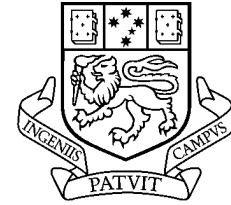




**Tasmanian Institute of
Agricultural Research**



University of Tasmania

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***Submission in response to the
Agriculture and Food Policy Reference Group Issues Paper:
Ensuring a profitable and sustainable agriculture and food sector in Australia***

On the following pages, I respond individually to some of the issues/questions raised in the Issues Paper. In general, while I am happy with the range of issues mentioned in the Issues Paper, I feel that many of the questions identified are very complex, and many are likely to be in need of separate discussion papers. I also felt that there tended to be a favouring of an economic worldview that led to a slant on the way the issues were understood and the way the questions were cast. I would encourage that there be a greater thinking of the social issues that are involved in ensuring a profitable and sustainable agriculture and food sector.

My position as Professor of rural social research was created by the Tasmanian Institute of Agricultural Research (TIAR) in order to address the social issues in agriculture, and to apply an understanding of the social issues to the competitive advantage of agricultural industries in Tasmania. TIAR is a partnership between the Tasmanian Department of Primary Industries, Water and Environment; the University of Tasmania; and agricultural industries. I would be happy to engage with the Reference Group further to encourage a broadening of the way these issues are conceived.

Yours sincerely,

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Section 4: Domestic Markets

- *Is there a need for the Australian agriculture and food sector to have more timely and better quality information on consumer expectations about retail food presentation, packaging, cooking and shopping preferences? If so, how might this be achieved/provided?*

The growing sophistication of Australian consumers, as well as the added value to the Australian agriculture and food sector of providing niche market and quality food, indicates that there is a strong need for information on consumer expectations and preferences. Since many of the niche market producers are small businesses, it is not clear that this information gathering can be left to the market to provide.

- *What significant changes in domestic and export markets, with respect to labelling and product traceability, are likely? Are the systems currently in place or under development likely to be sufficiently responsive to future consumer requirements for quality assurance, audit and product information? Should industry responses to such demands be left to businesses (individually or collectively) or is there a role for government here?*

It is very clear that there will be increased demand for product traceability and increased labelling requirements. If left to the market, a plethora of market developed labelling would occur, each with their own proclivities. This would be self-defeatist as most would not be familiar to consumers, and would lack legitimacy. There is a clear role for a regulatory body to establish, in conjunction with consumer groups and the food sector, a national system of labelling that provides a simple, clear and legitimate process to validate claims made by food processors.

- *How can food safety, labelling and other consumer requirements best be achieved in ways that minimise the need for regulation, encourage investment in the sector, and allow maximum flexibility and innovation in product manufacture and marketing?*

Perhaps the Reference Group needs to consider that there is a role for appropriate regulation, and that an emphasis on minimum regulation creates impossible conundrums. Investment is not inconsistent with regulation. Regulation that provides clear boundaries can actually stimulate investment and innovation.

Section 6: Education, skills and labour supply

- *How can immigration policy (including working visa arrangements), education and training and industrial relations systems be improved to address labour supply issues for the sector? What changes, if any, would assist export competitiveness?*

It is clear that there will be labour supply issues facing the sector in the future. Many of Australia's competitors do rely on immigrant workers for their agricultural production. Nevertheless, this is a very complicated issue with multiple perspectives to be considered. I suggest that the Reference Group recommend that there be an Inquiry and national discussion into this issue.

Section 7: Research, development, innovation and technology

- *Is there a need for a consistent national research and development agenda? How should this agenda be integrated with industry specific research programs with clear definitions of roles and responsibilities?*

A consistent national R&D agenda would risk stifling the innovativeness and creativity required for research. Aside from setting a general framework for the operation of the R&D Corporations and ensuring accountability, allowing a flexible approach is more likely to achieve the research outcomes and returns on investment that are desired.

- *Does Australia need to widen the scope for agricultural research and development to place greater emphasis on issues such as food safety, value chains, natural resource management, biosecurity and capacity building?*

Most definitely. Within the logic of the Issues Paper and the Stocktake Report, the future profitability and sustainability of agriculture will not be ensured by productivity research alone. The real issues facing agriculture are much broader and include the social issues in agriculture, including increasing consumer expectations such as improved natural resource management and food safety. The profitability and sustainability of Australian agricultural industries will be more enhanced through a consideration of this wider range of issues.

- *Are the evaluation systems currently in place for assessing returns to research and development adequate and appropriate? How can these be improved to ensure better value for money invested?*

Research is inherently a risky enterprise. Almost by definition, if the outcome is certain, then it is not research. We need to have a culture of promoting research, and we must be sure that the accountability and evaluation processes that are put in place do not strangle the undertaking of research.

- *What is the optimal model for the structure of research and development corporations and companies? How can research and development provision be made more responsive and relevant to industry? What opportunities exist for rationalising Australia's research and development infrastructure?*

Because the issues relevant to the profitability and sustainability of Australian agriculture are broader than just productivity issues, the optimal model for R&D Corporations is where they are involved in all issues associated with their commodity mix: research and development, extension, marketing and advocacy. The R&D Corporations have developed a system of professional Boards, and therefore allowing a degree of autonomy and self determination by the R&D Corporations is likely to be best.

