



Chairman's Annual Report 2013

- **Welcome to the 25th AGM of the Tasmanian Agricultural Productivity Group.**

Acknowledgments

- **Politicians: Richard Colbeck, Rene Hidding, Greg Hall, Jeremy Rockliff, Michael Gaffney, Eric Hutchinson, Adam Brooks**
- **Speakers: Tim Reid, Lucy Gregg, Frances Bender**
- **Fellow TAPG Directors, TAPG Members, Departmental Representatives, other guests**

TAPG directly represents the industry processing and related agri-business service providers. It is registered with ASIC as a not for profit company and is governed by an elected Board who volunteer their service. The Articles of Association require that members of the Board represent the various sectors that comprise the overall agricultural industry. This requirement ensures that the Board consistently takes a “whole of supply chain” approach when considering the matters before it.

No other representative group in Tasmania attempts to maintain this breadth of view when considering policy and practice in the agricultural industry.

Current representation within these categories ranges from large multi-national companies through wholly Tasmanian companies to individual farming business owners. All Directors are required to represent their “sector” rather than the specific interests/policies of the company for whom they work.

This elaboration of our governance structure is important in understanding the breadth, quality and overall neutrality of consideration that the Board provides when discussing emerging issues, government policy and regulatory proposals within the Tasmanian Agricultural environment.

The result of this year's call for nominations has further strengthened what was already an excellent Board. Rosie MacKinnon will become one of two representatives for the Primary Production Sector. Rosie is an owner/director

of Tas. Natural Garlic operating out of Mouquet Farm at Hagley. Of equal importance is the networking she provides as an executive member of Tasmanian Women in Agriculture. Further, a currently vacant “Agri-business Marketing” position has been created by the Board to ensure that we continue to fully encompass the “whole of supply chain” overview already mentioned.

It is pleasing to see direct Dairy Company representation return to the Board through the appointment of Roger Kay from Fonterra. International companies are understandably cautious about being represented on groups such as TAPG but, again, it is an endorsement of our professional, non-denominational approach to the representative role that has allayed such concerns.

While strictly speaking Allan Barr will join the Board in the “Regulatory Affairs” portfolio his huge experience across most agricultural issues will see him provide valuable depth to our consideration of all topics.

Rodney McLaren from McCains has already joined the Board during the past few months. He manages the Smithton plant and like all our Directors brings a level of general agricultural experience that surpasses the narrow definition of his “processed food” portfolio. This breadth of knowledge and wide interest in all matters agricultural are readily apparent in the contributions that Rodney has made at the Board table thus far.

Peter Hardman is another icon of the processed food sector on the NW Coast where he works for McCains. He is one of the founding members of Potatoes Tasmania and is currently it’s “spokesperson”. Peter has a wealth of knowledge regarding the vegetable industry in Tasmania together with an extensive network of colleagues across all sectors. He will be a worthy replacement for retiring past chairman Les Murdoch whom I will speak more about in a moment.

While TAPG welcomes all these new Directors it is with gratitude and some degree of sadness that we farewell others who have made a wonderful contribution:

- Andrew Heap has represented the Primary Production sector for the past two years alongside his role with TFGA. Changes in Andrew’s work situation have dictated that he not re-nominate for a second term.

Andrew is a thorough researcher who is also a fierce advocate for all of the supply chain. The breadth of his view combined with his passionate advocacy will be greatly missed and we wish him well for the future.

- Mark Smith responded to a request from the Board to serve as a Director when it was recognised that TAPG no longer had any direct representation from the Dairy sector. Mark provided this linkage for us with his trademark commitment to task and fearless advocacy for his sector. In completing his term Mark now occupies a unique position in the history of TAPG in that he also served as its Executive Officer before moving full-time to his present position. Mark has very graciously stood aside from re-nominating when he became aware that a dairy company representative was likely to nominate. We look forward to continuing our close association with Mark and Dairy Tas.
- Peter Wilkinson has served for two terms as a Director since 2009. This has been a time when his special knowledge in the area of Regulatory Affairs related to Chemicals has been instrumental in assisting the Board through the complexities associated with both the State's "Aerial and Ground Spraying Regulations" and the Federal Government's "Agricultural and Veterinary Chemical Regulations". The leading role played by TAPG in these discussions together with resultant submissions to the respective governments owes a great deal to Peter's input. His good humour and thought provoking input to our Board meetings will be missed by his colleagues.
- Les Murdoch was first appointed to the Board on the 1 November, 1997 and has served continuously since that date. Les represented the processed food sector working firstly for McCains and most recently with Simplot. Les has twice served as Chairman of TAPG most recently in the period 2010 – 2012. He was instrumental in the formation of the TAPG standing committee: "Potatoes Tasmania". This group is critically involved in all issues associated with bio-security in the potato industry and work collaboratively with TIA, the State Government and other related industry groups. Les has mentored many new Directors over his time on the Board and, combined with his insight and persistence, he will be greatly missed. The Board will be inviting Les to a meeting in

the near future where he will be presented with an appropriate memento to recognise his outstanding contribution.

