

Queensland's Agriculture Strategy

A 2040 vision to double the value of production

Discussion paper for consultation



This publication has been compiled by the Strategy and Coordination unit of the Agriculture and Forestry group, Department of Agriculture, Fisheries and Forestry.

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Foreword

The Queensland Government is committed to working with agri-businesses and the community to grow agriculture as one of the four pillars of the economy. This includes developing a 30 year Queensland Agriculture Strategy. This draft strategy begins the process of engaging stakeholders to develop a shared vision for Queensland agriculture.

Queensland's agriculture, fisheries and forestry industries have an estimated production value of \$14.7 billion. They employ over 90,000 people and earn over \$5.4 billion in exports. Queensland can only thrive in the long term if these industries are efficient, innovative, and profitable.

Queensland's agriculture, fisheries and forestry industries face major challenges including an uncertain global economy and high Australian dollar. They also face increasing production costs, competition for resources, biosecurity risks and seasonal variability. However, there are opportunities for significant growth. The global population is expected to increase from seven billion to almost nine billion by 2040, with greater affluence and growth of the middle class - particularly in Asia. Queensland is ideally placed to supply growing demand and contribute to global food security.

In light of these opportunities we have set an ambitious target to double Queensland's food and fibre production by 2040. To achieve this, we are taking a simple, coordinated approach to deliver what industry needs. We will maximise efforts across Government to address the fundamentals of growth: resource availability, productivity, markets, and production costs.

We have already started by creating a stand-alone Department of Agriculture, Fisheries and Forestry, recognising how important these industries are. We are committed to improving the agricultural workforce by developing skills and career pathways to fill current and projected shortages. We are refocusing agricultural research, development and extension to unlock greater productivity.

We are boosting biosecurity by revitalising frontline services. We have started the most comprehensive land audit in Queensland history. We will encourage growth by simplifying regulation and removing red tape, while acknowledging our responsibilities to produce safe and sustainable products.

The Queensland Government is undertaking broader initiatives to further improve the environment for the sector, including implementing Strategic Cropping Land legislation and helping to implement Reef Plan. We are reforming vegetation management legislation, addressing pressures on energy and water prices, and planning reforms to the land planning framework.

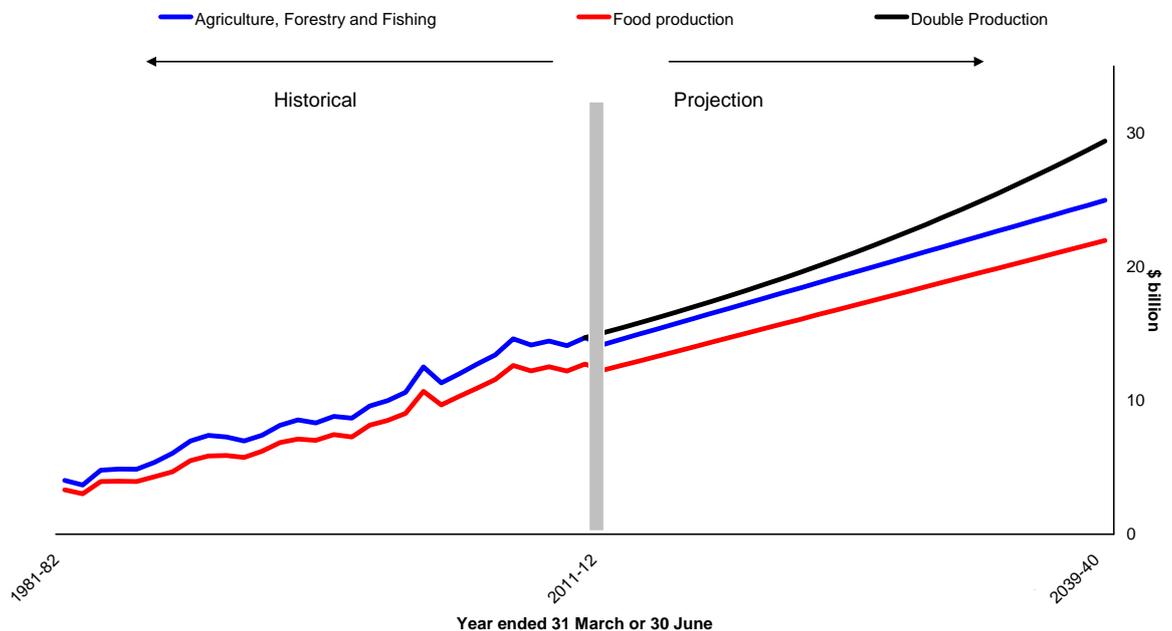
The challenge is for government and industry to keep taking the steps needed to drive agricultural productivity. Together we can grow agriculture as one of the four pillars of the Queensland economy and a significant food bowl for Asia.

Importance of agriculture to Queensland

Agriculture, fisheries and forestry are an integral part of Queensland's economy and social fabric. Collectively worth around \$14.7 billion, including first round processing, these industries employ over 90,000 people and contribute approximately 3 per cent to the Queensland economy.

Queensland's agricultural production has grown steadily over the past 30 years (**Figure 1**). Many commodities have doubled in value, taking into account the cycles of good and bad years. We aim to double the total value of production for all commodities, of which food is the biggest component.

