

**SUPPLEMENTAL SUBMISSION  
TO THE SENATE EDUCATION,  
EMPLOYMENT, AND  
WORKPLACE RELATIONS  
COMMITTEES**

## **GROWING 'STRATEGIC' SOLUTIONS**

**THE SUPPLY OF INDUSTRY-READY  
GRADUATES AS THE GENESIS OF  
SUSTAINED AGRICULTURAL  
PRODUCTIVITY IMPROVEMENTS FOR  
AN INCREASINGLY HUNGRY WORLD**



**DUNCANSON & HASSELL**

**PRIMARY ADVOCATES PTY LTD**

**SUPPLEMENTAL SUBMISSION TO**

**THE SENATE EDUCATION, EMPLOYMENT, AND WORKPLACE RELATIONS COMMITTEES**

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## 2 EXECUTIVE SUMMARY

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This supplementary submission seeks to provide the Senate Inquiry into “*Higher education and skills training to support future demand in agriculture and agribusiness in Australia*” with a framework to enable further strategic analyses and the generation of ‘strategic’ options for action arising from the Inquiry. The framework has two key features:

1. Properly applied, their effect would be helpful in developing combined public policy development and private corporate strategizing for implementing a ‘combined’ optimal strategic positioning of Australia’s agribusiness sector within the wider global agribusiness industry. Consequently, it may be unwise to signal aspects of Australia’s ‘public’ competitive positioning intent that is derived from its use (should any subsequently arise). This is because it could be helpful in strategically positioning Australia in its global agribusiness marketplace from a competitive advantage point of view; and,
2. The concepts herein are part of more advanced proprietary methods of PRIMARY ADVOCATES PTY LTD. Advanced aspects of the method can be outlined to the Committee if requested.

This supplement to our earlier submission [Submission 20 ( Primary Advocates Pty Ltd, 7 November 2011)] does not seek to analyse the content, propose solutions or recommendations made by the other submissions, it merely seeks to present another way to consider them, and to help simplify a very complex industry (Australia’s 2<sup>nd</sup> largest industry). This may help the Senate Committee to devise further solutions and recommendations.

As a result of our firm using the methods outlined within, a number of other strategies have been identified and recommendations arising from them are made herein; our most important additional observations are:

- ▲ The agribusiness wealth-creating system does not see itself as a value-creating ‘system’ (despite value-chain concepts being in existence for 30+ years). Only a small part of the sector is addressed by ambit of all submissions, and in the main, nearly all submissions do not address a holistic, sector-wide systems-approach to the full scope of contemporary agribusiness in Australia today.
- ▲ There are no submissions from the consumer end or the value-chain whatsoever; this demonstrates better than anything else that consumers, or their representatives groups, do not ‘see’ the system that feeds them. This includes food manufacturers, retailers, and consumers (and their peak groups).
- ▲ There are hardly any submissions from:
  - a. Private sector firms;
  - b. Government bodies (one would have reasonably expected more submissions from state government departments of agriculture, education, and or training at the very least);
  - c. Many other relevant peak industry bodies [e.g. ACCI (Chambers of Commerce), AIG (Industry), Fishing, Forestry, Road Transport and Food-Chain Logistics groups, etc.].

### NATURE OF FURTHER RECOMMENDATIONS

*“That this Inquiry be extended for sufficient time to allow for further submissions to be invited from a wider range of key agribusiness organisations<sup>1</sup> important to ensuring optimal strategic outcomes in the national interest”.*

If Australia is to compete in the world’s largest industry, then the entire agribusiness sector needs to seek more collaborative and strategic way to engage it, certainly, in far better strategic ways than currently is the case.

<sup>1</sup> Additional key agribusiness organisations are identified within this report.

### 3 DEFINITIONS

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The Committee is urged not to underestimate the power of the definitions of five terms used within this submission, they are crucial to fully understanding and interpreting the 'strategic' concepts conveyed within.<sup>2</sup>

1. Agribusiness: In agriculture, "agribusiness" is a generic term for the various businesses involved in food, fibre, and renewable fuel production and consumption chains: including farming, fishing, and forestry, contract farming, seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, financing, marketing, banking, insurance, transport & storage logistics, machinery and equipment manufacturing, export, wholesale, and retail sales etc.
2. Value Chain (or Agribusiness Industry Wealth-Creation Chain): The value chain, also known as value chain analysis, is a concept from business management that was first described and popularized by Michael Porter in his 1985 best-seller, *Competitive Advantage: Creating and Sustaining Superior Performance*. In this submission, the concept is applied to the entire agribusiness sector and its contribution to an economy (whether global, national, state, regional, or local).

▲ As both 'agribusiness' and 'value chain' concepts are relatively new to business and academic lexicon they have yet to enter common usage and lay language with their full and precise meaning. Thus, it is commonplace within the agribusiness industry to conceive the 'agribusiness value chain' as just being those economic activities involved in the sequential parts of Porter's model (i.e. reflecting the homily 'from farm gate to plate'). Of course, much of agribusiness occurs before the farm gate too. However, none of those commonly understood sequential activities can exist without a plethora of supporting businesses such as banks, insurance, transport and storage logistics companies, and specialist professional firms supporting them, farmers included. Thus, within professional discussions within the industry we find that in the majority of cases the following two over-simplifications occur:

1. Discussions about the agribusiness value chains tend to 'forget' the important role of supporting economic value-adding activities, and discussions quickly revert to just the concepts surrounding sequential economic value-creation activities (as represented in Figure 5: The Whole Agribusiness System on page 9 below). As a result, whole sections of the economy are omitted from discussions. This has a real practical impact with adverse consequences, since these firms are not represented within any known peak "agribusiness" industry lobby group. As such, there is no group that can speak for the industry as a whole.
2. Similarly, in systems-based discussions about the entire agribusiness sector, approximately a third of our economy, any word with the prefix 'ag' in front of it (e.g. *agribusiness*, *agro-politics*, *agricultural economics*) tends to result in discussions becoming oversimplified with just 'farming' analogies and conceptualizations. Thus, agribusiness-sector wide discussions quickly deteriorate into on farm analogies (yet farming is only a sub-set of the agribusiness economy).

The overall result is that complex systems-wide discussions about 'a third of the economy' quickly revert to over-simplifications involving a small part of the farm sector akin to the worst features of agrarian fundamentalism (along with all its attendant myths, legends, biases and misperceptions [(e.g. *no farmers, no food*]).

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<sup>2</sup> Other useful definitions are provided within Duncanson (2010).

3. Wealth-Consuming Industries: The economic activity of an industry that consumes or expends public receipts collected by governments as tax (e.g. defence, health, education, law & order).
4. Wealth-Creating Industries (or Wealth-Producing Industries): The economic activity or an industry that generates genuine wealth through the profit making efforts of organisations and individuals; Government's then tax these profits which become a Government's revenue (i.e. public receipts).
5. Wealth-consuming hegemony: In general, an economy must '*live within its means*', and thus wealth-consumption should never exceed wealth-creation in any society. Thus, it is also important to understand that the total number of people (votes) involved in Australia's wealth-creating industries (all of them), is in a minority compared to the total number of people (votes) employed in Australia's wealth-consuming industries (all of them). Thus, all people involved in all of Australia's wealth-creating industries are in the minority political position within our democracy.

