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Norco Co-operative Ltd Pty

ARBN 009 717 417

Partially Confidential

Submission to House Standing Committee on Industry, Science and Resources
Inquiry into Food and Beverage
Manufacturing in Australia

Introduction

The House of Representatives Standing Committee on Industry, Science and Resources has presented an inquiry into Food and Beverage Manufacturing in Australia. The inquiry will look at opportunities for expanding innovation and value-adding in the food and beverage manufacturing industry in Australia. We thank the Australian Government for providing this opportunity to provide our feedback, and consulting with the industry. Below are Norco Co-operative responses to the Terms of References, and summarised recommendations.

Norco Co-operative Recommendations

Summary of recommendations are as follow.

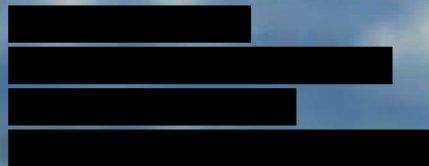
1. To support the Australian dairy manufacturers, consider a financing support in the form of a grant or finance scheme, to support the agriculture industry to advance their farming process, paying attention to decarbonising technology, to transition to a lower carbon economy system.
2. Consider financial support through grants to aid Australian co-operatives to achieve Australia's decarbonisation goals, targeting technology that uses carbon neutral fuel or those with significant impact to carbon reduction efforts.
3. Provide cost incentive for businesses to use food grade recycled material for food manufacturers to meet APCO Targets.
4. Provide infrastructure support for setting up facilities to manufacture sustainable packaging material within Australia, so that manufacturers could procure these material locally.
5. Provide greater infrastructure support across Australia for setting up facilities to recycle hard-to-recycle materials.
6. To solve for and support into efficient, reliable, and cost effective low or zero carbon power and transport solutions, to allow manufacturers to meet our 2050 Net zero goal.
7. Provide greater financial incentives for manufacturers to invest into low or zero carbon technologies that would also increase manufacturing efficiency.
8. A subsidy or incentive for an experienced qualified skilled person in the manufacturing space to move regional and work for a manufacturing organisation situated in those location.
9. Increase the number of seats for long term migration in visa 491 for overseas skilled workers to move into regional areas in Australia, and extending visa 482 to have regional focus.
10. Consider a training and development scholarship program targeted for regional Australia for organisations to develop and retain their future leaders.

About Norco Co-operative

Norco is a 100% Australian farmer owned dairy co-operative with 300+ active members on 180+ dairy farms in northern New South Wales and south east Queensland. Established in Byron Bay, New South Wales, Norco began in 1895, when a group of farmers gathered to discuss how they could come together to secure a better and more profitable future for the dairy farmers. 129 years later, Norco Co-operative is Australia's largest and oldest dairy co-operative committed to creating a sustainable farming future for generations to come.

Norco Co-operative manufacture fresh milk and frozen dessert in Lismore and Raleigh NSW, and Labrador QLD. We are known for producing one of the best quality milk in Australia and continue to strive towards making high quality standards and great tasting dairy. We also manufacture animal feed in Lismore NSW and Windaera Qld.

Norco's Contact



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Response to Terms of Reference

Response 1: Opportunities across both domestic and export markets for Australian manufactured products, including shifting consumer trends;

Norco Co-operative relies on our farmer members in Australia to supply us with their cow's milk, to produce great dairy product for Australians locally and for export internationally. Our business resilience is then dependent on consumer demand for our product. Nationally, Dairy Australia is actively promoting the dairy industry by educating the health benefits and quality of dairy products, and demonstrating the industry commitment to sustainability (Dairy Australia, 2023). Across the border, Australia exports approximately 30 per cent of our milk production (Department of Agriculture, Fisheries and Forestry, 2024). Australian exports make up a 5% share of the world dairy trade, which makes us the fourth-largest global exporter of dairy (Dingley, 2023).

In 2022, the Australian dairy industry has seen a 6.5% reduction in farm numbers and a 1.4% reduction in milk production (Dairy Australia, 2022). This is due to many factors, including but not limited to the aging workforce and retirement, increase operation and maintenance cost, keeping up with advancing technology as more efficient farms develop and naturally drive out farms that are older, less efficient, and more expensive to upkeep. In addition, compared to a beef and lamb producing farm, dairy farming is much more labour intensive and require more specialised equipment. To keep up with the rising cost and advancing technology, farmers need to invest in their process to stay in business and continue to supply milk to manufacturers. These investment are often costly, especially with the rising pressure of transitioning to a lower carbon economy system.

[REDACTED]

To support the Australian dairy manufacturers , we recommend the Australian Government to consider a similar financing support in the form of a grant or finance scheme, to support the agriculture industry to advance their farming process, paying attention to decarbonising technology, to transition to a lower carbon economy system.

Response 2: Approaches to circular economy, waste reduction and decarbonising, including packaging and food waste.

Australia has a legislated greenhouse gas emission reduction target of 43% below 2005 levels by 2030, and to zero by 2050. This requires the collective efforts of all carbon emitters to act upon the target and reduce carbon emissions within their own organisations. Norco Co-operative have committed to a reduction target [REDACTED] net zero by FY50, along with aligning our packaging targets with that from Australian Packaging Covenant Organisation (APCO).

Our decarbonisation approach includes measuring and reducing our manufacturing energy and water intensity. Innovative and carbon zero technology is key to a sustainable future. Not only do these technologies often come at a premium cost, they also require a large scale to be feasible and economical. As 100% farmers owned business, our co-operative business model means every cent in profits goes back to the Australian farmers. Our profits do not go towards overseas investors, and our goal is to increase our farmer members income. Any cost rebate from the government goes back to support Australians and Australia's economy. [REDACTED]

We urge the Australian government to consider financial support through grants to aid Australian co-operatives to achieve Australia's decarbonisation goals, targeting technology that uses carbon neutral fuel or those with significant impact to carbon reduction efforts.

