



*Submission to*

**The Treasurer of Victoria for the  
2015-16 Victorian State Budget**

*January 2015*

## **The Victorian Farmers Federation**

The Victorian Farmers Federation (VFF), Australia's largest state farmer organisation and only recognised consistent voice on issues affecting rural Victoria, welcomes the opportunity to comment on small business in Victoria.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our State's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and two appointed directors, a member representative General Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.



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# 1 VFF Pre-Budget Submission Summary

## Infrastructure Investment

### Transport

*\$250m to upgrade the regional rail freight network*

*Upgrade the South Gippsland Highway to improve dairy and fodder freight efficiency*

*Bridge strengthening works to increase mass limits on B-doubles from 68.5 to 74.5 tonnes*

*\$3m for Stock-Overpass and Underpass Construction*

### Water

*\$20 million for the Macalister Irrigation District 2030 Stage 1B Southern Tinamba Pipeline*

*\$10 million for the Werribee Irrigation District Modernisation project*

*Fund stage 1 of the Bunyip Irrigated Agriculture Project*

*Fund the Yarra Valley recycled water pipeline*

*Funding to expand the Sunraysia Modernisation Project*

*Invest in on-farm irrigation works*

*Funding for the renewal of priority levee banks*

*Funding for community surface drains*

### Energy

*On-farm Energy Efficiency Grants of \$9m over three years*

*Strategic replacement of single wire earth return (SWER) lines with three-phase power*

## **Departmental Expenditure and Service Delivery**

### **Department of Economic Development, Jobs, Transport and Resources**

*Increase funding for agricultural services for monitoring and enforcement activities*

*Increase staffing and capabilities to manage biosecurity outbreaks*

*Combined \$10.2 million for dairy research, development, and extension*

*\$20 million for the Grains Centre of Excellence and a renewed commitment to the Australian Grains Genebank in Horsham*

*Continue support for the Horticulture Industry Network*

*\$100,000 towards the development of a Chicken Meat Industry Growth Plan*

*Continue funding for aerial baiting trial*

*Increasing funding for community wild dog control*

*\$4m over four years for the fox bounty*

*\$600,000 over four years towards the Young Agribusiness Professionals – Future Harvest Project*

*Reinstate the First Farm Grant of up to \$10,000 for industry entrants*

*Increase the annual availability of loans under the Young Farmer Finance Scheme to \$30 million*

*\$500,000 over four years for the VFF Food & Fibre Careers Adviser*

*Continue Primary Producer Registrations*

*Fund regional studies to facilitate high productivity vehicles (HPVs)*

*Detailed scoping study for the North East Link*

*Fund an awareness campaign focusing on how to share the roads with agricultural implements in farm areas*

*Funding to assess agricultural technologies for inclusion in the VEET scheme*

### **Department of Environment, Land, Water and Planning**

*Fund a feasibility study for water infrastructure in the Lindenow Valley*

*Complete the business case for the Mitiamo stock and domestic pipeline network*

*\$5 million for a pilot project to fund stewardship activities targeted at environmental outcomes on private land*

*\$45m over four years for voluntary riparian management works*

*\$20.8m over four years to support council roadside weed and pest management*

*Funding to assist local government rationalise environmental overlays*

**Department of Treasury and Finance**

*Double the Payroll tax free threshold from \$550,000 to \$1.1 million*

*Increase WorkCover remuneration thresholds*

*Rebalance the Fire Services Property Levy to make it fairer*

*Continue the Young Farmer Stamp Duty Exemption*

*Removal of automatic indexation on Government charges*

*Adopt an Australia-first Government Procurement Policy*

**Victoria Police department**

*\$500,000 for the Livestock and Farm Crime Specialist Group*

## 2 Introduction

The sale of the Port of Melbourne Lease and the Rural Finance Corporation (RFC) are set to generate billions in revenue for the State Government. Both the Port and RFC were built on the back of agriculture, so revenue from these sales must go back to regional and rural Victoria. The new Labor Government has an opportunity to make major investments in rural and regional infrastructure to support increased agricultural production and deliver more jobs for regional Victoria.

The VFF's pre-budget submission is focussed on both short-term and longer term initiatives primarily aimed at increasing the productivity and profitability of farm businesses. Many of these initiatives will have flow-on benefits, creating employment opportunities on farms and in support services such as processors and suppliers.

Our submission has a strong focus on infrastructure investment with a view to reducing supply chain costs, increasing water availability for agriculture, and improving energy supply to farm businesses.

In addition, the VFF is seeking improved service delivery and capability, particularly from the agricultural arm of the new Department of Economic Development. The VFF notes the Labor Party drew attention to the loss of capability in the former Department of Environment and Primary Industries prior to the November election.

The VFF's transport infrastructure priorities embody a multimodal approach to the supply chain for agricultural commodities. Reducing supply chain costs and increasing efficiency requires a mix of road and rail infrastructure improvements.

We look forward to engaging with the Labor Government to discuss the implementation of the VFF's funding priorities ahead of the 2015-16 Budget.

## 3 Infrastructure Investment

### 3.1 Transport Infrastructure

The VFF's transport infrastructure priorities reflect a multimodal approach to increasing efficiency and reducing supply chain costs for agricultural commodities. For the grains industry improvements to the rail network are critical, since the transport of bulk grain to port by rail is the most efficient option. However, improving access and connectivity for B doubles to bulk grain storages may also require improved road infrastructure.

Meanwhile for other commodities including dairy, livestock, horticulture, and chicken meat road transport is the predominant cost in the domestic supply chain. Improving infrastructure and enabling greater efficiency is critical to reducing supply chain costs.

