Senate Enquiry - Food Processing – Questions on notice

Question One

Chair: Perhaps there is an opportunity to defend the state's integrity here a little bit too. There has been a lot of discussion about R&D today. I note your submission does talk about the work that TIAR does and I think that needs to be recognised, but can you give me a sense of where you see things moving into the future with respect to R&D? I know there is a level of commitment there. I think there is—looking at the Productivity Commission review—a broad acceptance that there has been a reduction in R&D nationally and the discussion this morning about that aligning with the decline in productivity. Is there any formal direction that you are looking at at this stage in relation to that? *(AM answers then chair continues)*……

Even with our last witnesses, McCain, we were talking about the productivity of the potato industry, which is obviously significant in Tasmania. Yet the comments they are making about the global competitiveness of that part of the industry were of concern to me, particularly given the investment which comes through organisations such as TIAR into that productivity. Do you have any thoughts on that?

Mr McHugh : I need to take that on notice because I am not fully aware of the work TIAR is doing in the vegetable space. I appreciate McCain has funded McKinna research. We also commissioned our own research undertaken by some Tasmania based agricultural consultants which did compare the costs of production in Tasmania and New Zealand, looking just at farm level. It came up with similar findings I suspect to what McKinna found.

Answer: (Response Supplied by Tasmanian Institute of Agriculture (TIA) - Vegetable Centre)

Introduction:

Summarised below are R, D & E activities by TIA in potato, vegetable and allied industries– it is noted that the question was framed around potatoes, so this response is also initially concerned with potatoes. It is separated into three sections – (a) Research (b) Development and Extension, and (c) staffing. This is followed by similar comments for the vegetable and allied (poppy and pyrethrum industries), albeit in a little less detail, and a comment on the Food Safety Centre in TIA. This is not a comprehensive listing of all projects, but rather a summary into project types and groupings of projects.

Estimated expenditure on potato and vegetable RD&E by TIA's Vegetable Centre is approximately $3.7 m - $2 million from Tas. Govt. and University of Tasmania, $1.7 million in external funding, plus in kind by partners.

TIA expect this will increase by $0.5 million in 2012-13.

1. Potato R, D & E and Staffing by TIA

Research

1. Research projects in genetics and plant pathology eg. Common scab funded from potato levy funds through Horticulture Aust Ltd
    a. Purpose: improve disease control, increase productivity and marketability of potatoes
2. Potato component of controlled traffic projects funded from various sources - McCain taskforce, Horticulture Aust Ltd
    a. Purpose: Improve yield, reduce energy costs, better manage soils, improve productivity.
    b. Note: Also should be considered under Development and Extension, as some work is designed as D & E, not R.
3. Contract evaluation of potato cultivars (for McCain)
    a. Purpose: Provide an independent assessment of new potato cultivars for McCain
4. Potato germplasm maintenance
    a. Purpose: To maintain potato germplasm diversity for future potato breeding
    b. Note: This is part of a National collection, maintained in cooperation with VicSPA, Toolangi, Victoria
5. Jim Salinger, a National Climate Change Adaptation Research Fellow, is currently working with TIA in developing risk models for extreme rainfall events in Tasmania
    a. Purpose: develop tools to assess potential impact of extreme weather events (frequency, severity, impact) potato production.
6. TIA has applied for funding to measure GHG emissions from processed potato production in Tasmania (HAL, DAFF)
7. PhD in potato seed production – just completed
8. Biochar project – about to be funded by DAFF, in collaboration with CSIRO and other providers:
    a. Purpose: R & D on the use of biochar as a C mitigation product, field work to be in several crops and locations in Tasmania

Development and Extension

1. Alternative business structures funded by DEDTA has potato component and relevant to potato industry.
    a. Purpose: Understand farm business structures, consider alternative business structures, improve economic and financial performance of farm businesses

2. Potato component of controlled traffic projects funded from various sources - McCain taskforce, Horticulture Aust Ltd
    a. Purpose: Improve yield, reduce energy costs, better manage soils, improve productivity.
    b. Note: Also listed under Research, as a substantial proportion of the work is designed as applied Research.
3. Maintenance of liaison with-processors Simplot and McCain and packers Harvest Moon, Field Fresh, grower groups, Vegetable Council of TFGA;
    a. Purpose: Industry understanding, ensure R, D &E activities aligned to industry priorities.
4. Potato seed certification
    a. Purpose: to provide industry confidence of cultivars being true to type and free of diseases and other defects, according to National standards
    b. Note: Being placed on a commercial basis, rather than subsidised.
5. A recent series of workshops on management of Extreme Climate Events run by TIA and DPIWE focussed on Potatoes and examined the impact of climate change and weather events on potatoes
    a. Purpose: to guide future R, D & E activities in potatoes (and other vegetables)
6. Monitor industry trends and actions

    a. Purpose: to provide alerts to government on issues facing the industry.
7. Liaise with Tasmanian Agricultural Productivity Group (TAPG) on industry matters
    a. Purpose: As 3 above

