consideration of best practice and total grazing pressure to ensure sustainability and responsible management of the environment.

The NSW Department of Primary Industries has recognised the value of the goat industry to the state of NSW and the importance of supporting its future development. This is consistent with the sector's positive maturity and growth trajectory, which is underpinned by robust global demand for live goats and goat meat, favourable prices, improving supply security, and investments in relevant infrastructure. In the rangelands of NSW, the farm gate value of the rangeland goat industry has until recently continued to increase (due to drought conditions in the past two years this has considerably reduced numbers but not necessarily returns). The commercial use of rangeland goats has also contributed to an improvement in resource conditions and conservation objectives because of reduced total grazing pressure.

With the shift of the responsibility in South Australia for the *Pastoral Land Management and Conservation Act 1989* and the Pastoral Unit from the Environment to Primary Industries, it is now time to consider how to improve the economic benefits to the State from better managing rangeland goats. If NSW can do this, so should South Australia under similar arid conditions.

- the expansion of the kangaroo meat industry and commercialising of kangaroo products

Livestock SA has strongly lobbied for the commercial harvesting areas to be increased to ensure harvesting can occur in all areas where kangaroo populations have increased significantly. While it is pleasing that the South Australian Government has now proposed that commercial harvesting of kangaroos be allowed across the whole State, there is also the need for the Government to promote the benefits of kangaroo harvesting over and above environmental reasons. This promotion needs to include promoting kangaroo meat for domestic human consumption in this State. According to Australian Consumers' Association *Choice* magazine only half of the population have tried eating kangaroo meat. There is also the need to develop overseas markets for not only kangaroo meat, but for kangaroo skins.

Earlier this year, the Natural Resources Committee of the South Australian Parliament in its Inquiry into Management of Overabundant and Pest Species made two specific recommendations in relation to kangaroos. These were that the South Australian Government:

11. *Takes urgent action to establish and develop markets for abundant species, particularly kangaroos, including by consulting with industry with the objective of avoiding waste. Measures should include further use of carcasses, broadening the range of areas in which commercial harvesting can be undertaken, allowing harvesting trials in non-commercial zones, and reviewing fee structures associated with harvesting activities.*
12. *Initiate further inquiry to examine the structures, processes and challenges that prevent the development of a more robust commercial kangaroo products industry.*

According to the Commonwealth Department of Environment and Energy "the commercial kangaroo harvest industry in Australia is one of the world's best practice wild harvest operations, with management goals based firmly on principles of sustainability." Promotion and expansion of this

industry would directly assist other red meat producers where kangaroos compete for valuable feed and water supplies

- improvements in the State's planning processes so that existing broadacre farmers are not penalised when vineyards or various horticulture enterprises are developed on neighbouring properties

The area of grazing land operated by beef cattle/sheep businesses has been estimated to be almost 50 million hectares, which is more than half the total area of South Australia. For this reason, in developing the State's new planning process, it is essential that the livestock sector is consulted. While Livestock SA has made representations, as sheep, beef cattle and goats are mainly raised on broadacre properties, there appears to be no mention in the draft State's planning rules of how to protect these from other than urban development.

There needs to be mention of how to handle conflict between broadacre agriculture (which livestock is part of) and horticulture/viticulture. Currently land used for broadacre use can be planted/developed for grapes or horticulture crops without any planning approvals. If we are to protect and grow existing broadacre agriculture and to avoid conflict with other agricultural pursuits, there needs to be policies ensuring that with any change in agricultural use that buffer zones are established and that these are the responsibility of the landowner changing the land use. Similarly, current infrastructure (such as shearing sheds, stockyards, hay and implement sheds), and any expansion, replacement or new build required by livestock producers should not be affected by a neighbouring agricultural change in land use. Livestock SA has also raised this issue in a submission to the Review of the *Character Preservation (Barossa Valley) Act 2012* and *Character Preservation (McLaren Valley) Act 2012*.

- security of water supplies for livestock at reasonable prices (including the protection of water on pastoral leases)

Access to reasonably priced water is a high priority for Livestock SA. The cost of water for many livestock producers needs addressing. The increasing cost of water has become an effective restraint on investment in livestock production systems in key areas of South Australia.