*\$250 million to standardise Victoria's rail freight network*

Creating a standard gauge freight network that becomes a part of the ARTC National Standardised network will reduce the complexity and cost of transporting freight both within the State and nationally.

There are many benefits to a standardised network. For the grain industry it will mean more efficient use of assets leading to supply chain savings. The benefits will not be limited to grains either, with the mineral sands industry also likely to benefit.

Standardisation will enable more freight to move by rail, thereby reducing the number of trucks on the road. This has numerous advantages, including improved road safety, reduced road maintenance costs, and reduced environmental impacts. Furthermore the use of rail freight is preferred by communities on freight routes.

A standardised rail network will also create greater incentive for the private sector to invest in locomotives and rolling stock, as well as providing opportunities for co-investment in some rail projects.

*Upgrade South Gippsland Highway to improve dairy, fodder, and vegetable freight efficiency*

The South Gippsland Highway was left out of the State Government's 2013 Victorian Freight and Logistics Plan. South Gippsland Highway is a major freight route for agricultural produce, including dairy, fodder, and vegetables. Three major dairy processing plants are located along this route, generating hundreds of truck movements a week to and from Melbourne. The South Gippsland Highway is identified as a freight trend hotspot in the Gippsland Freight Infrastructure Master Plan, but remains in a state of disrepair.

*Bridge strengthening works to increase mass limits on B-doubles from 68.5 to 74.5 tonnes*

The VFF understands the main barrier to increasing mass limits on B-doubles is the load capacity of bridges throughout much of Victoria's road network. A programme of bridge strengthening works across the transport network will open up the opportunity for major efficiencies for agricultural commodities.

Heavier payloads would mean hundreds fewer trucks a week for the dairy industry alone on major routes such as the Princes and Hamilton highways from south west Victoria; the Hume Freeway, Goulburn Valley, Midland and Northern highways in northern Victoria; and, the Princes and South Gippsland highways in Gippsland.

Enabling heavier mass limits would deliver a substantial productivity gain to the dairy industry in reduced transport costs and increased capacity to accommodate production growth. The costs savings will lead to improved farm gate prices and international competitiveness among export dairy companies.

*\$3m for Stock-Overpass and Underpass Construction*

The VFF and Victorian Governments have helped build 550 Cattle Underpasses, first under Labor's Stock Over/Underpass Road Safety (SOURS) program and more recently the Coalition's Cattle Underpass Scheme (CUPS).

The schemes have taken thousands of cows off the state's roads, resulting in:

- Improved road safety;
- Improved workplace safety for farmers and their employees;
- Improved farm efficiency and productivity; and
- The Removal of impediments to the expansion of dairy farms and growth of the industry.

The current CUPS program was funded from a \$2 million grant out of the Victorian Coalition Government's \$1 billion *Regional Growth Fund*. The grant equals 33 per cent of the underpass cost or up to a maximum of \$55,000. However, funding for the current program is now fully subscribed.

Victorian dairy herds have grown larger and become more productive, and in response many farmers have purchased additional land. This often results in an increasing need to move herds from one property to another, using public roads. In turn, this creates road safety and amenity concerns. Separating cows from traffic through the construction of a cattle over/underpass is the most effective solution to these concerns.

A further round of funding is necessary as demand for the program remains high. The VFF continues to receive roughly four inquiries a month from dairy farmers wishing to build

underpasses under the CUPS. This is without promotion of the program. When we have engaged in promotion additional demand is always generated

As a result the VFF is calling on the Victorian Government to allocate another \$3 million to the CUPS program from the second round of funding from the Regional Growth fund for 2015 to 2018.

### **3.2 Water Infrastructure**

#### *\$20 million for the Macalister Irrigation District 2030 Stage 1B Southern Tinamba Pipeline*

The Southern Tinamba Pipeline is the next stage of the MID 2030 modernisation project. An investment from the Victorian Government of \$20 million for the project will support matching contributions from irrigators and the Federal Government.

Replacing 85kms of old channels with 38km of pressurised pipes and 26km of automated channel will mean quicker, more efficient delivery of water to farms. Currently irrigators need to give 3-days lead time to order water, with the new pipeline this would be cut to 24 hours.

The pipeline is anticipated to deliver water savings of 9,700ML for the district's dairy farmers and vegetable growers. These savings are expected to generate a further \$45 – 50 million annually in regional economic growth through expansion of farm production. This project will enable farmers to expand with confidence and help to secure long term food production in the region.

#### *\$10 million for the Werribee Irrigation District Modernisation project*

The ageing and outdated water supply infrastructure in the Werribee Irrigation District is operating at 55-65% efficiency. Annual losses are approximately 5,000ML. Most of these losses are from leakage and seepage from unreinforced concrete lined channels. Piping the district would save these losses.

The highly productive Werribee South area has great soils and climate that allow continuous production through-out the year. The main crops are broccoli, cauliflower and lettuce for the domestic market. The intense farming on only 2,200 ha produces over \$100 million of crops and provides the equivalent of 450 full-time jobs.

Southern Rural Water has committed \$4.5 million to replace 6kms of old leaking channels in 2015 and 2016 with pipes, saving 600 ML. After completing this project 4,400 ML potential savings remain.

Southern Rural Water is seeking a three-way investment with Melbourne Water and the Victorian government to pipe the remainder of the district - nearly 40kms of channel over four years at a total cost of approximately \$30 million. The three-way split of water savings would deliver:

- 1,465 ML to growers to improve productivity and drought resilience and
- 2,930 ML to the environment to improve the health of the Werribee River.

*Fund stage 1 of the Bunyip Irrigated Agriculture project*

A lack of reliable water has constrained the further development of horticulture production in the Bunyip region.