Norco have adopted packaging goals aligned with APCO (Australian Packaging Covenant Organisation). Using recycled material and reducing waste to landfill are key components to promote circular economy. Our main product from manufacturing are fresh milk, and the largest waste component that are left from our consumers are the bottles. Norco have began our journey to use recycled material in our product, as can be seen in all our milk product in PET bottles are all made of recycled PET. [REDACTED]

[REDACTED] As demand rises amidst short supply, prices tend to increase. This poses a price premium for our organisation, and it becomes discouraging to implement across our entire business. A cost incentive or rebate would greatly relief the cost burden to organisations trying to use sustainable materials. **We recommend the Australian Government to provide some cost incentive for businesses to use food grade recycled material for food manufacturers to meet APCO Targets.**

[REDACTED]

[REDACTED] the carbon footprint associated with transporting products overseas, which undermines our goal of offering locally produced sustainable food. **We recommend the Australian Government to provide infrastructure support for setting up facilities to manufacture sustainable packaging material in Australia, so that manufacturers could procure these material locally.**

Norco Co-operative operates within regional Australia. These areas often have very limited access to innovative sustainable facilities such as recycled material suppliers, soft plastic recyclers, and landfill diversion units. To continue business operations, we are limited in our ability to access these facilities and resorted to using the monopolised waste suppliers in these remote areas. Often the case, it ends up cheaper to put waste into landfill instead of hauling waste across cities to the next available recycler facilities thousands of kilometres away. **We recommend the Australian Government to provide greater infrastructure support for setting up facilities to recycle hard-to-recycle materials.**

Response 3: Mechanisms for the Australian Government to support further innovation and sustainable growth in the sector.

A key input to manufacturing operation is electricity and fuel to run the facility and transport our manufactured goods to consumers. A common decarbonisation solution is to move away from petroleum based fuel and towards electrification such as electric vehicles, trucks and trailers. There are also other decarbonising solutions such as hydrogen and biofuel. Norco operates predominantly in northern NSW and south east QLD, with majority of our truck delivering our manufactured goods into regional parts of Australia. This relies greatly on the public infrastructure to supply fuel for our transportation vehicles. Currently, there are not enough low carbon solutions across Australia, especially in regional areas. We need to see more low or zero carbon infrastructure invested, so that manufacturing facilities in regional areas can access decarbonising transportation technology to move their goods to consumers. **We strongly urge the Australian Government to solve for and support into efficient, reliable, and cost effective low or zero carbon power and transport solutions, to allow manufacturers to meet our 2050 Net zero goal.**

We expect there would be an increase in electricity consumption across the country. According to AEMO forecasting data, the total electricity consumed will increase 6% in the next ten years. (AEMO, 2024). Increasing the country's energy demand with coal and petroleum gas is not the solution to ensure future energy security. With Australian Government carbon emission reduction goal, each state is moving towards decarbonising their electrical grid through solar, wind, hydro and other renewable energy. While this is a positive step change and efforts towards carbon reduction, the speed of which the Australian grid is transitioning towards green energy is not fast enough. To address climate change as a country and as an organisation, one of the most effective ways is by transforming our fossil fuel heavy electricity sector to one that is 100% renewable as fast as possible.

As an organisation, we can reduce our own carbon footprint by investing in renewables, energy recovery technology, and becoming a more energy efficient facility. These investments are often costly or the technology lacks scale to implement. **We would like the Australian Government to consider providing greater financial incentives for manufacturers to invest into low or zero carbon technologies that would also increase manufacturing efficiency.**

Response 4: Future workforce and skills needs.

Norco Co-operative manufacturing facilities operates within regional Australia. According to an ABS report in June 2022, nearly a third of employing businesses report having difficulty finding suitable staff to fill jobs. The ABS report also found 59% of applicants not having relevant experience, and 24% impacted by job location. (Australian Bureau of Statistics, 2022) This is something that our business resonates with greatly. With the increase of advanced technology such as robotics and automation, a high focus on manufacturing high quality and safe products, along with the need for an inclusive and positive work culture, comes a very specific set of both technical and soft skills required. [REDACTED]

[REDACTED]

We would like the Australian Government to consider a subsidy or incentive for an experienced qualified skilled person in the manufacturing space to move regional and work for a manufacturing organisation situated in those location.

Alternatively, another solution to skills shortage is migration. Specifically, moving migration away from the CBD area and into regional area for longer term. Not only would this improve and promote the skilled labour in regional area, it would take the overpopulation pressure off the city. The temporary skilled visa 482 does not have a requirement for going regional. The skilled migration pathway visa 491 also only have a limited number of seats each year. **We recommend for the Australian Government to increase the number of seats for long term migration in visa 491 for overseas skilled workers to move into regional areas in Australia, and also extending visa 482 to have regional focus.**

Norco Co-operative hires a number of young and promising employees who are eager to learn and take up new skills. Retaining such enthusiastic employees are often difficult as they often craves for more challenges and they end up moving closer to the CBD area to further advance their skillset and develop their career. To maintain a competitive advantage and retain talent, we need to consider the needs of these young starters. We need to offer career advancement opportunities within our organisation, various manufacturing skills and education, and leadership development. **We would like the Australian Government to consider a training and development scholarship program targeted for regional Australia for organisations to develop and retain their future leaders.**

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