Staffing

1. Recently appointed Horticultural scientist with responsibility for the potato and vegetable industries:
    a. Purpose: Increase R, D & E capacity of TIA
    b. Specifically to supply more R, D & E to the potato industry (extent of which will depend heavily on external funding)
2. Recently appointed Post Doctoral Fellow, who is likely to undertake some work in potatoes (depending on funding)
3. In total, staff commitment is about 3 – 3.5 full time equivalent academic staff plus about 2 – 2.5 full time equivalent technical staff and a number of research higher degree (MAgrSc, PhD) students are currently devoted to potato work, this varies according to funding availability and balance of work commitments, but a deliberate decision has been made to increase availability of staff for R, D & E in the potato industry, though this can only occur if supported with adequate funding from external sources such as HAL, ARC and commercial (industry direct funding or voluntary contributions) sources.

2. <u>Vegetables</u> and Allied Industries R, D & E and Staffing by TIA

Research

1. Research projects in genetics and plant pathology in poppies, and pyrethrum an beans funded by for example HAL, Tas Alkaloids, BRA
    a. Purpose: improve disease control, increase productivity of crops
2. Precision irrigation project (funded by HAL)
    a. Purpose assess impact on water and energy use by precision control of irrigation water application
    b. Improve water and energy productivity
    c. Note: Project done in vegetables, but principles will apply to potatoes
3. Value Chain Analysis:
    a. Purpose: to understand the distribution of value among value chain participants
    b. Purpose: to provide guidance to focus of future research in production (inside farm gate) and beyond farm gate components of the value chain
4. Vegetable and allied crops component of controlled traffic projects funded from various sources – funded by, for example HAL, BRA
    a. Purpose: Improve yield, reduce energy costs, better manage soils, improve productivity.
    b. Note: Also should be considered under Development and Extension, as some work is designed as D & E, not R.
5. Contract evaluation of bean and pea cultivars (for various international vegetable seed companies)
    a. Purpose: Provide an independent assessment of new cultivars as part of multi-site, multi national programs
6. Vegetable seed production research
    a. Purpose: Improve efficiency of production of vegetable seed
    b. Note: Funded largely by international seed companies eg Kijk Zwaan of the Netherlands

7. Jim Salinger, a National Climate Change Adaptation Research Fellow, is currently working with TIA in developing risk models for extreme rainfall events in Tasmania
    a. Purpose: develop tools to assess potential impact of extreme weather events (frequency, severity, impact).
    b. Note: Focussed on potatoes, but relevant to vegetable industries as well
8. PhD in vegetable seed production – just completed
9. Biochar project – about to be funded by DAFF, in collaboration with CSIRO and other providers:
    a. Purpose: R & D on the use of biochar as a C mitigation product, field work to be in several crops and locations in Tasmania
10. Entomological research: several projects focussing on entomology, including integrated pest management, disease transmission.

Development and Extension

1. Alternative business structures funded by DEDTA has vegetable industry component and relevant to potato industry.
    b. Purpose: Understand farm business structures, consider alternative business structures, improve economic and financial performance of farm businesses
2. Vegetable component of controlled traffic projects funded from various sources - McCain taskforce, Horticulture Aust Ltd
    a. Purpose: Improve yield, reduce energy costs, better manage soils, improve productivity.
    b. Note: Also listed under Research, as a substantial proportion of the work is designed as applied Research.
2. Maintenance of liaison with-processors Simplot and McCain and packers Harvest Moon, Field Fresh, grower groups, Vegetable Council of TFGA;
3. Purpose: Industry understanding, ensure R, D &E activities aligned to industry priorities.A recent series of workshops on management of Extreme Climate Events run by TIA and DPIWE focussed on Potatoes and examined the impact of climate change and weather events on potatoes, but principles should be able to be extended to vegetables and allied crops
    a. Purpose: to guide future R, D & E activities in potatoes (and other vegetables)
4. Monitor industry trends and actions
    a. Purpose: to provide alerts to government on issues facing the industry.
5. Liaise with Tasmanian Agricultural Productivity Group (TAPG) on industry matters
    a. Purpose: As 3 above

Staffing

11. Recently appointed Horticultural scientist with responsibility for the potato and vegetable industries:
    a. Purpose: Increase R, D & E capacity of TIA
12. Recently appointed Post Doctoral Fellow, who is likely to undertake work in vegetables, allied crops and potatoes(the balance of commitment depending on funding)
13. In total, staff commitment is about 6.5 to 7.5 full time equivalent academic staff plus about 5 full time equivalent technical staff and a number of research higher degree students (MAgrSc, PhD) are currently devoted to work in vegetable and allied industries. This varies according to funding availability and balance of work commitments, the balance among industries funding from external sources such as HAL, ARC and commercial (industry direct funding or voluntary contributions) sources.