The Eastern Treatment Plant was upgraded in 2012 to produce Class A recycled water in order to reduce the environmental impact at the outfall at Boags Rocks. Approximately 100GL is available for irrigation. Stage 1 would extend the pipeline from Baxter to the South Gippsland Highway. Future stages could consider extension to Bunyip and beyond.

The VFF believes there are many local farmers who are willing to commit to a “take or pay model”, where they pay for a water allocation whether they use it or not. It is similar to the contract growers currently have under the Eastern Irrigation Scheme.

This pipeline extension will support more local jobs. An increase of 5GL of water would enable a further 2,500 hectares to be brought into production. It is estimated that for every 10-15 ML of water that is sold in the vegetable industry this would create one full time job. This would mean 330 new jobs on farm.

*Fund the Yarra Valley recycled water pipeline*

The VFF supports the development of a pipeline to provide Class B recycled water to growers in the Yarra Valley from the Lilydale Treatment Plant. The availability of this water will provide significant benefit to horticultural enterprises in the region that require a reliable source of water for the industry to grow. Growers have been engaged in discussions with the Shire of Yarra Ranges previously, with further community consultation planned.

700ML of water would be supplied along the proposed pipeline, with the capacity for additional water to be made available by linking another recycled treatment plant into the network.

While project specifics are currently under development and a new round of community consultation is required, the VFF seek in principle support for the project and involvement in discussions as project details become available.

*Funding to expand the Sunraysia Modernisation Project*

Sunraysia growers attended information session in April 2013 and helped shape the final proposals. Four different packages to spend the Commonwealth funding of \$103 million were presented to growers, three with specific regional focuses and a fourth “all districts” package. The shared all districts focus package was elected for progression.

While providing some equity for all irrigators within Sunraysia, a number of works which had been individually proposed in each of the regional focus proposals (for each of Merbein, Red Cliffs and Mildura) have not been included in the “all districts” package, such as the 200ML off river storage for Mildura. Additional State government funding would provide for many of these suggested additional works to be achieved.

#### *Invest in on-farm irrigation works*

Funding for on farm irrigation works have historically focused on salinity management and nutrient reduction. Continuing the funding for targeted programs to reduce nutrient discharge into the Gippsland Lakes is vital. Retaining nutrients on farm including water re-use systems, conversion to spray irrigation and better effluent management systems need to be encouraged.

With large modernisation projects now underway there is an opportunity to leverage additional benefits on farm. In the Macalister Irrigation District the modernisation project, MID2030, is underway. When irrigators are connected to a modernised supply system there are opportunities to install high flow irrigation, soil moisture monitoring and automatic irrigation.

Providing funding to upgrade on-farm irrigation at the same time as major infrastructure projects delivers enhanced value for farmers and a greater return on investment.

Farmers who divert directly from rivers and waterways are not eligible for current funding for on-farm irrigation efficiency programs. There are benefits for all farmers using water more efficiently. With more efficient use of water farmers can expand production or sell unused water to other irrigators. Expanding production delivers direct benefits to the farmer. Selling the water enables other irrigators to make use of a scarce resource.

For example, potato growers in the Ballarat region are looking to invest in centre pivot irrigation to more efficiently and effectively water their crops. This new technology will generate water and energy savings and increase production. The increased tonnage would contribute to securing and expanding local employment opportunities in the supply chain.

#### *Funding for the renewal of priority levee banks*

The flood events in 2010 and 2011 brought issues of management and upkeep of levee banks into the spotlight following years of drought, during which time levee maintenance was not of primary concern. With the clarification that management responsibility for levee banks will rest with municipal councils, there is a risk that farmers will end up paying an unfair portion of levee bank renewal and maintenance if the standard of levee banks is poor.

The VFF seeks a commitment from government that funding will be made available to bring the quality of the levee up to an appropriate operational standard, prior to responsibility for their management and maintenance to be provided to another authority.

### *Funding for community surface drains*

With the inability to generate funds themselves, Catchment Management Authorities are reliant on State Government funding to assist landholders in developing community drainage networks.

CMAAs have been provided with resources in the past to provide grants for community surface drains. However, funding to these projects has sharply declined in recent years during periods of drought. There is a demonstrated need for this funding to be made available now by State government, to provide the community with the capacity to self-manage drainage at a local level. Recent inquiries completed by the parliamentary Environment and Natural Resources committee have identified the importance of drainage schemes and funding arrangements.

### **3.3 Energy Infrastructure and Efficiency**

#### *On-farm Energy Efficiency Grants of \$9m over three years*

The rising cost of electricity is crippling many farm businesses. Regional areas are faced with a disproportionately high cost for electricity. In 2012-13 regional business customers were paying over \$1000 more in network tariffs than urban distributors' customers. This is of particular concern in energy intensive operations such as dairy, horticulture, and chicken meat.

Significant opportunities exist for on-farm cost and emissions reduction through increasing energy efficiency. However, upfront capital costs and payback periods longer than five years are major barriers to farmers investing in energy efficient equipment.

Sustainability Victoria's Smarter Resources Smarter Business program, offering energy efficiency grants to small and medium-sized businesses came to an end in May 2014. The VFF is now seeking a similar program specifically targeted at on-farm energy efficiency.

#### *Strategic replacement of single wire earth return (SWER) lines with three-phase power*

SWER lines are currently common throughout much of rural Victoria. SWER lines provide poorer quality power than three-phase, with more variation in voltage. This is a significant issue for more energy intensive users such as dairies and horticulture sheds.

The upgrade of SWER lines to three-phase power would enable the use of more efficient pumps and cooling systems, offering substantial savings to dairy and horticulture producers. Furthermore, three-phase power would support the expansion and growth of other intensive industries to new areas.

There are also significant bushfire safety benefits, since SWER lines pose a greater bushfire risk, particularly those without a remote automatic circuit re-closer.