- *Is there sufficient understanding of the drivers of adoption and how can this be improved? How important is technology adoption to the variation in productivity growth between and within agricultural industries?*

There is considerable understanding of the drivers of adoption in the discipline of rural sociology. However, it is also the case that there are competing paradigms with different interpretations in relation to these issues. It is also not clear to what extent there is awareness of the knowledge of rural sociology amongst the R&D Corporations, governments and more

generally. Many other disciplinary perspectives have had a stronger influence. Technology adoption is important, but perhaps not as important as a wide range of other issues. The reasons for productivity growth are more complex than varying rates of technology adoption. To some extent, varying rates of technology adoption are an artefact of different levels of available technology and their applicability in different commodities.

- *What actions need to be taken to address both producer and community concerns about GM products? Can Australia expect to keep GM foods out of the supply chain if other countries are accepting of these products? Would it be feasible to have GM and non-GM supply chains concurrently?*

The Gene Technology Community Consultative Committee (GTCCC) has not been reconvened now for nearly 12 months. In its earlier incarnation, the GTCCC was relatively ineffectual because it was advisory only, was seldom consulted by the Office of the Gene Technology Regulator, and the narrow interpretation of what was to be considered – risks to human health and safety and the (biophysical) environment – meant that the broader social issues were not relevant to the OGTR. The GTCCC should be reconvened and given a stronger mandate to advise on the full range of producer and community concerns. The GTCCC could have a role in the broader discussion about GMOs rather than simply being an advisory body to the Regulator

Because there remains a strong push in Europe for GM free, rather than asking questions about what does Australia miss out on by not adopting GMOs, perhaps the discussion ought to be about the strategic benefit in being GM free.

The issue of the feasibility of having a bifurcated commodity system that maintains the integrity of GM free while allowing GM lines should be investigated. However, some understanding of commodity handling processes reveals that this is likely to be very difficult. Further research is required before this question can be answered.

Section 10: Natural resource management

- *What are the relative merits of different policy approaches to managing natural resources? Is it desirable that the move to market based instruments to achieve desired environmental outcomes be pursued more widely?*

While market based instruments will be of benefit, there is a limit to the extent to which this approach can address all the issues. Considering the full range of policy instruments available in dealing with natural resource management will be important. The role of agricultural extension (the process of facilitating change) in natural resource management has been undervalued and needs to be championed.

- *Where do landholder and others (including the wider community) responsibilities lie in achieving environmental and resource management outcomes?*

This is a very broad question and perhaps there should be a position paper developed on this. Most landholders do accept that they have a degree of responsibility for natural resource management. However, they would also see that this is a shared responsibility. If landholders are to deliver public goods in the form of environmental services, they would expect a degree of compensation for that service provision.

Section 11: Rural businesses and communities

- *What are the broader implications of change? How can the effects of change on rural communities and businesses best be managed?*

The first point to make is that we live in dynamic systems. Change has a way of making other changes. But while negative outcomes will inevitably occur (especially since all change has undesirable outcomes, if only anxiety and uncertainty), change can also be for the positive. People and communities should not be seen as passive recipients in processes over which they have no say. We need to increase the engagement of people and communities so that they embrace change. We also need to have systems in place to foreshadow likely changes, and to respond proactively to ensure that appropriate change is embraced and that undesirable changes are resisted. We also need to consider mitigation measures to reduce harmful side-effects. Thus a framework for Technology Assessment that considers the social consequences needs to be developed, and used in the policy assessment process. Prof Vanclay and Dr Russell have a current proposal (for a Discovery Grant) with the Australian Research Council to research the development of such a framework.

Extension (agricultural extension) has undergone a change in thinking and is reinventing itself as the process of facilitating change in rural and regional communities. The role of extension needs to be better understood and extension can be utilised more to achieve desirable change.

- *In attempting to maintain services and businesses in rural and regional communities — is there a role for removing or counteracting disincentives to the conduct of enterprises in these areas?*

Yes, there clearly is a role in identifying and removing the obstacles to the conduct of enterprises in rural areas.

- *At what point does it become uneconomic to maintain infrastructure in a given region? Should, for example, government be involved in supporting the provision of health services (such as doctors) in small country towns where these would otherwise disappear?*

The issue of closure of service is complex. To some extent, the closure of services contributes to the downward spiral of downturn. It is also the case that certain services play a very symbolic role in a community, so that their presence or closure is more significant than the closure of other enterprises. To some extent, certain services are essential, whether or not they are 'economic'. In contrast, there is a range of alternative models of service provision that can be considered. Further research should be undertaken in the areas of alternative models of service provision.

The question of the economics of infrastructure provision relies very much on assumptions of who pays and whether citizens have rights of access. The closure of services results in a cost transfer to residents in small towns as they bear the extra travel expenses. To some extent this becomes an externality. If this externality was factored into (internalised) discussions of the economics of service provision, the outcomes of those discussions may well be different. The Australian community believe in some form of universal service entitlement in the provision of health and other community services. Given broader applications of universal service obligations, it seems reasonable that if services are to be closed, that compensation equivalent to the amount of the cost transfer be provided.

- *What is an appropriate role for government in facilitating adjustment and assisting those affected? What nature, level and duration of support should be provided?*

Governments do have a role in facilitating adjustment and in assisting those affected. However, governments must ensure that this is not done on an ad hoc basis, and they need to ensure that there has been ample discussion of the issues and clear signalling of government's intentions.

- *How should the unintended effects of adjustment assistance (for example, the maintenance of non-viable businesses) be best addressed?*

The unintended effects are best addressed by good policy assessments undertaken in advance of the release of the policy, so that the policy can be informed by these considerations.

END OF COMMENTS