Figure 1 Historical and projected gross value of food, agriculture, fisheries and forestry

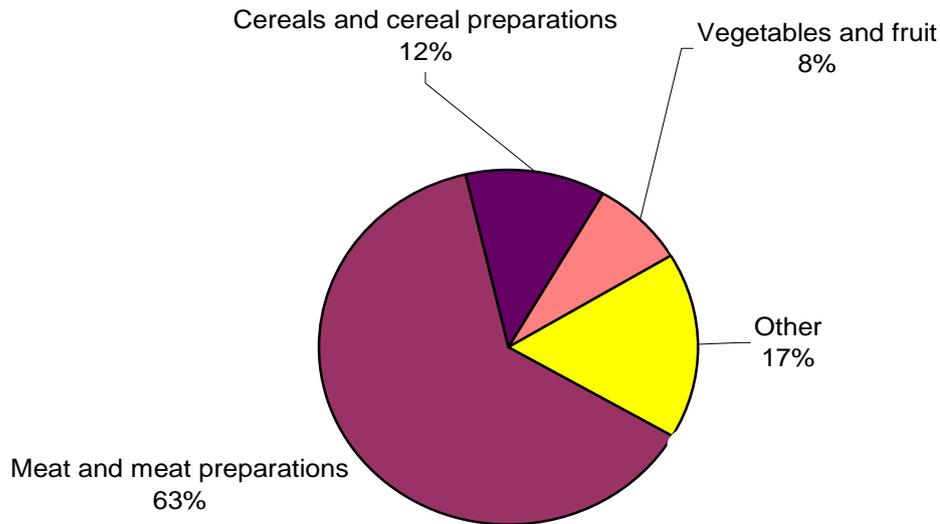


Source: ABS, cat. No.: 7503.0 Value of Agricultural Commodities Produced, Australia, Various Years; Projections by Author

However, given increased competition and finite resources, doubling the value of production over the next 30 years requires a level of productivity growth above the long-term average.

Queensland is a net exporter of agricultural produce, earning over \$5.4 billion in exports yearly (**Figure 2**). The long term success of Queensland's agriculture, fisheries and forestry industries depends on continued growth of global and domestic demand, and on access to world markets.

Figure 2 Queensland's major food and fibre exports by value in 2011-12¹



Source: OESR, Exports from Queensland and Australia to all countries, by commodity, value, 2011–12p, Accessed on 11 October 2012.

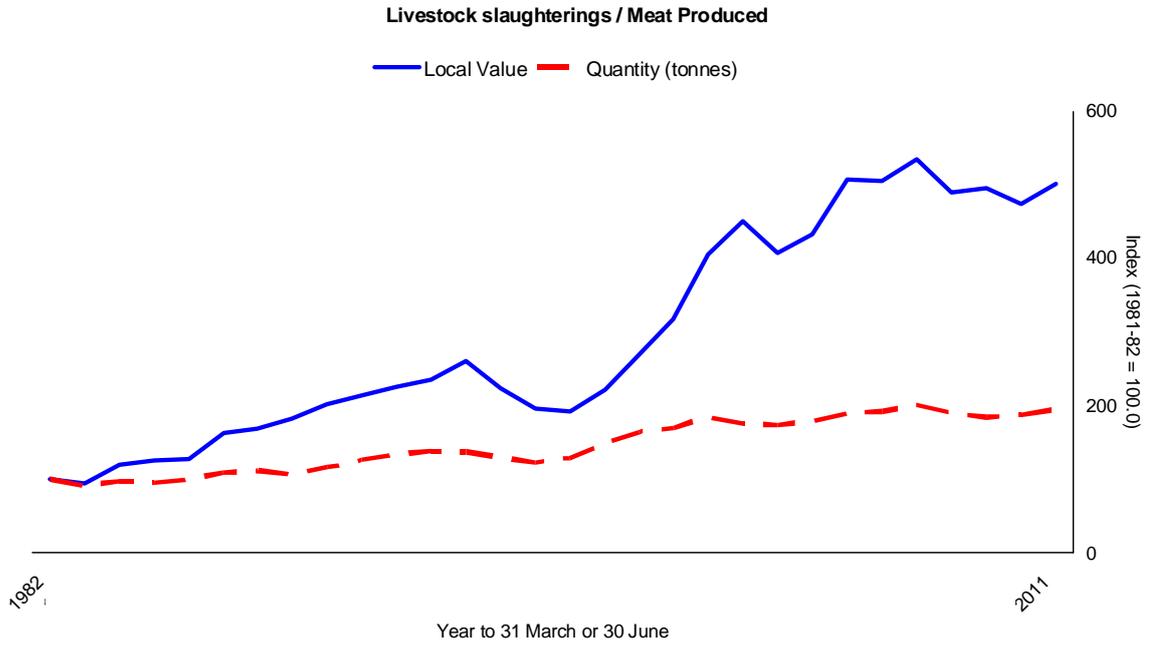
The gross value of production² per annum of Queensland's major agriculture, fisheries and forestry commodities includes:

- 1.3 million tonnes of quality meat, including beef and poultry, valued at \$5.5 billion (**Figure 3**)
- 27 million tonnes of broad-acre crops including sugar cane, wheat and sorghum, valued at \$3.1 billion (**Figure 3**)
- 0.3 million tonnes of quality vegetables for human consumption, mainly for our domestic market and valued at \$1.1 billion (**Figure 3**)
- 0.3 million tonnes of fruit and nuts including bananas, citrus, pomme fruits and avocados, valued at \$1.1 billion (**Figure 3**)
- Forestry and logging valued at \$573 million
- Finfish, crustaceans and molluscs (including aquaculture) valued at \$514 million.