## **4 Departmental Expenditure and Service Delivery**

### **4.1 Department of Economic Development, Jobs, Transport and Resources**

The VFF was concerned at the cuts to Departmental resourcing for frontline services to the agriculture industry under the former Coalition Government. The loss of capability for agricultural monitoring and enforcement, research and development, and biosecurity protection have been particularly alarming. The proposals below are aimed at reinstating some of this lost capacity and capability.

#### **4.1.1 Agricultural Monitoring and Enforcement**

*Increase funding for agricultural monitoring and enforcement activities*

The Government's frontline agricultural services' staff are best placed to manage animal welfare regulation, monitor and enforce breaches of maximum residue levels as well as a raft of other enforcement activities. Monitoring of maximum residue levels is especially critical to protecting Victoria's \$11.4 billion in food and fibre exports, so should be a high priority for the Department of Economic Development (DED).

Animal welfare on farms and in rural areas must be regulated by the government (DED), rather than the RSPCA inspectors. DED inspectors are trained in the area of animal health and are ultimately answerable to tax payers, rather than private benefactors.

The VFF is concerned these services are not being adequately funded, and responsible staff are being put under pressure to deal with increased demand for animal welfare inspections. Any increase in the wider community's demand for animal welfare inspections should be met by increases to department budget rather than by diverting resources away from frontline services that are critical to industry.

Other enforcement activities have also been undermined by former Coalition Government cutbacks. The 2014-15 Budget papers (No.3 – DEPI Output/deliverables p.114 ), show the number of properties inspected for invasive plant and animal priority species declined from 4989 in 2012-13 to 3800 in 2014-15 – 24 per cent. This drop equates almost exactly to the 24 per cent cut in former DPI staffing over that period.

The cuts to DEPI resourcing under the former government have reduced frontline services. The resources available for agricultural monitoring and enforcement prior to the merging of DPI and DSE should be reinstated.

#### 4.1.2 Biosecurity Protection

*Increase staffing and capabilities to manage biosecurity outbreaks*

Disease surveillance and ability to respond to biosecurity outbreaks is critical to the agricultural sector. The VFF lacks confidence in the number of staff available from the DEPI to manage outbreaks of Foot and Mouth Disease, Avian Influenza, Equine Influenza, Varroa Mite, or worse still – having to manage more than one outbreak at the same time. The VFF is particularly concerned that when staff are seconded to work on biosecurity outbreaks their full-time job is effectively abandoned resulting in a backlog of work and a loss of coverage.

Farmers fear Victoria's ability to respond to major disease outbreaks has been undermined by cuts in the government's biosecurity and animal health staff since 2010.

This is exemplified in the following table, which shows the loss of DEPI veterinary & Animal health staff since 2010.

**DEPI/DPI Animal Health in Victoria annual reports (No report was published in 2011).**

Calendar Year	ABW Vets	ABW other	APCO district vets	APCO Animal Health Officers	APCO Other	Total
2009	4	41	33	50	17	145
2010	16	50	35	51	14	166
2012	15	41	26	36	8	126
2013	15	40	24	37	7	123

ABW = Animal Biosecurity and Welfare, primarily animal health and welfare policy.

APCO = Animal, Plant and Chemical Operations Branch. Its field staff are the District Veterinary Officers and Animal Health Officers.

#### 4.1.3 Agricultural Research, Development & Extension

The VFF struggled to gain clear figures on the decline in agricultural research, development and extension (R,D&E) under the former Coalition Government. However two clear measures (2014-15 Budget paper No. 3 p. 112) show:

- The number of peer reviewed papers published by DEPI declined from 395 in 2012-13 to an expected 260 in 2014-15.
- The number of postgraduat level/PhD students in training at DEPI declined from 83 in 2012-13 to an expected 65 in 2014-15.

Both these measures in combination with the known 24 per cent cut in DEPI staffing (542 from 2009-10 to 2013-14), indicate significant erosion of Victoria's agriculture's R&D capability.

The VFF has identified critical research, development, and extension priorities for the dairy, grains, and horticulture industries, which are set out below.

*An ongoing commitment to \$4m/year for dairy R&D at Ellinbank and Tatura research centres*

The Victorian Government is the lead agency for dairy under the national R&D agreements. The dairy industry needs an ongoing commitment to maintaining the Victorian Government's staff, capability and facilities to deliver research, development and extension.

In December 2013, the Victorian Government announced it would invest \$20 million over five years in industry-supported R&D at the Ellinbank and Tatura research centres, to improve feeding systems and cow fertility, matching the farmers' commitment through their levies paid to Dairy Australia.

It is essential that this commitment is honoured by the Labor Government, and that the funding is maintained in real terms. The Government's investment in dairy R&D will assist the industry to achieve the objective to double production by 2030, and deliver the associated regional and Victorian economic development and employment benefits.

*\$4m/year for six years for the AgriBio Centre at La Trobe University for dairy bioscience R&D*

The AgriBio Centre is developing more nutritious feed stocks that boost milk production and quality. The research complements other programs through Dairy Australia and its partners in government and universities to develop more efficient pasture growing systems with reduced inputs such as water, fertilisers, pest and weed control.

In herd management, the AgriBio Centre is working to reverse the downward trend in herd fertility so that cows get into calf more quickly; every month a cow not in calf costs farmers hundreds of dollars in lost milk production and feed for an animal that is not generating income.

These two priorities, improved feedstocks and animal genomics, were identified in Dairy Moving Forward, the dairy industry response to the Commonwealth R&D framework. They are being addressed through the Designer Forages and Animal Improvement programs run by the Dairy Futures Cooperative Research Centre (CRC) at the AgriBio Centre established in 2009.