For the purposes of this submission, this phenomenon is a *wealth-consuming hegemony* exerting itself over those industries that create our national wealth. Re-stated, the combined political power of wealth-consuming sectors is far greater than the combined political power of the wealth-creating sectors of the Australian economy. This exhibits itself as a 'natural bias' in the application of and access to public resources committed to enhancing the performance of wealth-creating industries, and that works against the optimal wealth generating capacity of the Australian economy over time.

Thus, these definitions are pivotal in understanding the key tenants of the problem(s) before this Inquiry, since public education and training underpin all industry productivity improvement measures. National productivity levels are in turn the key international strategic component of any national economy operating in an increasingly competitive global context.

Since most of Australia's wealth-creating industries are based upon natural resources, if Australia did not have such plentiful natural resources then the national economic outlook would be very dire indeed. It follows, that providing key public resources to optimise wealth-creating industry productivity just makes economic sense; and it is in the national interest to do so.

Allowing incremental reductions to, or stripping back education, training, and research funding that supports Australia's wealth-creating industries (whether intended or not) is ultimately not a cost saving, it is a failure to invest in the future well-being of all Australians – and indeed, far beyond that, a failure to make a uniquely Australian 'can do' contribution to the future well-being of all humanity.

It is in our national security interest to provide agribusiness systems leadership and excellence when Australia makes its contribution to feeding an increasingly hungry and insecure world. We will do this best when our domestic industry is an exemplary role model for that purpose.

## 4 SUBMISSIONS TO THE SENATE INQUIRY

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### 4.1 LIST OF SUBMISSIONS

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1. Agriplacements Australia ([PDF 111KB](#))
2. The Crawford Fund ([PDF 331KB](#))
3. Ms Louise Draper-Sevenson ([PDF 49KB](#))
4. Primary Industry Centre for Science Education, University of Tasmania ([PDF 495KB](#)) Attachment 1([PDF 89KB](#)) Attachment 2([PDF 145KB](#))
5. Marcus Oldham College ([PDF 170KB](#)) Attachment 1([PDF 870KB](#))
6. Tocal College Advisory Council ([PDF 22KB](#))
7. RSPCA Australia ([PDF 184KB](#))
8. Isolated Children's Parents' Association of NSW ([PDF 253KB](#))
9. Western Australian Farmers Federation ([PDF 86KB](#))
10. NSW Farmers Association ([PDF 75KB](#))
11. Charles Sturt University ([PDF 101KB](#))
12. CropLife Australia ([PDF 209KB](#))
13. Agribusiness Council of Australia ([PDF 1536KB](#))
14. Australian Wool Exchange Limited ([PDF 58KB](#))
15. Food Fibre and Timber Industries Training Council ([PDF 120KB](#))
16. The University of Western Australia ([PDF 83KB](#))
17. Regional Universities Network ([PDF 357KB](#))
18. Farm Machinery Dealers Association of WA and the Regional Manufacturers ([PDF 1786KB](#))
19. Mr John Troughton ([PDF 110KB](#)) Attachment 1([PDF 2172KB](#))
20. Primary Advocates Pty Ltd ([PDF 1259KB](#)) Attachment 1([PDF 2544KB](#)) Attachment 2([PDF 4822KB](#)) Attachment 3([PDF 336KB](#))
21. School of Agricultural Science, University of Tasmania ([PDF 317KB](#))
22. School of Agriculture Food and Wine, The University of Adelaide ([PDF 772KB](#))
23. South Australian Farmers Federation ([PDF 1012KB](#))
24. Isolated Children's Parents' Association ([PDF 107KB](#))
25. Murdoch University ([PDF 472KB](#))
26. Ecological Agricultural Australia Association ([PDF 127KB](#))
27. Landmark Operations Ltd ([PDF 21KB](#))
28. NSW Department of Primary Industries ([PDF 918KB](#))
29. Professor Lindsay Falvey ([PDF 839KB](#))
30. Tasmanian Farmers and Graziers Association ([PDF 283KB](#))
31. Voiceless ([PDF 212KB](#))
32. Rural Skills Australia ([PDF 263KB](#)) Attachment 1([PDF 22KB](#)) Attachment 2([PDF 1170KB](#)) Attachment 3([PDF 9KB](#))
33. AgForce Queensland ([PDF 672KB](#)) Attachment 1([PDF 3929KB](#))
34. Animals' Angels ([PDF 43KB](#))
35. Mr Simon Emmott ([PDF 81KB](#))
36. Australian Council of Deans of Agriculture ([PDF 390KB](#))
37. Animals Australia ([PDF 166KB](#))
38. Mr Graeme Batten ([PDF 566KB](#)) Attachment 1([PDF 254KB](#))
39. Australian Veterinary Association ([PDF 662KB](#))
40. Department of Education, Employment and Workplace Relations ([PDF 575KB](#))

- 41. National Farmers' Federation ([PDF 1422KB](#))
- 42. Skills Tasmania ([PDF 139KB](#))
- 43. Grains Research and Development Corporation ([PDF 1611KB](#))
- 44. Grain Producers Australia ([PDF 121KB](#))
- 45. Primary Industries Training Advisory Council, Northern Territory ([PDF 5313KB](#))
- 46. Barristers Animal Welfare Panel ([PDF 4054KB](#))
- 47. Primary Industries Education Foundation ([PDF 977KB](#))
- 48. Ag Institute Australia ([PDF 247KB](#)) Attachment 1([PDF 50KB](#)) Attachment 2([PDF 63KB](#)) Attachment 3([PDF 77KB](#)) Attachment 4([PDF 54KB](#))
- 49. Grains Research and Development Corporation ([PDF 267KB](#))
- 50. Department of Agricultural Sciences, La Trobe University ([PDF 103KB](#))
- 51. Australian Centre for International Agricultural Research ([PDF 248KB](#))
- 52. AgriFood Skills Australia ([PDF 430KB](#))
- 53. Australian Academy of Technological Sciences and Engineering ([PDF 128KB](#))
- 54. Dairy Industry People Development Council ([PDF 3063KB](#))
- 55. Elders ([PDF 112KB](#))

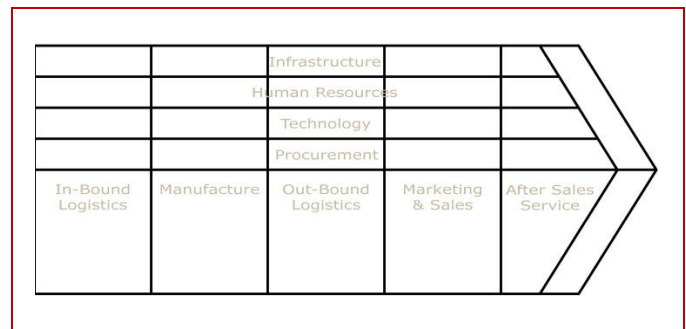
## 4.2 INTERPRETIVE OVERVIEW OF INQUIRY SUBMISSIONS


In our submission to the Inquiry (Primary Advocates Pty Ltd, 7 November 2011), we make extensive comments on the use of wealth-creating Value-Chains (Porter, Competitive Advantage, 1985). This elaborates upon and simplifies those concepts using diagrammatical symbols to enable further analyses of an industry sector within a national economy (i.e. agribusiness [which includes farming, fishing, and forestry]).