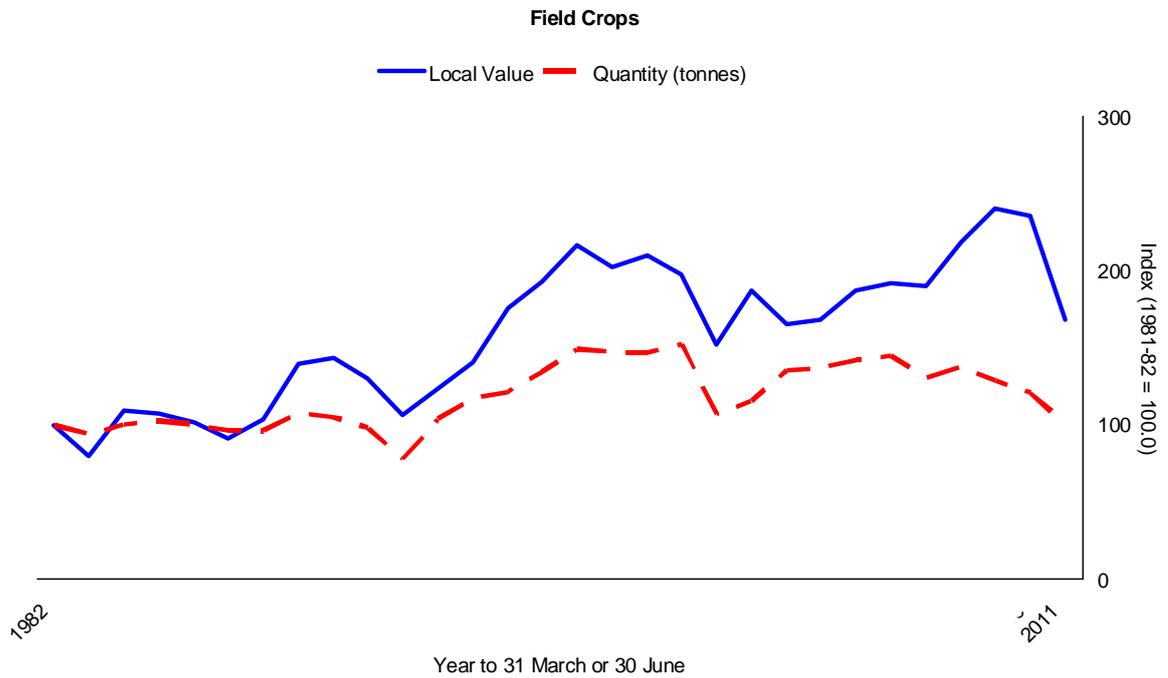
¹ "Other" includes feedstuffs (6 per cent), fisheries (3 per cent), sugar (3 per cent) and forestry (1 per cent).

² Figures include first round processing where appropriate

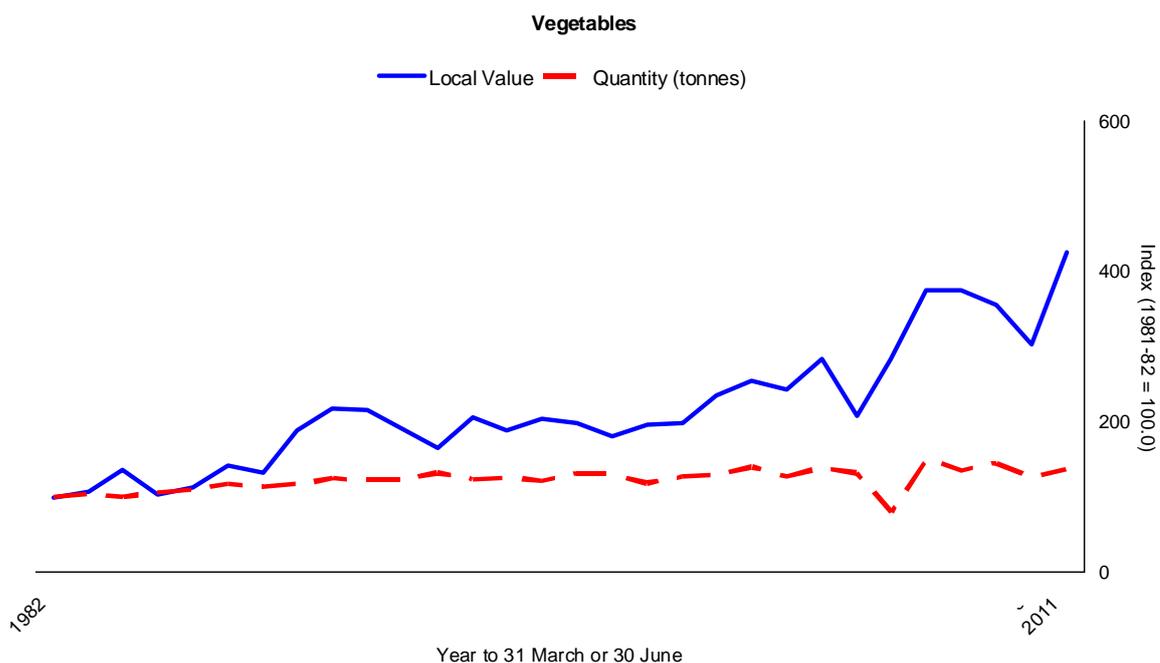
Figure 3 Value and volume of major agricultural categories for the past 30 years