It is essential that the Victorian Government maintain the important work undertaken at the AgriBio Centre. This will ensure continued improvement to production capabilities of Australian dairy.

Without this investment Victoria's dairy industry will be left behind as the world scrambles to supply the burgeoning markets in Asia and the Middle East.

*Ongoing commitment to \$2.2 million/year for dairy industry extension programs*

The former Government's extension model failed to deliver what dairy farmers need to increase their profitability and productivity.

It was claimed by the then Government that DEPI has 22 full-time equivalent (FTE) extension staff focused on delivering productivity services in the three dairy regions. However, according to a DEPI presentation to the April 2014 UDV conference, four are new graduates, three undertake 'knowledge brokering and multimedia', and six are development specialists.

In fact, there are only 12 FTE extension positions – four in each dairy region – where staff actually work with farmers directly.

Effective extension is a function of government, industry and service providers collaborating to make the best possible use of the available funding and resources. The former governments approach did not meet farmers' needs for a more expert, transparent and well-staffed extension presence on the ground.

The Labor Government, as a matter of urgency, needs to review the current approach to, and resources for, extension in conjunction with the dairy industry and other service providers.

To help address the current weaknesses extension we are seeking government investment of \$2.2 million per annum in extension programs coordinated by the dairy industry. We believe this will deliver more effective and efficient services and accelerate the uptake of new technologies, farm systems and business management skills.

*\$20 million for the Grains Centre of Excellence and a renewed commitment to the Australian Grains Genebank in Horsham*

Continuous innovation and R&D are essential for maintaining competitiveness and farm-gate profitability in the face of changing markets and increasing climate variability. If Victoria wishes to maintain its position as a leading grains producer in Australia and as a major competitor in global grains markets, increased investment in grains R&D is critical. Investment is required to maintain and develop Victoria's R&D capability by providing facilities to attract, develop and retain world-leading scientists for the good of both Victorian grain producers and the Victorian economy through improving agricultural exports and domestic productivity.

In recent years, the private sector has undertaken major R&D investment in Horsham, with the establishment of a new Bayer CropScience wheat and oilseed breeding centre and a \$7 million Nuseed innovation centre. However, R&D is widely recognised as a public good, and thus increased public investment is required to ensure research gains can be enjoyed by all Victorian growers and that the maximum benefits flow through to the Victorian economy.

To this end, the VFF is calling for:

- \$20 million for a revitalisation project at the Grains Centre of Excellence in Horsham, to upgrade the Centre's infrastructure, including greenhouses, laboratories and IT capacity
- A renewed commitment to ongoing funding of the Australian Grains Genebank in Horsham, to allow for accurate forward planning and security of investment

*Continue support for the Horticulture Industry Network*

The Victorian Farmers Federation Horticulture Group urges the Victorian Government to continue to support the Horticulture Industry Network (HIN). The HIN provides a valuable extension service to growers directly through the employment of Industry Development Officers and delivery of key projects. The HIN is supported by co-contributions from industry, representing value for money to the Government.

#### **4.1.4 Facilitating Growth of the Chicken Meat Industry**

*\$100,000 for a Victorian Chicken Meat Industry Growth Plan*

Australian's now eat more chicken meat than their combined consumption of beef and lamb. In fact annual growth of this \$5.6 billion chicken meat sector is trending at 5 per cent. Yet Victoria's share of this booming meat industry has slumped from 28 per cent to 23 per cent in the past eight years – with the majority of this share lost to South Australia. The South Australian Government has offered its local chicken meat industry a strategic plan, which entices processors to set-up a new broiler industry within SA.

The Victorian Government needs to follow South Australia's lead. Growing Victoria's Chicken Meat industry will generate major regional employment opportunities. Every increase in production capacity of 100,000 birds provides 6 additional jobs on-farm. In addition, there are flow-on employment opportunities for processors, feed providers, and other industry suppliers.

The VFF is calling on the Victorian Government to match an industry contribution of \$100,000 towards a Chicken Meat Industry Growth Plan in Victoria that:

- Identifies growth areas
- Cuts through planning red tape
- Delivers access to water
- Provides power infrastructure

#### **4.1.5 Fox and Wild Dog Control**

Fox and wild control are critical for reducing the impact of these pests on the agricultural industry. Invertebrate pest management also has major environmental benefits, since foxes and wild dogs prey on and compete with native animals. It is crucial that current efforts to

control foxes and wild dogs are continued and strengthened, including the following initiatives.

*Continue funding for the wild dog aerial baiting trial*

The Federal Government has approved aerial baiting on six sites in eastern Victoria for a 5 year trial period. The first year of the trial period is not yet over. While this is a major step-forward in wild dog control, local communities originally advocated for 14 aerial baiting sites. It is critical the current baiting trial is continued to reduce the impact of wild dogs, with a view to expanding aerial baiting following this 5 year trial.

*Increase funding for community wild dog control*

The VFF supports community involvement in invasive species management. The VFF is disappointed with the Victorian Government's decision to abandon the wild dog bounty, which was a mechanism to encourage community involvement in wild dog control. The VFF believes the savings from removing the wild dog bounty should be allocated to community wild dog control programmes such as supporting and resourcing community baiting groups.

*\$4m over four years to continue the fox bounty*

The fox bounty is a strong motivator for farmers and others to be involved in controlling pest animals that impact the broader farming community. According to the Victorian Government more than 243,000 fox scalps were handed in between October 2011 and October 2013, which demonstrates the value of continuing the programme.

#### **4.1.6 Supporting the next generation in agribusiness**

*\$600,000 over four years for Young Agribusiness Professionals – Future Harvest Project*

The VFF's Young Agribusiness Professionals (YAPs) group ran its highly successful Gen F campaign in 2012/13.