3. Food Safety Centre, TIA

The Food Safety Centre in TIA provides a substantial amount of research on Food Safety, information can be gained from TIA's website or contacting the Centre directly.

http://www.tia.tas.edu.au/vegetables

Colin Birch, Leader, Vegetable Centre, TIA, 9/5/12

Question Two

Senator URQUHART: I took it to be a bit broader than freight and to be in terms of policy discussions about a whole range of issues they were concerned about in terms of the regulatory framework and the pressure that then puts down onto growers to remain in the industry. We then heard from Simplot about the age of farmers—how they are ageing. Obviously there is not a lot of incentive for young people to go into farming. Can you just outline some issues that the department has in relation to trying to encourage some of those younger people to either stay on the land or go into farming?

Mr McHugh : The TFGA has developed a skills plan for agriculture which has been supported by government. That is one mechanism where we are certainly allowing them to take the lead, but providing some support. I mentioned before the career opportunities being promoted particularly in the dairying industry. Could you repeat the question, please, Senator?

Senator URQUHART: Basically, what sort of assistance has the department offered? Simplot were talking about farmers and the age of farmers and saying that there is not a lot of incentive or drive from younger farmers, whether it be the family or other, younger people coming into that industry, and a lack of education around those sorts of things—education to the community in general about the role that farmers play. What sort of a role is the department actually playing in those sorts of issues?

Mr McHugh : Anything around skills development is generally being driven out of Skills Tasmania and the funding that they have made available across a raft of tertiary institutions.

Senator URQUHART: How much of that is dedicated to agriculture and the food-processing industry?

Mr McHugh : I could not tell you off the top of my head. I would have to take that on notice.

Senator URQUHART: Would you be able to provide that notice?

Mr McHugh : Yes, that will be fine. Skills Tasmania are the conduit through which applications are made for skills funding and they are the organisation which funnels out that training funding.

Answer:

Recent good seasons, advances in technology and relatively high prices for many agricultural products are making careers in agriculture more stimulating and rewarding than many people

realize. The industry, supported by government need to push this message and ensure it is picked up by people making training and career decisions.

Skills Tasmania is the Tasmanian Government agency responsible for:

- planning, purchasing and supporting the delivery of vocational education and training (VET) services for Tasmania;
- the development of policy advice for skills development;
- promotion of industry investment in training; and
- the development, regulation and administration of apprenticeships/traineeships and other State funded skills development programs in Tasmania.

The Tasmanian Skills Strategy guides government investment in skills development to match the need of Tasmania's economy.

At an industry sector level, *The Agriculture Industry Skills Plan: Agriculture October 2011 – June 2014* 'sets the workforce development and planning priorities for and commitments from the agriculture industry for the next three years. It was developed by the Tasmanian Farmers and Graziers Association (TFGA) through consultation across industry during May and June 2011 to determine the industry's priorities for actions to address labour supply and skills shortages. The Plan was funded by Skills Tasmania …. The scope of this Skills Plan covers the breadth and diversity of occupations and careers associated with the industry, including:

- production (e.g. on-farm)
- processing (e.g. beyond farm gate)
- natural resource management (e.g. catchments and regions)
- marketing
- research, development and extension
- governance and policy.'[1]

Ensuring that the industry is attractive for new entrants and that clear entry pathways exist are issues addressed by the strategy. The Plan also recognises the need to engage with food processors and the importance of building positive perceptions of agriculture in schools. Skills Tasmania funded The Plan at a cost $33 000.

Skills Tasmania also administers workforce training programs such as the Productivity Places Program, which aims to increase the number of workers with higher qualifications and reduce the number without qualifications. Skills Tasmania advises that it has provided funding assistance for training for a number of Tasmanian food processing businesses, including McCain.

Skills Tasmania also funded the development of a Dairy Industry Skills Strategy in 2009 ($4784). This strategy is currently being rolled out by DairyTas with support from Dairy Australia (through the National Centre for Dairy Education (NCDEA)), DEDTA and additional financial assistance from Skills Tasmania.