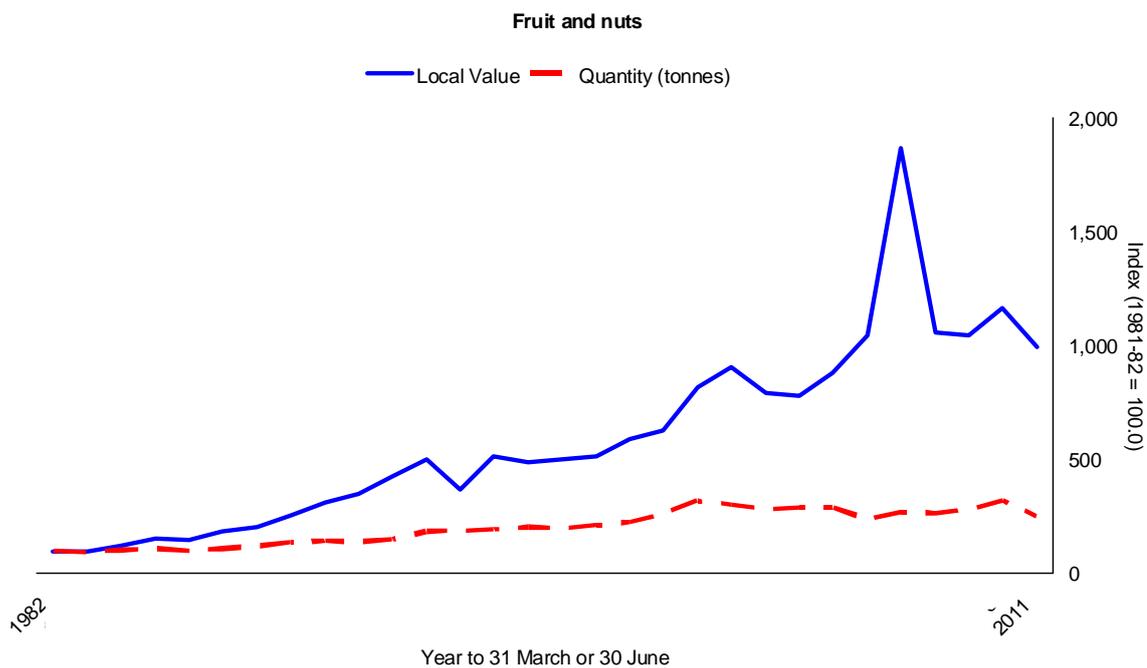
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Agriculture, fisheries and forestry also support an array of other industries throughout Queensland including logistics, processing, refrigerated storage, wholesale and retail. These industries are estimated to contribute over \$22 billion to our economy.

Primary producers are custodians of our precious natural resources. More than 90 per cent of the state is under some form of primary production, including extensive grazing, forestry and intensive agriculture. Queensland's waters support sustainable commercial fisheries and aquaculture which produce high value seafood. Looking after our natural resources provides the basis for continual improvement and increased production, ensuring our industries thrive for the long term.

Consultation question

How has the agriculture, fisheries and forestry sector changed since 1980?

Queensland agriculture in 2040

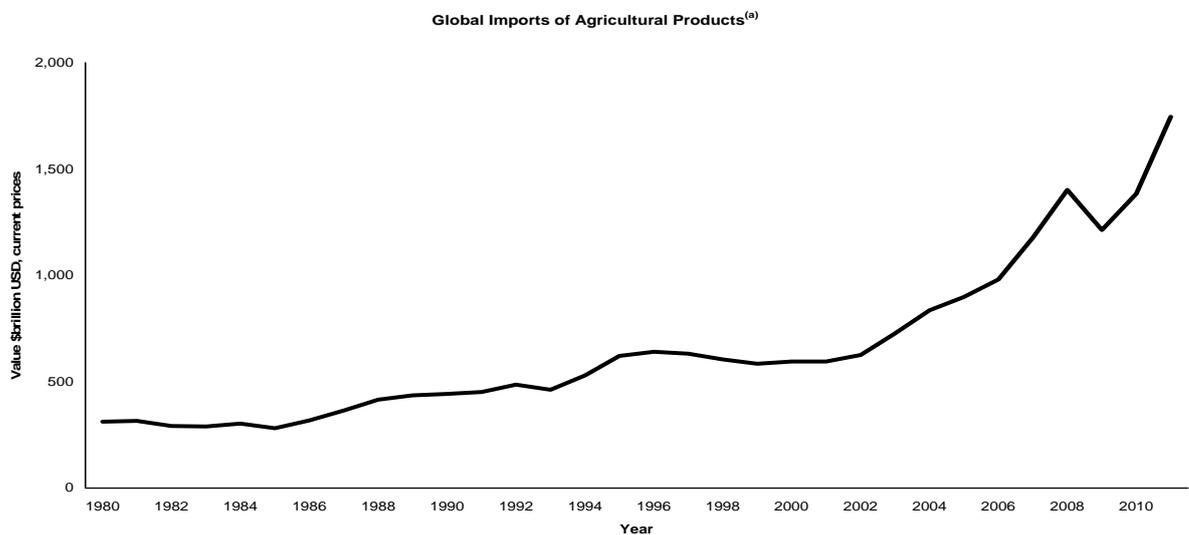
By 2040 Australia's population is forecast to have almost doubled to 31.3 million people. Our regions will be bigger and have better transport infrastructure, driven by large mining and gas industries. Regional economic growth will be supported by international export hubs including Gladstone. Queensland is forecast to contribute significantly to the projected 3 per cent growth per annum in national agricultural exports.

