

25th January 2010



Riverland and Mallee – Primary Producers Business Centre

Background:

The aspiration most commonly shared by the majority of the Riverland community, particularly those with livelihood investments in the irrigated horticulture industry, is that which is most often expressed as *the need for a single voice*.

In the not too distant past, the Riverland Horticulture Council achieved this unity to some extent. However, this Council was dissolved in 2007 largely because of the low level of organisation and resourcing of most members but more importantly because it lacked a single authority figure to direct activities and to speak with that *one voice*.

Quite recently and in response to that *shared aspiration* we have witnessed a failed attempt to form a *Riverland Coalition*. This movement was urged by a cross section of community members who attended a public meeting at the Berri Town Hall in November 2008. It failed for very similar reasons; low levels of resource between the various groups and no recognised single authority voice to make decisions.

These actions have only occurred because most Riverlanders realise that to *make things happen* to make a difference when consulting and developing policy it is first and foremost essential to be able to engage in a timely and effective manner with all constituents. There has been no such mechanism or capability and as a consequence rather than a *single voice*, there are many mixed messages, all with best of intentions but without the benefit of a well coordinated, coherent and widely supported approach.

In the recent 5 or 6 years market forces have impacted relentlessly and adversely on domestic and international trade, the Australian dollar has consistently appreciated in value, water has been restricted as never before, climate change has overshadowed many more immediate concerns, regional production levels have dipped and wealth retention has fallen well below sustainable levels. Understandably many of the frustrations borne out of those challenges have given rise to renewed calls for a single voice for the Riverland regions' horticulturists.

At the local level small, medium and most recently large enterprises have been forced to contract both the size and scope of their operations and in some cases to cease trading altogether. *Growth has been unachievable* for most businesses for at least the past 3 or 4 years. The majority have moved into *survival mode* simply hoping to be able to weather the storm and benefit on the rebound. Many assets have been liquidated by those who have chosen to be *ONGOERS*. Present indications are that the region will not emerge from survival mode until there is an appreciable reversal of those factors outlined above or until new enterprises and new enterprise models can be established. The probability that this reversal will happen of its own accord or that it will happen within several years is very low.

The contraction of irrigated horticulture has caused such a downturn in processing that much of industry's infrastructure is operating at greatly reduced rates of throughput. Some plants are not operating at all. The consequence of this is a very substantial reduction of underlying infrastructure asset values. By way of example, 3 of the region's largest wine processing facilities will not crush any wine grapes in this present vintage. Of equal significance is the fact that most vineyards and citrus orchards are valued well below standards of 10 years ago. Water delivery infrastructure and transport services are also operating at well below optimum throughput rates.

One of the region's prized assets, the **Loxton Research Centre (LRC)**, its surrounding farm of trial plantings and its weather observation technology has also revealed how susceptible it is to the overall decline in Primary Production prosperity. Many of the symptoms evident in the private sector as a result of the general decline in horticulture can also be measured at LRC in terms of the reduced demand for field work, laboratory services, support and administration. The consequences, particularly the departures of staff in recent times have been well documented.

The RWGA is of the view that it is this under utilisation of infrastructure, including the LRC that presents this region with a rare opportunity to intervene, to be innovative and decisive and help engineer a rapid reversal of all these *declining* trends.

The Concept:

The LRC is at the hub of this concept. It is proposed that LRC becomes a *Business Centre*, showcasing partnership between industry and government.

All Primary Production Commodity Groups would be offered the opportunity to participate and will rank as primary beneficiaries.

Research, extension, education and training would feature prominently as outcomes of the revival and reassertion of the Riverland region as one of Australia's leading primary production and processing zones.

The concept embraces the notion of partnership between all primary producer groups operating in the region and the South Australian Government. The goal is to work together to reinvigorate

the LRC with the express purpose of establishing it as a *Business Centre* serving the regional community but with the potential to have far-reaching national and international connections, especially in the areas of education and extension. In due course the centre should be able to operate on a *user pays* basis.

The primary driver is the often stated need on the part of all producer groups and service providers to have a common forum in which to debate matters of common interest, to develop, adopt and proclaim a Riverland position and even to draft policy where appropriate on regional, state and federal matters where there is an agreed need for well structured, well researched regional input.

The secondary and obvious driver is that in its present form, the LRC has significant resource capability and much potential. Without a plan and without a reasonable funding commitment from the community of primary producers and government, it seems inevitable that its decline will continue; like other regional infrastructure assets, it will be threatened with extinction. On the other hand an appropriate *Partnership Plan* will arrest the decline and provide a *hub* for the revival of Riverland primary production.

It is proposed that the *Business Centre* be established as a jointly funded project. The vision includes industry funding being derived under the Primary Industry Funding Schemes Act being applied across all primary producer groups at a regional level with modest and equitable voluntary contributions from all producers. For its part there will be an initial requirement from Government to inject funds to undertake the capital works necessary to upgrade and adapt the Centre to enable it to begin to function as a (service) Centre for Primary Producers. Existing government services provided by Rural Solutions and South Australian Research & Development Institute (SARDI) could continue and possibly expand as the industry renewal program gains momentum. Industry groups could be accommodated within the LRC on reasonable commercial rates of tenancy.

The major advantage to all groups would that be through sharing services, all groups would have access to professional standards of administration and financial management. The Centre could provide first class training facilities, meeting rooms and a range of laboratory services. It is envisaged that all groups that operate within the environment would do so on a user pays basis.

Likewise all groups operating within the Centre could retain their own strategic and operating plans but could also have input to and a share in the benefits of shared or integrated plans. Standard templates and reference materials could be developed with expert guidance and stored in a central reference library or repository. All industry groups should be able to be coordinated and focused in the areas such a goal setting, productivity and efficiency, development of standard protocols covering such aspects of a Primary Producer's work routine including quality assessment, quality assurance and compliance, methods of measurement for trade, regular reporting (including variance reporting) and achievement of goals reported via an agreed regional score card mechanism. Another major benefit would be that all primary producers

could be included in a single Riverland Primary Producers Register or database and communication network.

Terms such as *Continuous Improvement*, *New Enterprise Models*, *Value Chain Principles* and *Improved Market Access and Interfaces* are all important. However, to be relevant, these terms must be interpreted, converted to a language that primary producers understand and then acted upon or developed with full knowledge and understanding on the part of all stakeholders. LRC, operating in partnership with industry as a Business Centre could provide much of the support and reassurance that will be needed to optimise outcomes in the Riverland Futures programme and to reduce timeframes.

Half a dozen poorly resourced (in most cases) interest groups can only *try hard* to conquer the challenge of embracing the change necessary. The new LRC would provide a resource base for reference and guidance for new initiatives and projects generated through existing producers groups. This could happen in the short term. In the longer run and with appropriate strategic planning the LRC could assist groups to access and interpret the market intelligence so essential for strategic thinking and planning and development of new business on a scale that will reposition the Riverland as a region of prosperity.

This paper is intended to stimulate further discussion and investigation and to assess the level of interest and commitment to this notion of a single voice for all Riverlanders.

Yours sincerely



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Executive Officer