As you can clearly see we will be going into the New Year with a very different line-up of Directors but we are confident that we have “recruited” exceptionally well and members can expect a continuation of our agenda with new enthusiasm. It is a timely to note that this is only going to be possible thanks to the generous support of the member companies who agreed to the new fee structure circulated for approval at the beginning of the year. Your expression of support in this way was greatly appreciated and provided great stimulus to the Board. To all of you who have helped in this manner I offer my thanks on behalf of the Board.

From the general agricultural community’s point of view TAPG’s most notable activity this past year was the Mid-Winter Industry Forum conducted in partnership with the Tasmanian Division of the Ag. Institute of Australia. This partnership was a very appropriate fit for us as our underlying premise when considering agricultural policy and regulation is that any decisions should be based on good science. At a more practical level the committee representatives from both groups blended harmoniously to develop a praiseworthy program that was well delivered. I believe both groups learnt a great deal from each other and there are definite opportunities for this alliance to be repeated in the future.

An oft repeated strategy of TAPG is to observe those industry groups whose purposes align closely with ours on any given topic. Once identified; we seek to join these groups and help pursue their particular agenda. Not only does this guarantee genuine industry networking but also allows us to stretch our influence across a broad range of issues that we could not afford to manage using just our own resources. To this end we have maintained our commitment to the following groups:

- Primary Industry Biosecurity Action Alliance
- Food Industry Advisory Committee
- Tasmanian Irrigation
- Dairy Tas.

Other significant liaisons included our recent work with the Poppy Industry on developing a proactive social media safety and education campaign in response to the coroner's report regarding the tragic death of a young man last year following the brewing of "poppy-tea".

TAPG accepted the responsibility of leading the PIBAA team that presented to the Senate Hearing in Hobart on the topic of Bio-security. We were able to successfully convene a Wastewater Forum where several of our larger company members were able to meet with the most senior officers in the new "single" water and sewerage corporation. This allowed for relevant and accurate information to be provided along with very frank responses from our members to be aired.

Our "Standing Committees" are a relatively recent innovation. These are formed at member request where it is felt a unified approach to shared problems is warranted. TAPG provides executive and accounting support within an audited framework. As the groups operate under the TAPG umbrella the Board exercises oversight of the groups by monitoring their activities through reports presented at each Board Meeting. The Fresh Vegetable Marketing Group and Potatoes Tasmania are the two groups currently operating. Other interested members may access a similar service by contacting our Executive Officer.

In July a TAPG delegation of Directors and Members were guests of the Launceston City Council. We met with George Iwan Marantika, Vice Chairman Australia & New Zealand Committee of the Indonesian Chamber of Commerce and Industry. The freight issue was discussed at length as a subset of possible future trade opportunities. There appear to be huge market possibilities opening up that our companies might be able to take advantage of. We continue to liaise with relevant authorities in support of this initiative. Our thanks are extended to Bruce Williams, who is our guest today, for including us in these important discussions. The Board will follow these developments with close interest.

A key function for TAPG is in representing the processing industry to government. During the past few months we have consulted widely with members and other industry representative groups including Croplife

Australia. Following all of these inputs and intense Board meeting scrutiny we have developed our own responses to both the GMO Review and the Freight Inquiry. It is a characteristic of all TAPG submissions that we focus on the broad issues within a topic. We are always mindful that our individual company members will pursue those details closest to their own corporate objectives. Our success in providing these balanced reviews of highly contentious subjects while respecting the often diverse views of our membership is a tribute to the work of the Board in identifying those common elements that are crucial to the development of the agricultural industry in Tasmania.

It is pleasing to acknowledge the broad vision displayed by our companies. An example of this has been TAPG's steadfast support for all of the work surrounding caring for our soils that we have been involved with for the past five years. Our companies have paid for seminars and field days on soil compaction, industry forums on controlled traffic farming, common wheel base discussions and a host of other supportive activities. In this work we have often partnered with both TIA and Cradle Coast NRM. This insight into the importance of our soils being the basic unit of currency in agriculture has driven much of TAPG's professional learning activity. The culmination of all this work was embodied in a Caring for Country Submission where the goal was to move to commercial scale production with all that we had learnt about CTF and sub-soil manuring. We were advised of our success in acquiring funding for the two year program only to have the money caught up in the "caretaker government conventions". The one million dollar project established critical links with many of the new irrigation schemes as it focussed on increasing vegetable production on the duplex soils found in much of the midlands. We wait to see what the new federal government will do with the Caring for Country projects.