Figure 1: Value-Chain Symbol

Porter’s Value Chain concepts are summarised using this symbol, or similar variations of it →

Full explanation is available at **(Porter, Competitive Advantage, 1985)**. Further treatment of how the concepts apply to nation building are at **(Porter, The Competitive Advantage of Nations, 1990)**



Thus, this symbol (  ) represents a firm’s value-chain. The concept is now expanded to represent an industry-wide value-chain on the basis of aggregating of all firms’ value-chain within the industry and using the same symbol to demote it.

$$\text{Value Chain Symbol} + n(\text{Value Chain Symbol}) = \sum(\text{Value Chain Symbol}).$$

i.e. all firms’ value-chains in an industry = an industry value-chain

Porter’s Value Chain concepts can be used comparatively to denote an organisation or company, or a group of them, or as applied herein, the entire agribusiness chain (as it is a grouping of public and private organisations).



Figure 2: Agribusiness Value-Chain Symbol

All agribusiness producers are placed in the 'manufacturing' cell of the value-chain, i.e. farms, fisheries, and forests – the place where 'mother nature' manufactures 'natural resources'.

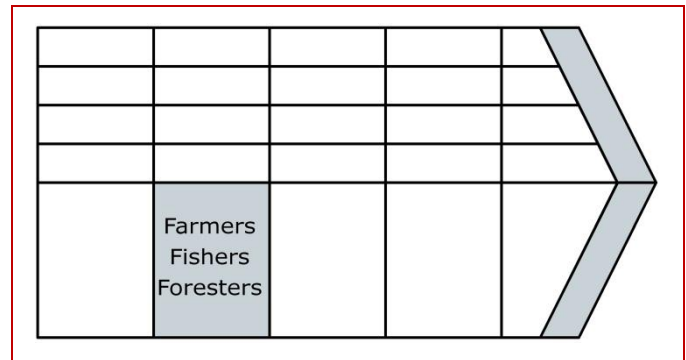


Figure 3: Agribusiness Value-Chain Predominant World-View

Thus the symbol can be used to simplified otherwise complex discussions. Here the blue shading is used to denote the main sequential activities the value chain undertakes.

This is the dominant paradigm that pervades most of the industry's traditional views and conceptual development (i.e. its main world-view used to describe the ambit of 'the agribusiness sector').

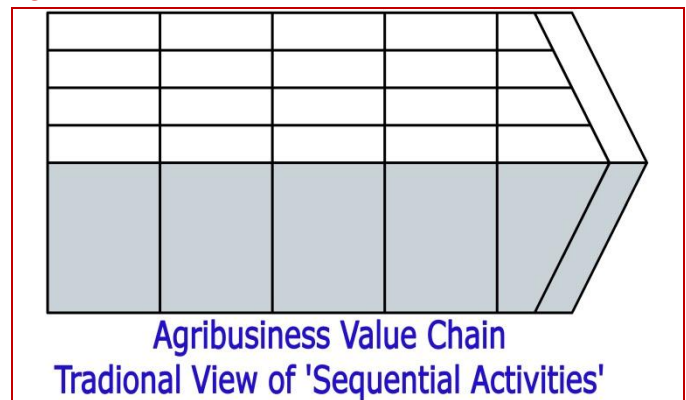
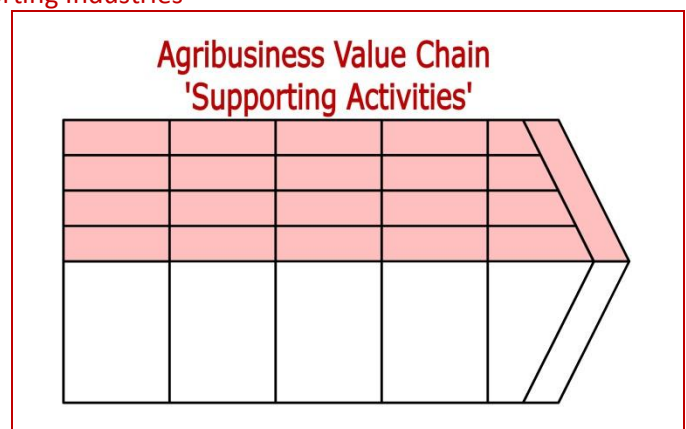


Figure 4 below shows how whole supporting industries can be excluded from whole-of-value chain discussions unintentionally.

Figure 4: Oft Forgotten Agribusiness Value-Chain Supporting Industries

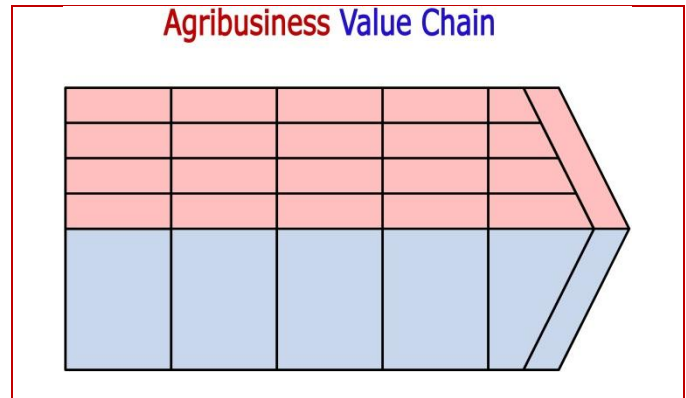
Here the 'oft forgotten' agribusiness value chain supporting industries are denoted in pink shading. Entire industries that are part of the overall 'agribusiness wealth-creating system' are commonly overlooked when conceptualising the scope of the industry: for example, transport, storage, logistics, banking, insurance, education, government (all-levels)...etc.



It is not possible to devise a cogent national policy on food security (domestic or foreign) without regard to the entire "Agribusiness Value Chain" because all parts of it must be involved in both devising it and implementing it: i.e. those value-adding to the core product (e.g. farmers, fishers), as well as those supporting the value-adding to the core product (e.g. banks, transport and storage logistics, education, etc.).