Livestock SA participated in the State Government's Water Pricing Inquiry.

In a preliminary report, this Inquiry summarised the water price increases:

"Real water price rises of 12.7% in 2008/09, 17.9% in 2009/10 and 21.7% in 2010/11 were followed by nominal increases of 26.3% in 2011/12 and 25.0% in 2012/13. The process is characterized by a dramatic rise in water prices over the period: from an Index of 100 in June 2008, the increases resulted in a price index of approximately 270 by July 2012." (Third report, page 43).

For livestock producers reliant on SA Water, this is the crux of the issue of inflated water prices.

The State Government states that it is aiming for the lowest cost environment possible to do business. Reducing the price of water needs to be considered as part of this process. It is pleasing that this has started with a reassessment of SA Water's regulated asset base. Livestock producers are looking forward to hopefully reduced water prices from 1 July 2020.

In addition, and in recognition of the significant benefits to be delivered by the livestock sector to regional economies and the State overall, support is required to assist producers to manage water costs through improved efficiency and new technology. A program needs to be established that could deliver:

- water efficiency and leak detection assessments on farm,
- grants and interest free loans to support farm investment in water efficiency as well as desalination and storage technology,
- demonstration and case studies of water efficiency as well as desalination and storage measures on farm,
- links between farmers and relevant business information, and
- commercial opportunities for on farm research, development and implementation in South Australia.

The South Australian livestock industry has already taken steps in these areas to develop self-sufficiency, but such a program would further advance the needs of South Australian producers to help this State grow.

In relation to protection of water on pastoral leases, it is essential that this water is not able to be traded but must remain with the land. While regrettably this is allowed to happen in other parts of the State, because of the fragile environment in pastoral regions, this must not happen.

- ensuring that agriculture pursuits, and particularly livestock production, are not jeopardised without reasonable compensation by mining interests

In relation to increasing exploration and production in the energy and resources industries, it is necessary to address conflict with agriculture. While this conflict is highlighted where exploration and mining happen on highly valued cropping land, in the case of livestock, the producers who have expressed the most concerned about the impact of mining exploration and associated activities are from the pastoral region. Pastoralists would like to have more input into exploration plans similar to the consideration that is given to indigenous people. While pastoralists do not own the land they operate on, for much of South Australia's pastoral region, they do invest considerable funds for infrastructure improvements particularly secure water supplies, and they should be treated like any other landowner. Rehabilitation of pastoral land (or lack thereof) is also a huge issue and there appears to be no desire to enforce the rehabilitation conditions. As custodians of the land, pastoralists are held responsible for its condition, whether they caused the damage or not and this, and the associated costs in time and money from dealing with this need to be acknowledged.

It is also important for the mining sector to appreciate that it is necessary for the livestock sector to virtually have a 'lock the gate' mentality in relation to maintaining good livestock biosecurity practices. It is common practice not to allow any outsiders to drive on to properties. This is essential not only for a producer's individual biosecurity rating but increasingly for the whole livestock industry to be able to maintain and expand international markets.

- need for good transport networks

Good transport networks are required for receiving farm supplies as well as for sending livestock and wool to markets. In the recent South Australian budget, there were several projects earmarked for the 2019-20 financial year which will deliver almost immediate benefits to SA livestock producers. These included:

- \$14 million to upgrade the Naracoorte and Kroemers Crossing roundabouts
- \$11million for improved access to the Dublin Saleyards
- \$1million for road train access on Bratten Bridge on the Lower Eyre Peninsula.

These three projects will see greater returns to producers through improved efficiency in the supply chain, resulting in greater returns not only for livestock producers but regional communities. And this follows the commitments in last year's State Budget including the \$200 million duplication of the Joy Baluch AM Bridge.

Efficient transport infrastructure and freight corridors are integral to operating productive and profitable livestock businesses. Having a road network to support continued growth in the agricultural sector will help South Australia to become more competitive on an international stage with increasing supply chain efficiencies.