The *Generation F campaign: securing the next generation of food and fibre production* captured the imagination of students, farmers and young professionals involved in the state's food and fibre industry.

The VFF is now seeking to build on this highly successful campaign with the Future Harvest project – which will focus on the three areas of Networking, Skills and Training, and Employment opportunities.

The VFF is seeking \$600,000 over 4 years to deliver:

- A web portal that will centralise information for young people either in agribusiness or looking to enter the industry
- 10 events throughout the state focussed on industry networking, skills development, and employment pathways

- A mentoring service to pair young agribusiness professionals with experienced people in the industry
- A jobs portal specifically target to the agribusiness industry
- New internships in the agriculture industry – building on the existing VFF/NAPCO Internship program
- Young Farmer Assistance – providing information and advice to young people entering the agriculture industry

*Reinstate the First Farm Grant of up to \$10,000 for industry entrants*

The development of proper business plans is extremely important for new entrants to farming, not only for assisting in obtaining finance but also to help focus a farmer's mind on the practicalities of the business. The First Farm Grant previously offered through Rural Finance was seen as a useful tool to support this process.

An evaluation report conducted by DPI in 2012 found the First Farm Grant was highly successful, with one Rural Finance representative estimating the financial benefit was five to ten times the \$3 million allocated to the grants<sup>1</sup>. The report found considerable merit in continuing the First Farm Grant and concluded the grant would result in greater retention rates and improved business skills for new entrants and their peers.

The First Farm Grant was up to \$3,000 for business planning and additional grants for development projects to enhance the productivity and sustainability of young farmers, with the combined total not exceeding \$10,000. Young farmers who already have a business plan that meets the standards required for this scheme would be eligible for a Development Grant of up to \$10,000.

*Increase the annual availability of loans under the Young Farmer Finance Scheme to \$30m*

The Young Farmer Finance (YFF) Scheme, administered by Rural Finance, offers a concessional interest rate of 1-2% with repayment periods of 5 to 18 years, depending on the asset being purchased. The loan scheme budget is currently \$22.5 million per year. The VFF strongly supports this program, however it is consistently fully committed from year to year.

Currently, the annual budget restricts the allocation of loans to ensure the funding lasts the whole financial year. This means in most cases farmers will only receive a portion of any desired loan amount at a concessional rate, with the remaining at a commercial rate. To accommodate the level of demand, the total annual loan budget for the YFF scheme should be increased to \$30m per year.

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<sup>1</sup> Watson, P, Watson D, (2012) *First Farm Grant Evaluation Report February 2012*, Department of Primary Industries.

#### **4.1.7 Integrating Food and Fibre into Victorian secondary schools curriculum and learning areas**

*\$500,000 over four years for the VFF Food & Fibre Careers Officer*

Overall awareness of food and fibre career opportunities in Victoria appears to be improving due to the increased awareness of food and fibre production. However, there is a need to better coordinate existing resources and facilitate the food and fibre models of education that already exist. The Food and Fibre Careers Officer focuses on encouraging teachers and students to broaden their perceptions of food and fibre careers by actively promoting and educating Victorian secondary schools on how to integrate food and fibre into all learning areas. All subjects offered at Victorian secondary schools can be linked to food and fibre.

In the first 18 months of operation the Food & Fibre Careers Officer has focused on the pathways to invigorate food and fibre education in both urban and regional schools. The Careers Officer has also contributed to a series of regional and rural careers expos and developed relationships with a variety of agricultural industry groups.

The achievements to date have built a strong platform to further improve the awareness of food and fibre careers in Victoria.

#### **4.1.8 Production and supply chain efficiency**

*Continue Primary Producer Registrations*

It is extremely important to the farming community that the primary producer vehicle registration continue. Farm-based heavy vehicles are generally used much less than commercial vehicles and are seasonal therefore creating little road damage.

Primary producer registrations (PPRs) enhance local productivity by allowing farmers to license the optimal number of vehicles for their peak freight times. Agricultural production is time sensitive and efficient transport at peak times is crucial.

A survey recently undertaken by the VFF showed 79% of farm based heavy vehicles travel less than 10,000 km per annum. Furthermore, 57% of farm based heavy vehicles travel less than 5,000 km per year. Despite the low annual mileage these vehicles provide a very valuable service for agricultural businesses. Removal of the PPR will lead to reduced freight capacity, sacrificing quality and/or production levels.

*Fund regional studies to facilitate high productivity vehicles (HPVs) and improve B-double access*

B-double access remains patchy across the state for key agricultural commodities. While the majority of dairy farming areas have B-double access, there are numerous bulk grain storages with limited B-double access because of local government road restrictions. A

concerted effort is required to identify and address gaps in B-double access in the agricultural supply chain.

The ability to move agricultural products using HPVs would offer substantial efficiency gains to agricultural industries, including the dairy, intensive animals, fodder, and grains industries. More efficient supply-chains result in more profitable industries. However, the current network of roads classified for the use of HPVs does not support a number of major processors and grain handlers. Furthermore, for some industries the benefits of HPVs will not be realised until last mile issues are resolved and access reaches the farm gate. For example, HPVs offer the opportunity of rationalised milk pick-up – meaning less truck movements on local roads and significant productivity benefits.

With targeted pavement upgrades and bridge-strengthening works on critical routes the benefits of the 2013 reclassification of roads for use of HPVs could be unlocked for agriculture.

The State Government should fund regional studies into the more widespread use of HPVs to:

- identifying the necessary infrastructure upgrades
- assessing the costs and feasibility of upgrades
- consulting with local communities about the more widespread use of HPVs.