Figure 5: The Whole Agribusiness System

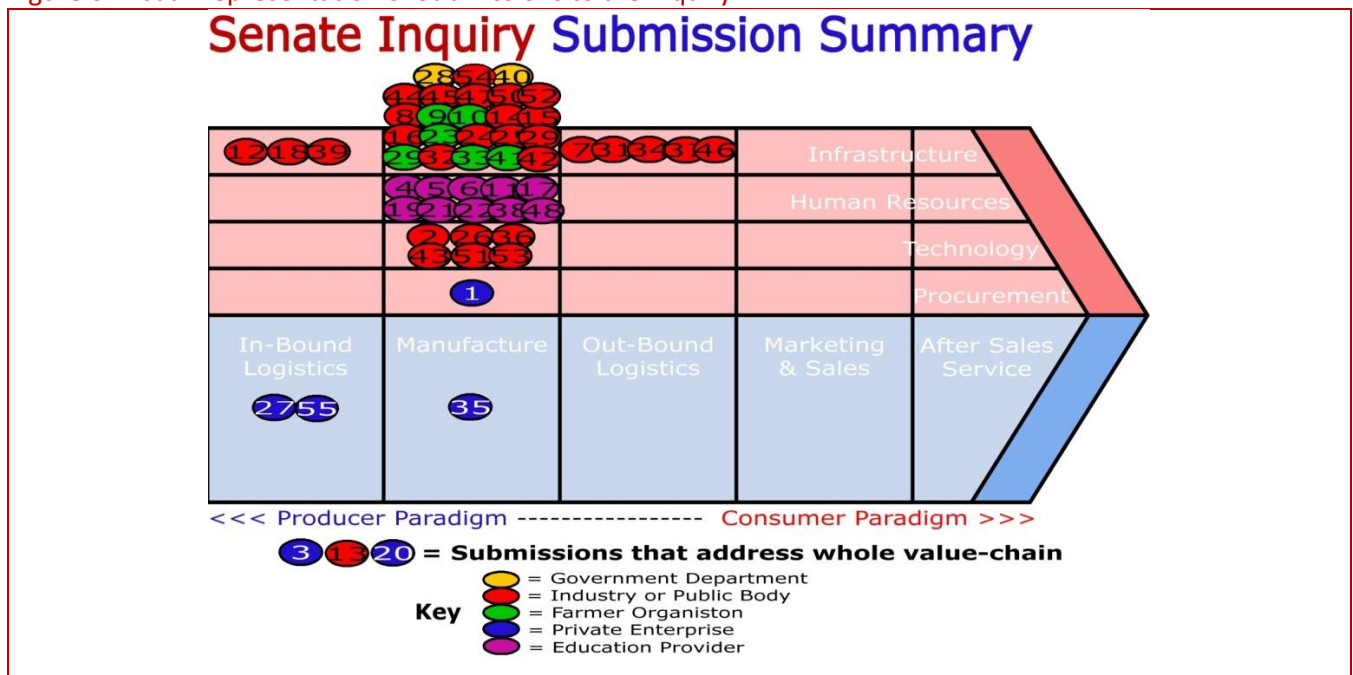
This symbol represents both sequential and supporting industries working as a system. This better describes the full scope of the "Agribusiness Value Chain".



### 4.2.1 Senate Inquiry Submission Summary Using the Value-Chain Map

Thus, it is now possible to map all the submissions to the Inquiry on the value-chain. Figure 6 below provides a visual summary of all submissions to the Senate Inquiry as at 1 December 2011. The numbering used in is the same as the numbering in Section 4 Submissions to the Senate Inquiry on page 6 above.

Figure 6: Visual Representation of Submissions to the Inquiry



### 4.3 ABOUT VALUE-CHAIN MAPPING

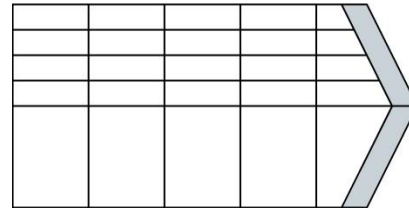
Mapping the submissions to the inquiry requires only a superficial reading of each submission in order to place the submission number in the appropriate position on the map. Each submission is placed in the area representing the main part of the value-chain that the organisation originates from, and therefore that part of the chain each submission basically represents in the chain. It should be noted, that some submissions represent or claim to represent, other parts of the agribusiness value-chain.

**4.3.1 Extending the Value-Chain Model to Simplify Nation-wide Hierarchical 'Strategic' Analyses**

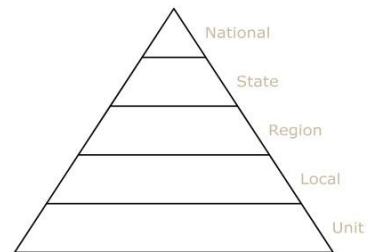
In order to further analyse considerations varying from the grassroots-level (i.e. individual farms, fisheries, and forests coups) to organisations operating at the national-level (i.e. governments, member-based organisations) further abstraction into an industry organisational hierarchy is necessary to simply things and provide a suitable overview. This also allows public and private sector mapping in the same context. This is achieved herein using diagrams representing the combined concepts as follows.

**Figure 7: Steps to Constructing Diagrams to Represent the Entire Agribusiness Sector Value-Chain**

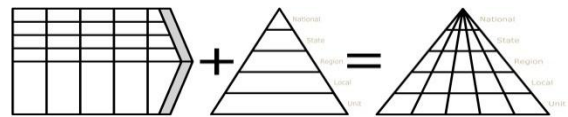
**STEP 1: The 'Industry' Value-Chain Diagram**



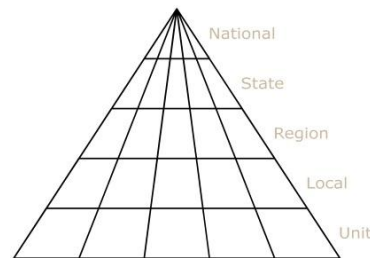
**STEP 2: The Organisational Hierarchy Pyramid**



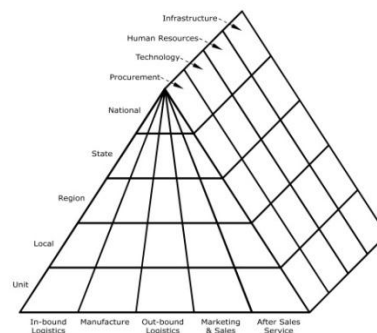
**STEP 3: Combine the two concepts (Steps 1 & 2)**



**STEP 4: The Value-Chain Hierarchy (Simplified to represent 'sequential' or 'supporting' functions)**



**STEP 5: The Composite Value Chain Hierarchy (to enable representation of 'sequential' and 'supporting' functions)**



Any of these diagrams can be used to highlight various aspects under discussion. Two examples follow in Sections 4.3.2 (NFF) and 4.3.3 (Landmark) below.

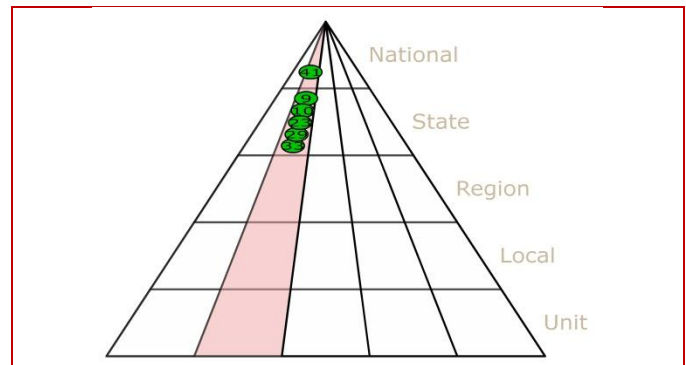
These models are to facilitate analyses, discussions, and strategy development. Thus, deciding what criteria to use in order to place any organisation somewhere on the diagram, and the discussion surrounding those criteria, is a useful end in itself.