The previous 90-day Improving Road Transport for the Agriculture Industry project between Primary Producers SA (of which Livestock SA is a member) and the State Government (specifically DPTI and PIRSA) was a good example of government and industry working effectively together. It is estimated that primary producers and road transport operators received industry benefits of at least \$80 million from this project. It is essential that this project is replaced by something similar as there are still many examples of where there could be improvements once these are identified.

Looking to the future, projects that are required for expansion of the State's livestock industries include sealing of Strezlecki Track and Yorkey's Crossing, upgrade of Highway One from Port Wakefield to Port Augusta (particularly for access to the Dublin saleyards), and good access to Thomas Foods International at Murray Bridge.

The State Government is currently providing \$24.3 million towards road and utilities infrastructure at the new TFI abattoir at Murray Bridge over three years, with \$6.4 million from the Economic and Business Growth Fund. Livestock producers across SA were elated to hear the announcement from TFI that it would be building a new multi-million-dollar abattoir as it provided surety for the industry. While the new abattoir will be in a location which is very well positioned to service the whole of the State, it is essential that the Globelink corridor from Murray Bridge to Gawler is fully developed as soon as possible to allow better access for transport of livestock from all areas of the State north and west of Adelaide, not only to TFI at Murray Bridge but onto JBS at Bordertown and Teys at Naracoorte.

- better on-line accessibility

With the State's livestock businesses based in rural and remote areas of the State, there is the need for reliable on-line accessibility. Livestock SA made a submission to the State Government's recent review of its Online Accessibility Policy, highlighting that livestock producers continue to express concern and frustration about poor regional telecommunications which limits access and use of the internet including State Government online services. In addition, consideration needs to still be given to blackspots especially for mobile phone coverage, and other aspects such as TV reception.

The sheep and cattle industries

The South Australian livestock industries (sheep and cattle) are the State's largest manufacturing employer, a major contributor to regional South Australia and the largest agri-food contributor to the State's economy. However, this is under threat. Cost of production and processing is high in Australia, restricting profitability of businesses along the value chain. Therefore, processing needs to be at full capacity, but there has been a decline in inputs (livestock and wool) for several years. An increase in production is now needed, depending on seasonal conditions, to achieve an economy of scale that is competitive, maintains profitable businesses, and grows jobs and our regions.

Globally, real per capita incomes will increase by 60% to 2030. With red meat consumption and per capita income being closely related, this translates to an increase in demand of 25% over that period, as well as an increase in demand from markets specifically seeking high quality livestock products. A major competitive advantage for Australia's livestock industries has been the strength of its integrity systems that have maintained a disease free, food safety and product quality status envied by our competitors. Being a leader in integrity systems is vital for market access and being competitive internationally.

As a State we now need to increase investment in the value chain and in the regions, by increasing the availability, consistency and continuity of supply of livestock/wool for processing. Further State investment in programs is required that will ensure the ongoing viability and growth of the livestock sector. SARDI has acknowledged that investment in its livestock program has declined and it is now looking at how it can expand. In recent years almost all emphasis has been on pig and poultry at the detriment of sheep and cattle – now is the time for the State Government to expand its investment into the mainstream livestock industries.

In addition to resourcing the development and extension of research in genetics and breeding and in nutrition, Livestock SA seeks a commitment from the State Government to invest in the development of more sustainable grazing systems which will aid the whole South Australian livestock value chain in significantly expanding gross state revenue.

Some suggested areas of focus include:

- enhancing the feed base so that it is productive for longer each year;
- grazing and enterprise management practices to allow for greater 'out-of-season' supply to the benefit of suppliers and value chain;
- unlocking the potential of under-utilised irrigation in the Limestone Coast for intensive livestock production systems;
- exploration of pasture-based finishing systems for warmer regions of South Australia during winter; and
- more cost-effective practices so that when commodity prices do fall, producers can still trade profitably.

We need a livestock R&D program that will not only enhance the productivity of the South Australian livestock sector but will also capture many of the gains and learnings generated in other States and through national research funding.

Livestock SA would welcome the opportunity to provide further evidence supporting this submission.

A handwritten signature in blue ink, appearing to read "A Curtis".

Andrew Curtis
CEO