As a nation of sports lovers Australians place great value in "playing by the rules". Indeed, we are so passionate about this aspect of sport that we can often be heard offering friendly advice to umpires on issues that we believe they may have missed!

In the great “game” of agriculture that is our focus today I believe the “umpires” who govern it need some of this “robust” Aussie advice. While many here would argue for more I will restrict myself to raising two issues.

- My first point concerns the frightening increase in the cost of overheads. The sporting parallel would be to imagine the uproar if all AFL clubs were advised today that their salary caps were to be halved for next season? Couldn’t happen! Ridiculous I hear you say. Well, my point is that we find equivalent examples of this kind of draconian action being announced every day in Agriculture. Some of our companies have provided confidential advice to the Board around the changed operational environment they now find themselves in.
- Let me quote some examples:
 - Did you know that the base hourly rate in Australia for food processing labour is \$26.82/hr? Compare to New Zealand at \$12.85/hr, compare to USA at \$14.57/hr, compare to Europe at \$16.11/hr, and finally compare to Thailand at \$1.25/hr
 - Did you know that weekend penalty rates in Australia mean that the base rate of \$26.82/hr is doubled? Compare to new Zealand where the base rate increases by \$0.85/hr, compare to the USA where the base rate stays a base rate – no penalty, compare to Europe where the base rate of \$16.11/hr is increased by a modest 50%, and finally compare to Thailand where there is no penalty rates.
 - Did you know that the rolled up weighted average hourly cost of human resources in Australia is \$51.50/hr?
 - How about utility cost movement in the past 5 years? Electricity up 34%, Gas up 14% and water up 52%.
 - Clearly this is an unsustainable trajectory!
- There simply must be a recognition that this can’t keep happening. Unless the public expectation regarding the price they pay for food is radically altered then the producers can’t keep absorbing these costs. I heard one bureaucratic representative commenting on the cost of wastewater treatment with the words: “well, if these companies don’t pay the real cost of treatment then everyone else will have to pay a proportion.” May I contend that this, in fact, could

be the way to deal with the issue? People don't want to radically increase the price they pay for food so perhaps they should help subsidise its production?

- Whatever the answer, it is fair to say that many companies are just keeping their heads above water and it won't take much more to be fully overrun by more competitive overseas processors. At a time when we hear lofty statements about the capacity of both Tasmania to once again be the "bread bowl" of Australia and for Australia itself to be a world player in the production of food we are not seeing legislation that will help to ensure this vision. It can be better described as constantly awarding a free kick to our overseas competitors!
- My second point is best introduced by reflecting on the "Bitter, Sweet" theme introduced into the speech by the Prime Minister of Australia when he symbolically ended our country's involvement in Afghanistan. Tony Abbott spoke of the loss of life as one of the "bitter" takeaways from the conflict. When you consider that a terrible percentage of these deaths were from so called "green on blue" attacks by supposedly friendly forces turning their weapons on our soldiers. This is treachery of the deadliest kind. However, you don't have to be gunned down to feel that the bitter, sweet analysis in our forest industry, for example. A perfect storm perhaps, global market conditions, foreign exchange, supply issues, but what about the continual attack of misinformation, distortion and radical activism of groups that have not only destroyed jobs and livelihoods for landowners, contractors, service providers and our extended community, but have also shattered the investment prospects for new jobs, in one of the worlds best fibre growing regions, with the best environmental regulatory protections, and what many would realise as one of our most truly sustainable industries. These groups have got to be held to account for their actions in the same way as all other sectors of our community. They are even given tax concessions as registered "not for profit" organisations that assists them to go out and destroy other people's livelihoods. This is not a fair go! This is not the Australian way! A level playing field must be restored!

Tasmanian agriculture is at a crossroads. We have a new federal government, we operate in a global marketplace that is evolving at an unprecedented rate, and markets are massively influenced by increasingly sensitive and informed consumers, for good and bad. The biggest certainly is things won't stay the same as they are now.....change is inevitable.

Tasmania needs leadership, Tasmania needs appropriate legislative frameworks. Tasmania needs innovative thinking to capitalise on our demanding but ever changing workplace...agriculture.