**4.3.2 Example 1: National Farmers Federation**

National Farmers Federation [NFF] (Submission 41) represents farmers and farming. It does so, even though it has no farmers as direct members. Instead the NFF as a peak industry body has member-based groups as NFF members, which in turn have actual farmers as members (i.e. the NFF or its member organisations does not itself undertake an actual farming enterprise). Other factors complicate this mapping too: for example the NFF has some members that operate their businesses in other parts of the chain, and they are also members of other peak industry bodies (e.g. an NFF bank member is also a member of the Australian Bankers Association [who did not make a submission to the Inquiry]).

Figure 8: Farmer Representative Organisations in the Value-Chain

This diagram shows the hierarchy of farmer organisations in the agribusiness value-chain; with the NFF (41) at the National-level, and the various state-based groups at the state level (i.e. WAFF (9), NSWFA (10), SAFF (23), TFGA (29) & Agforce (33)).



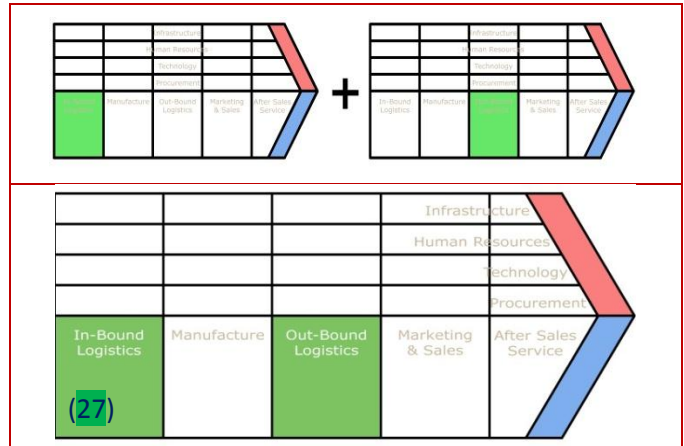
**4.3.3 Example 2: Landmark**

Landmark (Submission 27) is shown in these diagrams as predominantly concerned with 'in-bound logistics', however the company also has a role in the sales of livestock and other farm produce (i.e. it has other businesses involved 'out-bound' logistics and 'sales & marketing'). In this case, there are shown in the area within which they have the majority of their business. To clarify this, Figure 9 below shows the businesses Landmark operates within the value chain.

Figure 9: Representation of Landmark Businesses in the Value Chain

Technically, as each of Landmark's business operates in its own competitive market, some of Landmark's businesses could be more accurately represented as separate value chains for each of those business as shown →

However, it is easier to represent Landmarks' (27) businesses within the value-chain diagram in a combined way as shown in the areas shaded in green.



### 4.3.4 Overcoming Complexity

These diagrams are to simplify discussions. In reality, the agribusiness value chain is made up of many value chains, with each section of the diagram having many value-chains within it. This complexity is best explained visually in Figure 10, and Figure 11 below.

Figure 10: Representing Multiple Organisations in an Industry Value-Chain Cluster

Many organisation value-chains can be represented in an Industry Value-Chain as shown here →

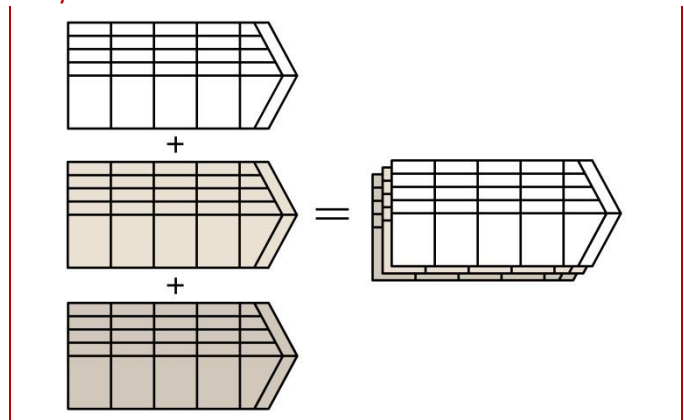
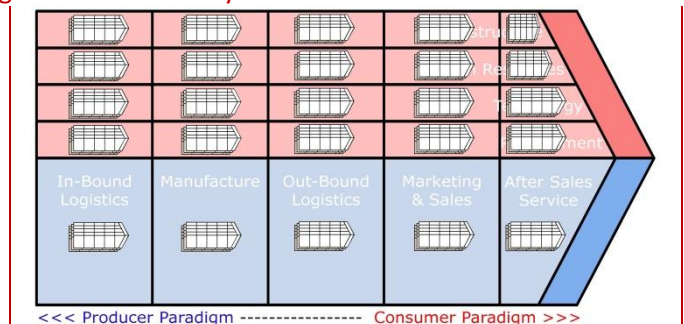


Figure 11: Many Different Organisations Make up the Agribusiness Industry Value Chain

Similarly, many Industry Value-Chain Clusters combine together to represent and describe the entire Agribusiness Sector Value-Chains as shown here →



Where 

## 5 MORE ANALYSES, SOLUTIONS, AND RECOMMENDATIONS

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In this supplementary submission, the main summary of submissions is as shown in Figure 6 on page 9 above. Based upon that, this section outlines some additional observations.

With further refinements of the models outlined herein (available from PRIMARY ADVOCATES PTY LTD), and guided experience with using them, it is possible to generate a number of 'strategic options' for the industry without necessarily critiquing the content of the submissions themselves. However, further analyses of the content of the submissions would also be simplified using this approach. For example, it would be possible to extract just the 'solutions' proposed by each submission, and then 'map' them using these techniques. However, that is beyond our intent here.

Thus, here are some more solutions (and recommendation) arising from value-chain mapping that occurs to our company.

### 5.1 THE 'GENERALISTS VERSUS SPECIALISTS' DILEMMA

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The over-arching term "agribusiness education" (short for agricultural and agribusiness education and training at both higher education and VET levels) has three generic components:

1. "agri" – implying specialists
2. "business" – implying generalists
3. "education" – implying generalists

Today, with the history of agricultural education in hindsight, this could re-worded and translated as "*the training of specialist by generalists*" - to draw out the point. Therein lies a problem, agricultural education is beyond multi-disciplinary, it is truly interdisciplinary and requires more than a city-based, low-cost general education. To be most effective, it requires in-situ, specialist education (which by its nature is not low-cost).