DEDTA is responsible for overseeing the implementation of The Tasmanian Government's Economic Development Plan which integrates Skills, Infrastructure and Fiscal Strategies to focus government

[1] The Agriculture Industry Skills Plan: Agriculture October 2011 – June 2014, page 1 < http://www.skills.tas.gov.au/providers/industryadvice/training_demand_profiles >

effort and resources to priority areas of the economy, such as agriculture and associated downstream processing.

Other State government initiatives to foster skills development in agriculture and agriculture processing (as well as other areas of the economy) include:

- Co-funding 10 scholarships for Masters in Agricultural Innovation ($200 000 over four years), with preference given to those already working in food manufacturing
- Raising the profile of and promoting the diversity of career opportunities in agribusiness (including processing) through video profiles posted on *youtube* (approx. $25 000)
- DEDTA's Enterprise Development unit provides information and resources to assist individual businesses (including those in agriculture and processing) with planning and capability building, including training and skills development, through specific programs such as The Employer of Choice programs which encourages employers to develop and implement strategies for attracting, developing and retaining key staff. Also the $120 000 Business Ready initiative will deliver skills development and range of other tools for established enterprises across Tasmania through workshops, coaching and online suppt.
- Continued funding for Enterprise Centres and Business Mentoring ($900 000) which will include delivering training to start-up businesses.

Question Three

Senator URQUHART: What about the Department of Economic Development in terms of trying to promote? Is there any promotion coming from the department to encourage people to go into food processing whether it be new enterprises or existing enterprises and people going into those industries to provide that support to those industries?

Mr McHugh : No, not within our department, per se, but as I said we encourage organisations that are seeking training assistance to go through what is now the official conduit for skills.

Senator URQUHART: Given that Tasmania over the last few years as touted itself as being the food bowl of the nation, and that has been a real drive, do you see that there is a role for the Department of Economic Development in actually promoting that and pushing that further?

Mr McHugh : Potentially, yes, I would acknowledge that. But, as I said, a lot of the department's focus has been more primary production based because that is where we are hearing the most consistent feedback about labour and skills shortages and concerns about the next generation coming through.

Senator URQUHART: But I guess primary producing is the first step of food processors so, is there any sort of plan to link that together and push that further?

Mr McHugh : I would have to take that on notice.

Answer: See answer to Question 2

Question Four

Senator EDWARDS: In the department's submission there is a discussion about AQIS and the quality assurance standards and the crossovers and the inefficiencies. If you read between the lines you are actually quite critical of inefficiencies. Then when it translates to export arrangements, the costs, which other countries do not have to worry about when they come to Australia and things like that. What dialogue does the department have with the federal department of DAFF to say, 'Hey, we're hearing all this anecdotally and we can see it in its evidence.' What is the department doing about jerking DAFF into some kind of focus on what we hear and you in your submission have outlined is a significant impost from a cost point of view to Australian producers and exporters?

Mr McHugh : I understand that the department is in regular contact with DAFF but I have not been privy to any of those conversations. I am afraid I would have to take that one on notice.

Senator EDWARDS: I am just interested to know. You raised it as an issue. We see it as an issue. Who the hell is doing something about it, and what are you doing about it?

Mr McHugh : We will take that on notice.

Answer:
The DEDTA submission was substantially based on input from the TAPG and in relation to biosecurity states:

> 'While it is vital to maintain disease freedom for as long as possible the regulatory burden of maintaining biosecurity standards must be recognised. Industry representatives advocate for a review of the Australian Quarantine and Inspection Service processes to streamline its systems and to remove duplication and inefficiencies.
>
> A further concern of industry is that it will have to pay for AQIS' functions as it moves to a cost recovery approach. TAPG Board members believe that many QA functions achieve the same results as AQIS and that the government should explore systems to reduce duplication and adopt an outcome approach to compliance (for example, where a QA requirement and AQIS regulation are the same, then AQIS recognises that and accept its standards as met) ……
>
> Industry frequently identify the high costs in meeting export accreditation and rigorous certification processes as a major barrier to trade, especially when competing with product originating in countries where certification standards are minimal.'

DEDTA is aware of the Ministerial taskforce and review of AQIS fees which we hope will directly address concerns raised by Tasmanian businesses, particularly fruit growers who export to 'protocol' countries (such as Taiwan, Japan and South Korea).

Fruit Growers Tasmania was represented on the Steering Committee advising Minster Ludwig on AQIS fee reform and remains in regular contact with DAFF, The Minister's office and Tasmanian based federal politicians on this issue.

Within the Tasmanian Government, The Department of Primary Industries, Water and Environment's (DPIPWE) Biosecurity and Product Integrity Division is the principal point of contact on this issue.

The Tasmanian government is monitoring the issue and awaits the finalisation of the new AQIS export fee regime.