Export growth is being driven by population growth and growth in global trade (**Figure 4**). The world's population is expected to reach 8.8 billion by 2040. Nations including China, India, South-east Asia and Africa are becoming increasingly urbanised, wealthy and reliant on imported food. Asian consumers – our closest neighbours - are expected to account for over 40 per cent of global middle class consumption in the future.

The growing global middle class is changing the type of food consumed, with demand for meat, milk and eggs projected to rise significantly by 2040. This presents a significant opportunity to export Queensland's high value commodities including beef, wheat, legumes, dairy products, sheep meat and sugar.

Bulk commodities such as grains and sugar will be in higher demand both as food and renewable fuels.

Figure 4 Global imports of agricultural products³

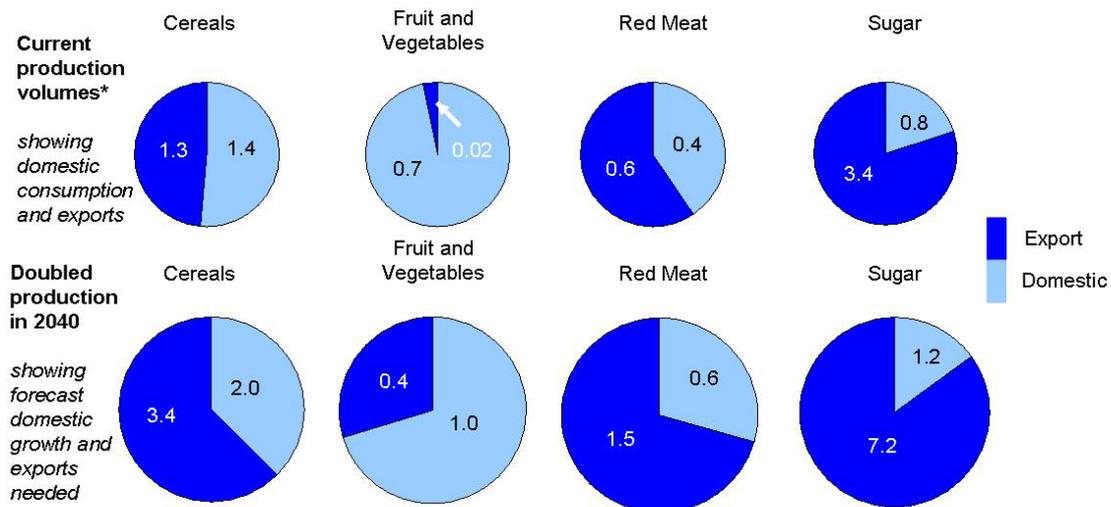


Domestic demand is also increasing and provides an opportunity to increase supply in some industries. Domestic produce already accounts for more than 90 per cent of the fresh fruit and vegetables, meat, milk and eggs consumed in Australia.

³ Imports are considered a true value of trade, and \$USD is an indicative global currency

Figure 5 shows the expected growth of key industries from domestic demand. While it is not meant to be predictive, the figure shows the challenges the sector is facing in doubling production. Fruit and vegetable industries could be supplying one million tonnes to the domestic market by 2040, about a third more than now. Domestic demand could also grow the red meat industry by 0.2 million tonnes, the sugar industry by 0.4 million tonnes and the cereal industry by 0.9 million tonnes.

Figure 5 Projected domestic market growth and exports needed to double production for key industries



*Volumes expressed in millions of tonnes
 *Source: DAFF projections based on data from ABARES and OESR

Figure 5 indicates that for many industries, growth in domestic demand alone will not support doubled production. Proactively establishing and expanding exports markets will be critical to meeting this target. While global demand is strong, Queensland's agricultural exports will face increased competition from the European Union and Brazil (beef and sugar), United States (beef and wheat), Eastern Europe (dairy products and wheat), New Zealand (dairy and sheep meat) and Thailand (sugar).

Consultation questions

How will demand for Queensland's agricultural products change over the next 30 years?

How can we supply this growing demand?

2040 Vision

2040 forecast	2040 vision to double production
<ul style="list-style-type: none">• Global population of over 8.8 billion• Increased domestic and export demand• Increasingly competitive global market• More Queenslanders, better connected by infrastructure and services	<ul style="list-style-type: none">• Competitive, export focused industries• Products and supply chains target markets• Infrastructure supports efficient production• Highly innovative, efficient and profitable industries harness advances in technology and management practices• Regulatory frameworks reduce costs and streamline business

To double the value of production by 2040 Queensland will be increasingly export focused, globally competitive, and able to supply the volumes demanded. Queensland has always relied on strengths in quality, safety and sustainability, but we also need to compete on price. To this end, Queensland will have more efficient and innovative domestic and export supply chains, supported by the right infrastructure and access to service hubs.

Queensland will be realising the full potential of its industry strengths. In particular, we will benefit from our world-class beef industry, which has the capacity to raise cattle on low cost, low input, sustainably managed extensive grazing systems and add value through feed-lots.

Economic development in regional areas, driven by the resource sector, will underpin efficient transport to domestic markets and export facilities. Queensland industries will be proactive in identifying market signals to take advantage of opportunities and attract new investment. Successful agri-businesses across the supply chain will continue to underpin our industries. However, vertical integration in business models and increased capital investment will be important for future growth.