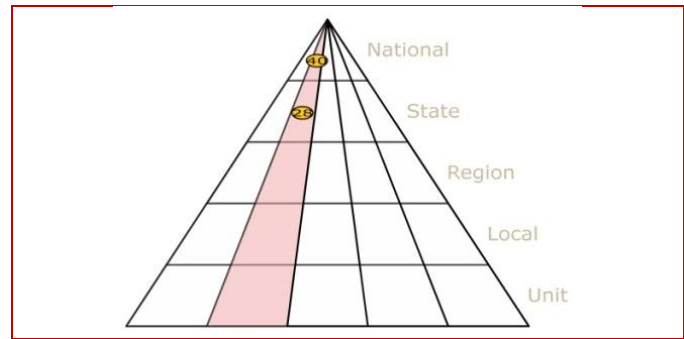
Thus, agribusiness education and training is not an issue solely for a (generic) Department of Agriculture, nor one solely for a (generic) Department of Education. Indeed it is not an issue for both: it is one for both of them and more (e.g. inclusive of foreign affairs, trade, regional development, transport, defence, etc.).

In reality, the nation needs both specialists and generalists working collaboratively. However, because the mapping methods used herein show a paucity of government submissions, the inquiries capacity to assess these issues is severely diminished. As an example, this is reflected in nature of the government submissions to the Inquiry as shown in Figure 12 on page 14 below.



Figure 12: Government Agency Submissions

DEEWR (40) is a federal agency, but has no specific priority or emphasis upon for agriculture or agribusiness. The NSW DPI (28) is a State agricultural education agency with responsibility for an agricultural college (i.e. it is not their core business).



Thus, the generalists (DEEWR) have few specialist agribusiness industry skills (despite it being the 2<sup>nd</sup> largest industry in Australia), and the specialist agricultural agency (NSW DPI) has few specific generalist educational skills (and presumably outsources or seconds them).

Clearly, the lack of submissions from many education, training, agricultural, food, forestry, fishing, transport & storage, and trade development agencies should be of great concern to the Inquiry.

This aspect is typical of the oft limiting features of government organisations operating in 'silos' (i.e. in practice government agencies are restricted to operating within the limits of their Ministerial authority, legislative, and organisational boundaries in the absence of Cabinet-approved lead agency arrangements).

## RECOMMENDATION 1

*"That the Committee consider extending the reporting time of the Inquiry and actively seek submissions from government agencies that would normally be involved in 'agribusiness education'<sup>3</sup>, particularly agencies responsible for agriculture, fishing, forestry, trade, transport, education, and training."*

## 5.2 AGRIBUSINESS INDUSTRY PARTICIPANTS DON'T PERCEIVE THAT THEY ARE PART OF A LARGER 'SYSTEM'

The agribusiness wealth-creating system does not see itself as a value-creating 'system' (despite value-chain concepts being in existence for 30 or more years). This is evidenced by the heavy clustering of submissions in a few areas; they are not well distributed throughout the agribusiness value-chain. All organisations; private, public and educational institutions are part of the agribusiness 'system' and therefore they are all crucial to both identify solutions and implementing them.

Only a small part of the agribusiness sector is represented by submissions to this Inquiry (and yet education and training is crucial to underpinning the productivity of all of them. For example, there are no or few submissions by:

1. Agribusiness export agents, or their representatives;
2. Agricultural Consultants, or their representatives;
3. Banks, or their representatives;
4. Bio-security organisations;
5. Consumers, or their representatives groups;

<sup>3</sup> 'Agribusiness Education' is the summary term use to describe all aspects under the terms of reference of this Senate Inquiry.

6. Fishing industry organisations (professional and recreational groups);
7. Food and grocery companies, or their representatives;
8. Food retailers, or their representatives
9. Forestry and agro-forestry organisations, or their representatives;
10. Government(s) and quasi-Government organisations (particularly those outlined in **Recommendation 1**).
11. Insurance companies, or their representatives;
12. Meat processing and Meat industry peak bodies (i.e. key of protein producers);
13. Natural Resource Management groups;
14. Primary and secondary schools, or their representatives (government or private schools);
15. Procurement professionals, particularly importers and their representatives.
16. Standards monitoring and quality assurance firms, or their representatives;
17. Transport and storage companies, or their representatives (road, rail, sea, and air);

Accordingly,

**RECOMMENDATION 2**

***“That this Inquiry be extended for sufficient time to allow for further submissions to be invited from a wider range of key agribusiness organisations (as listed above) important to ensuring optimal strategic outcomes in the national interest”.***

We acknowledge it make be expedient to prioritise the above list due to the size of the sector. However, therein lies the problem, the sector is huge: it deserves a proportionate response in order to properly scope the problem and derive the best solutions to the real core problems before the Inquiry. To consider the Inquiry as only involving an *industry education issue* misses the ‘why’ of what we are educating for (particularly given that it is one of our largest wealth-creating industries in the first place, and that record levels of skills shortages exist in most of our wealth-creating industries, particularly mining). We need to education our wealth-creating industry participants to make us even wealthier (i.e. we should properly enable our national core business productivity driver, education, and not drive it into the ground through inattention to adroitly identifying and overcoming barriers to its optimal performance).

Therefore, it is a matter of determining how to best devise a means to find a way to make sure the whole sector makes value a contribution appropriate to the task at hand. The value-chain map is, in our view, the best way to do this.

**5.2.1 How Do Parts of the Agribusiness Sector See Themselves?**

*5.2.1.1 The Food Industry*

In the example in Section 5.3 dealing with The ‘Consumer End’ of the Agribusiness Value-Chain is Unrepresented on page 17 below; the Food Industry Association of WA (FIAWA) perceived itself as being aligned to *agriculture* under the auspices of the WA Department of Agriculture and Food (DAFWA), whereas the Australian Food and Grocery Council (AFGC) did not perceive the relevance of making a submission to this Inquiry (which uses the phrase *“agriculture and agribusiness, but not the word food”* in the terms of reference). This is despite the AFGC having major concerns about the parlous state of *food* and grocery manufacturing in Australia. Recently, the AFGC called for a the development of a *National Food and Grocery Agenda for Australia* citing a rationale arguing for *“...having a partnership approach involving all relevant stakeholders was urgently needed to plan and achieve this strategy to ensure Australia has a safe, nutritious, and sustainable food supply into the future”*. Is *food* not part of *agriculture* one wonders?



Clearly, based upon the submissions received (and, in our view, a real world reality), the consumer-end of the value chain (no submissions) is 'disconnected' from the producer-end of the value chain (represented by the NFF) with regard to higher education and training in agriculture and agribusiness. The authors acknowledge that groups like the AFGC may see themselves as part of the agribusiness value-chain but simply choose not to make a submission. However, experience overwhelmingly suggests that they simply do not see themselves as part of a larger 'system'. This is mostly because their membership base defines their focus as an organisation and limits the scope of their 'world view'.

NFF predominantly represents farmers, and the AFGC predominantly represents food and grocery manufacturers. Both organisations are vitally concerned with the *food system* (which is in turn a sub set of the agribusiness system), but both organisations seldom step outside their member's remit to address agribusiness sector-wide issues.