*Detailed scoping study for the North East Link*

Victoria’s agricultural supply chain currently suffers poor connectivity between the North and South East/East of the State. Road freight between these two regions is effectively channelled through Melbourne because of a missing link in the road network – the North East Link.

The VFF has identified the North East Link as being a critical piece of new infrastructure to support increased agricultural production in Victoria. The North East Link, connecting the M80 Ring Road at Greensborough and the Eastern Freeway, would be expected to carry around 100,000 vehicles a day, providing quicker and easier access for freight operators. The Link would provide major benefits to horticulture producers and flower growers transporting fresh produce to the Melbourne wholesale market and improve the efficiency of feed transport for dairy, pork, and poultry farms east of Melbourne.

#### **4.1.9 Road Safety**

*Fund an awareness campaign focusing on how to share the roads with agricultural implements in farm areas*

The VFF calls for an awareness campaign focused on educating the Victorian public on the prevalence of the agriculture sector in Regional Victoria and how to safely share the road

with farm machinery. Over the past two years, VicRoads have conducted a number of awareness campaigns including a motorcycle safety campaign, road user awareness of bus lanes campaign, and speed limits awareness. A comparable campaign for farm machinery will assist all regional road users.

The VicRoads approach to road safety when it comes to agricultural vehicles appears to adapt agricultural practises based on metropolitan expectations, rather than adapt the expectations and understanding of metropolitan Victorians. While we acknowledge that the farm sector has a role to play in road safety, safety is a two way street.

The VFF supports a joint effort between VicRoads and the Police Road Safety Awareness and Information Unit to improve knowledge and understand of farm machinery movement on regional roads. The target of this information campaign would largely be metropolitan drivers and those rarely using regional roads. The agriculture industry has equal right to road use and there should be an effort to inform all road users of this.

The first priority would be to undertake an advertising and roadside signage campaign directed at those who periodically travel in agricultural areas to inform them of the possible slow moving agricultural vehicles. Improved understanding of agricultural machinery in regional areas can only prove to increase road safety while maintaining current productivity levels.

#### **4.1.10 Energy Efficiency on Farms**

*Funding to assess agricultural technologies for inclusion in the VEET scheme*

The Labor Government has indicated its intention to continue the Victorian Energy Efficiency Target (VEET). The VFF does not support the continuation of the VEET scheme because to date it has provided little or no opportunities for farmer involvement while increasing energy costs for farms significantly. If the VEET Scheme is to continue the Victorian Government must undertake the work and assessments required to include agricultural technologies such as variable speed drives and more efficient lighting and cooling systems.

## **4.2 Department of Environment, Land, Water and Planning**

### **4.2.1 Water Infrastructure Development**

*Fund a feasibility study for water infrastructure in the Lindenow Valley*

In dry summers farmers in the Lindenow Valley are subject to restrictions on watering. The Victorian Government provided \$1 million for a Ministerial Committee to investigate options for how to best improve water reliability whilst protecting environmental flows in the Mitchell River. They considered how winter-fill extractions can be most effectively stored, identifying two potential off-stream sites and a preferred site at Stony Creek for a 17GL dam providing approximately 10,500ML yield per annum. It can provide water for agriculture, urban and industrial uses, as well as help to secure water for the environment to use in dry seasons.

Improving water security will secure 1,000 jobs in agriculture and is also expected to create 100-150 on-farm jobs in addition to employment in associated industries.

We recommend that funds be allocated to undertake a final feasibility assessment to develop a business case for the project.

*Complete the business case for the Mitiamo stock and domestic pipeline network*

Coliban Water and Goulburn-Murray Water are working collaboratively on a revised stock and domestic water scheme for the Mitiamo region. The Mitiamo region is in need of improved access to stock and domestic water supply. The current supply arrangements are inefficient and inequitable.

Scoping is currently underway to ascertain the demand and potential size of the project, which will generate some water savings through operational efficiencies.

#### **4.2.2 Environmental stewardship**

*\$5 million for a pilot project to fund stewardship activities targeted at environmental outcomes on private land*

The Australian community is increasingly demanding greater protections and improvements in the quality and extent of native vegetation. However, farmers, who own 65 per cent of the Victoria's land, cannot afford bear the cost of these demands. If the wider community wants to improve bio-diversity on private land then they need to pay for the public benefit it delivers.

The VFF's overriding principle on Native Vegetation is - ***any improvements to native vegetation quality and extent desired by the community must be achieved through utilising an incentives and market-based approach.***

The Labor Government has committed to ensure a net gain in Victoria's native vegetation cover. To help achieve this, the government should invest \$5 million on a pilot stewardship program. Riparian Management

*\$45 million over four years towards ongoing funding for voluntary riparian management works*

The VFF supports a voluntary approach to riparian fencing and management by farmers. There are substantial costs for private landholders associated with fencing out stock from riparian areas. These costs include establishing off-stream watering, maintaining riparian fencing in flood prone areas, and increased efforts required to manage pests and weeds.

If the State Government wishes to achieve environmental outcomes on riparian land it is crucial that landholders are involved in the process. Farmers are best placed to manage pests and weeds on riparian land, but there must be adequate incentives to do so.

Improved management of riparian land can result in public benefits such as improved ecosystem function and, if fencing is extensive, improved drinking water quality. Continued funding of \$45m over four years for voluntary riparian fencing programmes will help achieve these outcomes.

*\$20.8 million over four years to support council roadside weed and pest management programs*

Roadsides are key corridors for the spread of invasive plants and animals. The management of invasive species on roadsides is critical to maintaining agricultural productivity and the ecological function of roadsides.

The Catchment and Land Protection Act was recently amended to clarify that the responsibility for management of rabbits and most weeds on municipal roadside sits with councils. To undertake this role effectively councils require funding from the State Government.