Queensland will enhance its reputation for sustainable, healthy, quality products to meet market expectations, especially those of Europe and Asia. Increased global trade calls for a strong biosecurity framework to protect our enviable biosecurity status. Establishing and maintaining market access for our products will be an important part of export growth.

Queensland agri-businesses will harness a highly skilled workforce, innovative technologies and practices, and share knowledge through extension. We will be increasingly productive and resilient while sustaining the natural resource base as the foundation for long term profitability. We will be efficient in using natural resources, maximising production sustainably.

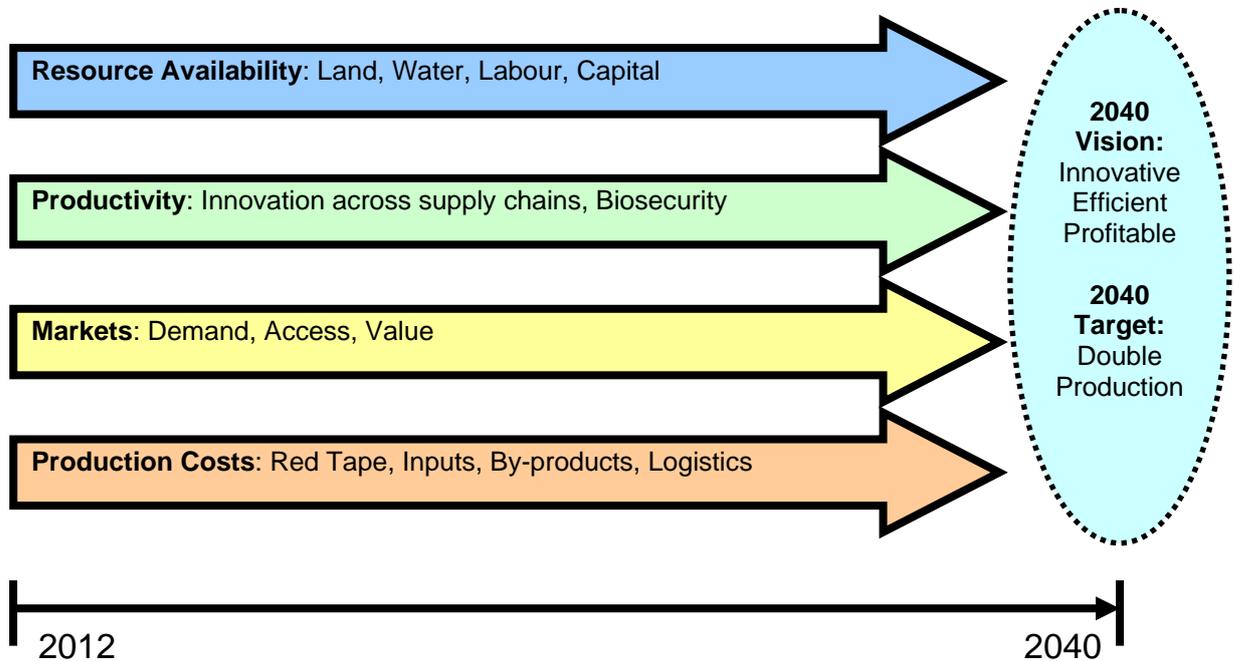
Regulation will be streamlined to enable long term growth, and our regulatory frameworks will facilitate industry development through mechanisms such as land-use planning and biosecurity management.

Pathways to double production

Four pathways are essential to doubling the value of Queensland's production by 2040. The Queensland Government will work with industry to address these pathways as key factors of production:

- increasing resource availability
- driving productivity growth
- focusing on our markets
- minimising costs of production.

Figure 6 Pathways to double production



The following section outlines the key drivers and the current government initiatives to double the value of production. In the longer term, the challenge is for government and industry to keep working together to identify incremental and strategic steps that will drive productivity.

Resource availability

Agricultural production relies on critical resources including land, water, labour and capital investment. Increasing production will require both better use of current resources and access to new resources.

More than 90% of Queensland is under some form of primary production. Grazing is the dominant land use at 85%. We have an opportunity to take advantage of under-developed land and water resources by identifying green field development sites and transitioning to more productive agricultural uses. We must continue to recognise the importance of sustainably managing and expanding the resource base as the foundation of industry growth.

Reliable water sources are essential to support the growth and diversification of agricultural production. Under-utilised irrigation reserves in some catchments, or new irrigation delivered by initiatives such as the North Queensland Irrigated Agriculture Strategy, can drive the expansion of irrigated pastures for grazing, broad acre cropping or horticulture. However, irrigation infrastructure comes at a cost. Effective water markets are increasingly important for prioritising water for the most productive long term uses.

Agriculture, fisheries and forestry industries compete for labour in rural and regional areas, particularly with the resources sector. Combined with an ageing workforce this could constrain future growth. With 4 million people expected to live outside Brisbane by 2040, we must continue to attract and retain Queenslanders who are passionate about agricultural careers, and give them the skills that a modern industry needs.

Capital investment supports and encourages growth. It relies on favourable market conditions and regulatory certainty that encourages business. Reducing red tape, streamlining regulation and promoting our industries' strengths and potential are critical for ongoing capital investment.

To ensure resource availability, the government is committed to:

- contributing \$3 million to the North Queensland Irrigated Agriculture Strategy
- a state-wide Agricultural Land Audit and protecting Strategic Cropping Land
- improving agriculture skills and career pathways including the development of a Horticulture Workforce Plan for the next three years, and the Agriculture, Fisheries and Forestry Skills Industry Advisory Group
- commencing a process to expand the range of uses for State-owned native forests, including apiary and sustainable timber
- representing agriculture as a State Interest in Statutory Regional Plans
- Parliamentary inquiries into Queensland agriculture and resource industries, and the future and continued relevance of government land tenure across the state.