Extending this analogy, there are no submissions from national transport and storage logistics groups (road, rail, sea, and air)<sup>4</sup> that move produce to their respective markets, yet they too are vital parts of the food system, and thus the wider agribusiness system. So continues the overall trend to fragmentation of the Australian agribusiness sector and its representative groups [a point made within an earlier submission (Primary Advocates Pty Ltd, 7 November 2011)].

### RECOMMENDATION 3

*"That any future industry 'awareness campaign' must include information about the full scope, definition, and nature of the Agribusiness sector to that it highlights that it consists of about one-third of the Australian economy, and therefore its strategic importance cannot be understated."*

#### 5.2.1.2 *The Forestry Industry*

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There were no submissions specific to the forestry industry. There are rising environmental (particularly carbon-fixing attributes of the industry) and other societal imposts for foresters and the wood products industry (agribusiness). Current trends in education and training in that industry will be insufficient to meet future needs.

#### 5.2.1.3 *The Fishing Industry*

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There were no submissions specific to the fishing industry. There are rising international obligations, professional, and societal requirements for fishers, and current trends in education and training in that industry will be insufficient to meet future needs.

#### 5.2.1.4 *The Renewable Fuel Industry*

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Although not expected, there were however no submissions specific to the rising global energy and environmental issue surrounding the future production of renewable fuels (e.g. biodiesel). The extent to which land and resources are given over to the future production of these renewable fuels will directly reduce arable

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<sup>4</sup> In particular, cold-chain (frozen food) transport and logistics systems often typify developed versus developing country food security systems.

land for farming purposes. This will exert more upwards pressures on food and fibre prices. Given the notoriously slow response times of the current education and training system, education and training provision for the renewable fuel industry will be insufficient to meet future needs. Other popular areas of environmental education are likely to prevent early attention to this need.

### 5.3 THE 'CONSUMER END' OF THE AGRIBUSINESS VALUE-CHAIN IS UNREPRESENTED

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If Australian consumers (and thus consumer representative groups) perceive that they were a part of agriculture and agribusiness, then presumably they would have made a submission to this Inquiry, especially when it is pointed out to them that possible effects on *food prices* (i.e. upwards inflationary pressures). There are no submissions from the consumer end of the value-chain whatsoever. The consumer-end of the value chain would include food and grocery manufacturers, retailers (i.e. 'Colworths', etc.), and consumer groups. This demonstrates better than anything else, that Australian consumers do not clearly 'see' the system that feeds them through the complicated fog of the food value chain.

**It is just as important to understand the complexity of the agribusiness value-chain from the producer-end looking (and forward integrating) along the chain towards the consumer, as it is for the consumer-end to looking (and backward integrating) along the chain towards the producer.**

Based solely upon the submissions, it is as though Australia consumers:

1. Cannot see the food they eat beyond the checkout at their supermarket;
2. Cannot see a gourmet meal and drinks enjoyed on a night out beyond their restaurant bill;
3. Cannot understand why food prices are rising beyond "inflation", i.e. what drives inflationary costs;

This is exasperating for agribusiness professionals, especially when considered within the contexts of the current popularity of food programs in the media (TV, radio, books, on-line, e.g. Master Chef, etc.). Because consumers are not involved in this Inquiry (except perhaps via the recent animal rights issues with live slaughter conditions in Indonesia), it is almost impossible to see how the silent majority can see any particular reason why 'agribusiness education' is a sound investment for both their economic and physical well-being (i.e. the safety of the food they eat).

#### RECOMMENDATION 4



*"That, following a briefing about the nature of submissions by the Inquiry received to date, that a special invitation be sent to Australia's main consumer groups be issued, and that they be asked to address food price and food security issues and identify how to best make consumers aware of them (with particular emphases upon how to inform consumers on the national productivity, economic, and inflationary issues at the core of the Inquiry... i.e. educate them about agriculture and agribusiness's importance)."*

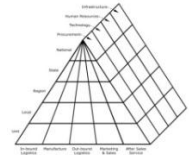
Of particular importance at the consumer-end of the value-chain, the following organisations should be invited to make a submission to the Inquiry:

1. Coles and Woolworths (individually or their retailer's representative group);

2. AFCG (food and grocery manufacturers); and,
3. Consumer Federation of Australia (CFA) – see [www.consumersfederation.org.au](http://www.consumersfederation.org.au)

#### 5.4 NATIONAL PEAK INDUSTRY BODY “ISSUES” AFFECTING THE AGRIBUSINESS SECTOR<sup>5</sup>

The ‘big picture’ revealed by a full mapping shown in Figure 7 (Step 5) on page 10 above (i.e. the symbol  here ) shows that there is no overall peak industry body for agribusiness, in either the private sector (as a lobby group), or within the Commonwealth and most State public sectors (as an internal lead-agency peak policy advisory group).



It should be noted that Landmark (Submission 27) and Elders (Submission 55), or their parent companies, are good examples of well-established agribusinesses with long histories that do not have a ‘natural’ national peak industry body to represent them as agribusiness industry specialists. Their interests, and those of other similar ‘stock firms’ are probably currently represented by the Australian Industry Group (AIG)<sup>6</sup>, or the Australian Chamber of Commerce and Industry (ACCI)<sup>7</sup>, or similar. However those peak industry bodies did not make a submission to this Inquiry. A quick review would show that those organisations seldom make submissions to these types of ‘agribusiness’ Inquiries (at a State or Federal level).

In any event, both Landmark and Elders company interests considered within the wider membership bases of AIG, ACCI or similar, would be in a minority, and they would have trouble getting their concerns addressed above the din of the wider generic business issues, macro-economic, and industrial relations issues from the primary lobbying concerns of those groups. This is also another manifestation of the “Specialists versus Generalists” argument (or “industry” versus “generic business” development option) mentioned in Section 5.1 above.

Consider also for example, that in the past many Australian food manufacturing companies would also have been represented by the AIG or the ACCI, whereas in recent years we have seen the emergence of the Australian Food and Grocery Council (AFGC)<sup>8</sup> as a new peak industry body to better represent them.

During November 2011 in Western Australia, the Food Industry Association of WA (FIAWA)<sup>9</sup> folded and referred its members to the Western Australia Chamber of Commerce and Industry (WACCI) when it could not get financial support from the WA Department of Agricultural and Food (DAFWA). It is ironic in that this is a case of the specialist referring specialists to be represented to government by generalists!

It is not clear whether the FIAWA was affiliated with the AFCG or not. A copy of the closure announcement evidencing this is at Section 7 Attachment: Closure of the Food Industry Association of WA on page 22 below.

<sup>5</sup> Please note: there is no peak industry body representing the whole agribusiness sector, only is only one in prospect [i.e. the Agribusiness Council of Australia (13)]. Previous recommendations have been made in that regard.