To date the funding provided to councils has been unsatisfactory, with councils receiving around \$50,000 each per year. The VFF is proposing that the sum available be doubled, with councils receiving \$100,000 each per year.

#### **4.2.3 Environmental Overlays**

*Funding to assist local government rationalise environmental overlays*

Environmental overlays create major red-tape for agricultural businesses. The incorporation of more detailed biodiversity mapping into State-wide native vegetation regulations will provide a significant opportunity to rationalise locally applied environmental overlays.

Environmental overlays duplicate State-based regulation, embed unnecessary permit requirements, and enable councils to apply dubious permit conditions. State Government support and funding is required to encourage municipal councils to amend their planning schemes to rationalise environmental overlays.

### **4.3 Department of Treasury and Finance**

#### **4.3.1 Reduce the burden of taxes and levies**

*Double the payroll tax free threshold from \$550,000 to \$1.1 million*

Victoria has the lowest payroll tax free threshold in Australia. This means smaller employers are subject to taxation costs that are not imposed on the same sized businesses in other states. This has a significant impact on agricultural employers, and particularly horticulture businesses that are more labour intensive. Victoria's horticulture industry is in direct competition with Queensland, however Victoria's payroll tax free threshold of \$550,000 is only half that of Queensland, which has a threshold of \$1.1m. For agriculture and

horticulture to remain competitive in Victoria the payroll tax free threshold should be brought into line with Queensland, and increased to \$1.1m.

*Increase WorkCover remuneration thresholds*

The system of determining WorkCover premiums is based on a percentage of Total rateable remuneration. The thresholds for determining the level of insurance have not changed since the mid-1990s, whereas wage rates have increased substantially. This has a disproportionate impact on industries with a high industry rate, such as sheep farming.

For sheep farmers the cost of employing shearers has increased by 75 per cent since 1997, while the thresholds for determining Work Cover premiums remain unchanged. The State Government should review and update the thresholds for workers compensation taking into account increases to wage rates.

*Rebalance the Fire Services Property Levy to make it fairer*

The Labor Government has committed to review the Fire Services Property Levy to make it fairer.

The use of Capital Improved Value to determine the Fire Services Property Levy has created inequities for agriculture, particularly for land intensive businesses in high land value areas. In these cases the FSPL is exacerbating the already inequitable burden of municipal rates, where land value is not necessarily reflective of capacity to pay.

To address the inequity for agriculture the Fire Services Property Levy should either be charged only on CIV minus site value or be capped on a per hectare basis for grazing and cropping land.

*Continue the Young Farmer Stamp Duty Exemption*

There are major barriers to entry to farming for young people in Victoria. Most notably the upfront investment required to purchase farm properties, stock, machinery, and other capital. The Young Farmer Stamp Duty Exemption has reduced these barriers and is a valuable tool to encourage the involvement of young farmers in agriculture. The cost of continuing the Young Farmer Stamp Duty exemption is modest and the benefits to young farmers are substantial.

*Remove the automatic indexation of Government charges*

It is State Government policy that rises in its taxes and charges are linked to the Consumer Price Index (CPI). The VFF urges the State Government to replace this automatic indexation with a system that allows taxpayers to scrutinise and demand the government justify these increases to ensure government accountability. Further, the VFF wishes to highlight that previous federal governments have reversed their policies on some automatic CPI increases.

Competitive pressures force private enterprise to increase productivity and reduce the costs of production as they cannot automatically apply a CPI rise to their prices. It is reasonable to expect the Government sector to be subject to the same drivers for productivity.

Taxes and charges applied on an *ad valorem* basis increase over time as the price of goods or incomes rise. These rises should not be magnified by any increase in the rate of the tax or charge. If taxes and charges are to be linked to CPI it should be on the basis of CPI minus a percentage, in order to drive increases in productivity.

Allowing Governments to increase taxes and charges in line with CPI is not conducive to obtaining a more efficient Government sector. The private sector has reduced costs, increased productivity and improved services without the privilege of being able to automatically increase prices. The Government sector should be under the same pressures.

### **4.3.2 Supporting Australian Producers**

<i>Adopt an Australia-first Government Procurement Policy</i>
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In recent years, State Government departments and agencies have significantly reduced their purchases of Australian grown and made products and switched to cheaper imported alternatives. In the first six months of 2013 less than half of the products purchased by Victorian Public hospitals were either Australian made, Australian grown, product of Australia or made in Australia from local and imported ingredients.

Price has become “the” determinant in Victorian Government procurement decisions. Selecting suppliers based on the cheapest price means little consideration is given to other important criteria such as food quality, food safety, labour conditions, environmental implications and the benefits to our economy and society (such as employment opportunities and taxes) that sourcing local produce fosters.

The food safety issues associated with imported food were brought into the spotlight when imported Chinese peaches were found to have elevated lead levels. Some tested peaches were found with lead levels at 11 times the Australian standard. Consuming high levels of lead can cause serious health issues, including brain damage, damage to digestion, reproduction and the nervous system.

The VFF supports the adoption of a policy whereby government departments and agencies must purchase Australian grown and Australian made food, where available.

## **4.4 Victoria Police department**

### **4.4.1 Additional funding for the already established rural crime initiative**

*\$500,000 for the Livestock and Farm Crime Specialist Group*

In the 2012/13 financial year alone the estimated cost of reported stolen livestock was more than \$500,000. There were also 27 tractors reported stolen from Victorian farms in the same year. These sorts of losses are not only a burden to the industry but also have a devastating effect on individual farm businesses. Furthermore, farm theft often goes unreported.

The AGLOs are a cohort of sworn police members who have a range of skills, knowledge and expertise which assists them in both investigating reports of rural crime and implementing proactive measures to reduce the incidence of crime upon people in rural communities.