Consultation question

How can we make the best use of resources?

Productivity

Productivity growth has always been important to the strength of the agriculture sector. However recent analysis indicates that productivity growth is slowing. To double production and ensure we remain a competitive supplier of food and fibre, we will need to lift productivity growth above the current long term average.

The key enablers of productivity growth are the development and adoption of innovation across the supply chain, underpinned by innovative research, development and extension (RD&E). Industry leaders are reaping the rewards of best practice management; however more tools are needed to inform better business decisions. Continued investment in RD&E leads to better genetics and production systems that can produce more from less and add value. It allows us to make better use of agricultural by-products to maximise revenue from production.

Effective extension and commercialisation models, both public and private, are proven to support productivity, biosecurity management and sustainable production. However, a modern and efficient workforce is also necessary for the adoption of innovation.

While government can initiate and facilitate RD&E, partnerships that pool resources are increasingly important to ensure industry innovation.

We must also continue to strengthen biosecurity systems to protect current production from known pests and diseases, and minimise the risk of future incursions that threaten long term productivity.

To drive productivity, the Government is committed to:

- implementing a research and development strategy
- investing \$2 million to improve extension and increase up-take of best practice
- providing an increase of \$4.6 million in funding over four years to BSES Limited for sugar RD&E to increase the productivity of Queensland's sugarcane industry
- the Northern Beef Research Alliance which will focus on research projects to improve the productivity and profitability of Queensland's beef industry
- working with Queensland's timber industry to develop a Timber Industry Plan
- commencing a \$9 million buyback of commercial Queensland net fishing licences aimed at improving economic viability, productivity and sustainability
- working with industry leaders through the Horticulture Industry Development Group and Beef Roundtable
- the Queensland Alliance for Agriculture and Food Innovation, a partnership with the University of Queensland.

Consultation question

How can we drive productivity?

Markets

Competition in domestic and international markets impacts on Queensland producers' bottom line. Commodity prices remain historically high, yet production costs in Queensland can undermine our international competitiveness and reduce the profits of agri-businesses. To lift profitability in the long term, we need to capitalise on wealthier and more discerning consumers who value safe, ethical and sustainable products.

Consumer-targeted research and development across the supply chain will inform the creation of new and improved products that meet customer needs, including increased health benefits and extended shelf life, as well as packaging and food safety requirements.

Post-farm processors including mills, meat works and dairies add value by turning basic commodities into higher value products that consumers want. New technologies will support this.

Queensland's disease-free status allows us to promote the safety of our products. We need to be on the forefront of biosecurity to ensure continued market access in an era of unprecedented global trade.

While government can help to create the right conditions and identify opportunities for value-adding, it will be industry innovation and a consumer focus that will ultimately add value. Industry can add value by working together along their supply chains to focus on consumers' needs.

To increase market share for Queensland produce, the government is committed to:

- maintaining biosecurity and food safety standards
- maintaining existing markets, and developing and capitalising on new markets through RD&E
- environmental stewardship credentials for forest, timber and fisheries products including a best management program to protect the Great Barrier Reef
- ongoing implementation of the Reef Plan initiatives.

Consultation question

What are the new market opportunities?

Production costs

Queensland producers continue to battle increasing production costs, including higher prices for inputs, which can negatively impact upon the profitability and viability of producers.

Maximising efficiencies by adopting the outputs of the latest research and development must remain a focus for industry. This research includes using by-products of production to reduce input costs, for example, using bagasse to power sugar processing and methane to produce heat and electricity.

Pests and diseases have a significant impact on Queensland agriculture. Wild dogs alone are estimated to cost \$33 million a year in livestock losses, disease spread and control. Queensland producers require better tools in the ongoing fight against pests and diseases so they can focus on growing their businesses.

Reduction of regulatory red tape is a priority for government. Red tape constrains growth by removing flexibility and adding costs. We need to create an environment conducive to business growth by removing unnecessary bureaucratic impediments.

Improved infrastructure including roads, rail and port facilities will save costs to industry. Long-term projects driven by expansion of the resources sector - including the Bruce Highway upgrade and improved infrastructure in the Mt Isa-Townsville corridor - will provide a legacy of infrastructure and regional growth. Producers need to capitalise on these opportunities to get their products to market as efficiently as possible.

To reduce production costs, the government is committed to:

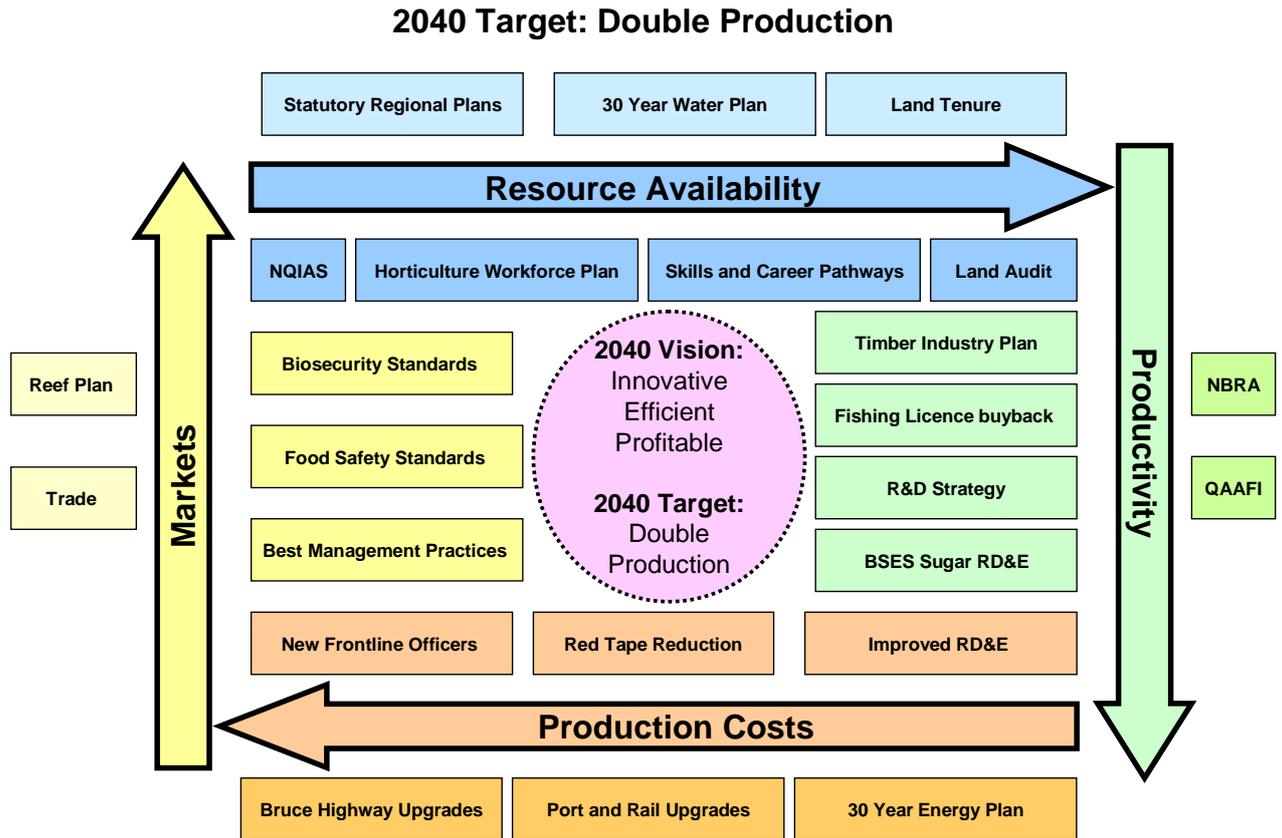
- a Parliamentary Inquiry to reduce red tape, including workplace health and safety
- developing 30 year plans for Queensland energy and water supply sectors, addressing cost pressures on energy and water prices
- employing 15 new frontline officers to strengthen Queensland's biosecurity to help producers combat ticks, weeds and feral pests
- improving RD&E to increase productivity and supply chain efficiencies
- facilitating new infrastructure to support agriculture, fisheries and forestry industries, including a long term strategy to upgrade the Bruce Highway
- improving transport efficiency for agriculture through future investment decisions
- promoting investment in a beef processing facility to reduce production costs in north west Queensland.

Consultation question

How can we reduce production costs?

Figure 7 outlines the current framework of initiatives by government and our partners assisting the long term growth of efficient, innovative and productive agricultural industries. The challenge is for government and industry to identify what else will be required to drive growth.

Figure 7 Pathways to double production in action



Note Figure 7 Abbreviations: QAAFI - Queensland Alliance for Agriculture and Food Alliance; NQIAS – North Queensland Irrigated Agriculture Strategy; NBRA – Northern Beef Research Alliance

Consultation question

What will be required to drive growth in the long term?

The way forward

The Queensland Government is committed to growing agriculture as one of the four pillars of the Queensland economy. We have set a clear and ambitious target to double production by 2040 and are determined to meet this commitment.

The Queensland Government is delivering a range of initiatives that will ensure productive and successful agriculture, fisheries and forestry industries that underpin vibrant regional communities. We are maximising efforts across government to address major challenges including resource competition, skills and labour shortages, competition for export markets, regulation, and red tape.

The development and delivery of Queensland's Agriculture Strategy will be an ongoing process to refocus and adjust government policies and programs to ensure government supports the growth and prosperity of the sector.

However, government's efforts alone will not achieve the target. Unlocking agriculture's growth potential requires the concerted and collaborative efforts of all levels of government, industry, researchers and communities. The Queensland Government is committed to working in partnership to achieve this target and realise our vision for agriculture, fisheries and forestry industries.

The first step to achieving long term growth will be the development of industry-specific action plans for the short, medium and long term. These plans, which will continue to evolve over time, will identify actions to address challenges and impediments to growth, and unlock opportunities for industry to grow.

Growing agriculture as one of the four pillars of the Queensland economy is vital to getting Queensland back on track. This process is under way with the development of this strategy, and with the government's investments to date. A prosperous long term future for Queensland's agriculture, fisheries and forestry industries is well and truly secure.

Have your say

The Queensland Government is seeking your input on the draft of Queensland's Agriculture Strategy. The closing date for submissions is **7 December**. Submissions can be made by:

Email: agstrategy@daff.qld.gov.au

Post:

Strategy & Coordination Unit
Department of Agriculture, Fisheries and Forestry
GPO Box 46, Brisbane, Qld 4001

For more information and to download the draft of Queensland's Agriculture Strategy, visit www.daff.qld.gov.au or call us on 13 25 23.