<sup>6</sup> See [www.aigroup.com.au](http://www.aigroup.com.au)

<sup>7</sup> See [www.acci.asn.au](http://www.acci.asn.au)

<sup>8</sup> See [www.afgc.org.au](http://www.afgc.org.au)

<sup>9</sup> See [www.foodindustry.org.au](http://www.foodindustry.org.au)

### 5.5 INTERNATIONAL CONSIDERATIONS THAT IMPACT AUSTRALIA

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Taken to the ultimate extent, if the agribusiness sector value-chain diagrams are expanded to conceptually include international considerations [i.e. multi-national agribusiness firms (private sector) and multilateral organisations (public-sector, e.g. UN, FAO, WTO, etc.)], then other issues of strategic significance come into play that affect Australia agriculture and agribusiness systems.

When it comes to international food retailing groups, there are very significant international multinational agribusiness activity involving the strategic development (and ownership) of 'shared global food chains'.<sup>10</sup>

These developments should be of major interest to all food consumers. For example, this could result in the world's most fertile land being privately connected to the most profitable markets (regardless of international borders). Whilst this is economically efficient, it could also create future agricultural commodity trade problems. In a nutshell, the worse-case scenarios would make the recent retail supermarket milk-price wars pale into insignificance. These types of developments are far beyond the lay person to comprehend.

This argument would also support the notion of Australia getting more serious about food security because it means that food security moves beyond a simplistic consideration of merely ensuring there is enough food, to one which brings into focus to things in the national interest.

1. Ability of Australian agribusiness to compete against multi-national agribusiness firms that could 'lock out' producers from 'shared global food chains' in the same way that generic branding affects many domestic food and grocery producers/manufacturers today.
2. To the extent that developing countries could be adversely affected by 'shared global food chain' developments, it will provide further complexity to food security issues in those countries (as the rich can best access increasing scarce food resources, and therefore preclude access by the poor). This, therefore, adds to complexity of our own foreign policy and national security debate.

### 5.6 PAUCITY OF PRIVATE SECTOR SUBMISSIONS

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There are hardly any submissions from private sector firms. These individuals or firms actually perform 'wealth-creating' activities within the industry, whereas those that represent them fall more into the 'wealth-consuming' description. From this point of view, the two submissions from Landmark (27) and Elders (55) should be heavily weighted in consideration of the submissions made to this Inquiry (because they are actually feeling the impact of the issues on their bottom-line).

Further, these firms have no natural peak industry body, so it is doubly important that they took the time to make the submission, simply because they had no peak industry body to argue the case on their behalf.

See Recommendation 3 above in this regard.

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<sup>10</sup> See the Consumer Goods Forum at <http://www.ciesnet.com/1-wweare/index.asp> and <http://globalfoodchainpartnerships.org>.

### 5.7 SCOPE OF SUBMISSIONS

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With some exception, the vast majority of submissions were limited to finding solutions to their particular interest area. Of these, many simply proposed that they received more funding and little else. The lack of 'solutions' also demonstrates the lack of strategic thinking within the vast majority of the submissions. The extent of this varies considerably, but it does not bode well for developing 'strategic' solutions to the many problems identified.

**Our company believes that the Inquiry should look beyond what submissions were made to the Inquiry, to an analysis of what 'submissions should have been made'.** If not, the recommendations of the Committee arising from the Inquiry may follow a plethora of other Inquiries, and result in few cogent remedial actions being taken by the government, or government(s) working collaboratively with industry.

Many people avoid exerting energy to climb a mountain; yet those that do enjoy the grandeur of the vision from the top of the mountain. Agribusiness is the world's largest industry; it feeds an increasingly hungry and hostile world. The view from the top is worth it. Who will assemble the climbing party and lead the ascent?

### 5.8 CONCLUSION

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PRIMARY ADVOCATES PTY LTD believes that *'more of the same will result in more of the same'* - an inevitable continuing decline in national productivity resulting from a public-sector failures to optimally invest in effective public and private productivity improvement measures; specifically industry-relevant education, training, research, and extension. Public solutions should also include measures to stimulate appropriate private sector responses.

PRIMARY ADVOCATES PTY LTD the system is broken, and needs fixing. The fix must be timely, comprehensive, strategic, well-planned, and nationally significant in nature, and in adroit in its implementation. We also believe that entirely new approaches are warranted. We trust our method of value-chain mapping (and beyond) is of some assistance to the Inquiry in terms of analysing the sector for the purpose of generating strategic solutions for all involved.

In any event it is crucial to recognise that it will be a matter for the whole Australian agribusiness 'system' to take decisive actions arising from the Committee's recommendations in a professional and collaborative way – and that includes considering ways to get industry, governments, and educational institutions doing things the much better. Sole reliance upon the 'advisory system' as the sole conduit between industry and higher education simply has not worked.

This final issue is not going unnoticed and is increasingly arising within think tank forums. For example, at a recent Committee for Economic Development of Australia (CEDA)<sup>11</sup> forum, there was a call for *"...a 21<sup>st</sup> Century Model of Collaboration"*. There is a rising concern of the overuse of the 'phrase *"...we are working closely with"*. This rhetoric sounds impressive, but what does it actually mean? We need to nail down *new models of industry-government collaboration* if we are to move beyond words and into implementing cogent and purposeful strategic actions.

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<sup>11</sup> See [www.ceda.com.au](http://www.ceda.com.au) (Sydney workshop 30Nov11).

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## **7 ATTACHMENT: CLOSURE OF THE FOOD INDUSTRY ASSOCIATION OF WA**

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[Downloaded 7:00 AM 30-Nov-11 from [www.foodindustry.org.au](http://www.foodindustry.org.au)]

### **The Food Industry Association of WA (FIA) will be voluntarily wound up before Christmas following a vote members at a Special General Meeting held on October 11 2011.**

The FIA Board has reluctantly called for voluntary closure of the Association due to a lack of ongoing funding.

Following a comprehensive review earlier this year, the Board recognised that the organisation's strategic and operational plans required further commitment and support from the Department of Agriculture and Food WA (DAFWA) during the next three years if it was progress to a more sustainable model.

As part of the review a number of other options were also explored including new revenue streams, co-location, amalgamation and other funding sources.

Following a meeting with the primary funding body, DAFWA advised the FIA that it was unable to commit to the higher level of funding which was critical to the organisation achieving sustainability in the long term.

As a result a Special General Meeting was called in accordance with legislative requirements and a vote taken by members at the meeting to voluntarily close the FIA.

Arrangements have been made for food industry businesses to have industry representation through the Chamber of Commerce and Industry WA. An officer from DAFWA will operate out of CCIWA as a dedicated resource and will provide ongoing support for the food industry including;

A single point of contact for information and advice

- Fortnightly newsletter with relevant industry information, grants and networking opportunities
- Ongoing advocacy with the State and Federal Governments on behalf of the industry and
- Improved access to policy, economic and industry information and services.

The Food Industry Advisory Group, a joint policy group between the FIA and CCIWA started earlier this year, will continue to address issues and advocate on behalf of the local food industry.

On behalf of the Board we would like to thank the industry for its support during the past four years and encourage you to continue to be an active participant in the industry through the CCIWA and the Department of Food and Agriculture.

Rebecca Moore  
CEO Food Industry Association

**8 CONTACT US**

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