

Legislative Council Dairy Industry Select Committee

Thank you for the opportunity of making a written submission.

At the outset, let me say that the last time I helped milk cows was over 40 years ago and that I am not trained in branding or marketing.

That said, I do have views on matters included in your Terms of Reference.

I have, over the years, sought advice from a number of people whom I believe have been trained in or otherwise have expertise in branding and marketing. My comments will no doubt include the learnings I have received from these generous people and I apologise to them if what I say includes an element of plagiarism.

The word commodity is widely used, usually in the context of “the price of the commodity is...”

I believe this is because in any commodity market, there is only one thing that really matters, that enables a sale, and this is the price.

I believe Tasmania is too small and too far away from our markets for us to produce products and successfully sell them into commodity markets. Someone else, because of the economies of their scale (which we don't have) and/or because they are closer to the markets than we are, will be able to sell at a lower price than we can.

Should we persist in pursuing such markets, we will simply entertain a subsistence existence.

I believe that all of the products Tasmania produces can be sold into higher value markets, because our products have values that enable us to differentiate them in the market place.

For this to happen, we, as Tasmanians, have firstly to believe that this is the case.

Our production of almost everything is small (read tiny) on the world stage, so we can cope with most of the buyers going past us. All we need are one or two buyers who place value on the special characteristics/qualities of our produce and whose markets in turn are prepared to pay a little more for these values, for us to get a sale for our production into a market at a higher price than commodity markets.

For our state to work well, all of us have to believe and then do this.

We should all understand, clearly, where Tasmania's wealth is created.

The numbers are hard to obtain and what I set out may not be quite correct. Someone should be despatched to provide clear advice on this.

My understanding is:

- About three quarters of Tasmanian households' main incomes come from the governments, local, state and Federal,
- About one quarter comes from the private sector.

Of the about one quarter that comes from the private sector, I believe the economists divide this into two parts:

- The non traded sector, that which relies on Tasmania/Tasmanian people for its market. Examples are house builders and repairers and food shops. These businesses cannot grow unless the Tasmanian population increases, our population's incomes increase, or we eat larger meals!
- The traded sector, however, sells into markets outside the state and is therefore able to grow despite low population or income growth here in Tasmania.

(As the community's wealth is created by the private sector, this is why, as a state, we are currently living courtesy of the benevolence of other Australians.

We therefore have three choices:

- To do without some services we currently enjoy because we can't pay for them ourselves.
- To continue to allow other Australians to pay some of our bills for us.
- To set out and grow our traded private sector, to create more wealth and allow us as a state to pay for what we'd like to have.

Please remember the golden rule, which is that he who has the gold makes the rules. ie, if we simply allow others to pay our bills, they will, eventually, be in charge of our state.)

Primary industry is often quoted as providing about 6% of the state's employment.

I am advised this may be a conservative proxy for about 6% of the state's economic activity, which, if true, means about one quarter of the private sector and at least 60% of the state's traded private sector.

So, let's say that at least 60% of the real wealth created in the state, what we sell to/trade with outsiders, is currently created by our state's primary industries.

Having a clear understanding of this is vitally important, because apart from population growth, the traded sector is the only chance we have to earn more to enable us to pay our own bills and in so doing, most importantly of all, provide worthwhile careers for those young Tasmanians who, at present, are looking for jobs.

What's the role of the Government?

Let's start in reverse, and look again at the roles of the private sector.

I believe the private sector has two jobs:

- To innovate, and,
- To create the community's wealth

Our Government and their public service don't do either of these jobs. Their roles are different and include providing an environment conducive to the private sector getting on with its two jobs. Often, this is simply getting out of the way.

I also believe our Government has a critical role concerning the branding of our state, which I'll get to later.

Our primary industries comprise water based enterprises including aquaculture and wild fish harvesting and land based enterprises including agriculture, horticulture, viticulture etc. (Forestry should be included as part of our primary industries portfolio, not resources, because practiced properly, it is not extractive, but sustainable. But, this is another debate.)

Focussing on agriculture, which of course includes dairying, we have a limited area of land suitable for agricultural pursuits. We can't simply go and double the production of something, because we don't have that much spare land just lying around.

There is now the opportunity for a next step.

Over the last eight years or so, significant investment has been made in increasing the amount of reliable irrigation water available to our state's primary producers. The farmers are the real heroes here. They've taken on significant debt, in some cases, to increase production, but in many cases simply to ensure they can reliably produce no matter what the season.

This next step is for the primary products these farmers produce to be processed, value added, here in our state.

I believe it is now the time to do this.

How this is to be done, is, of course, up to the private sector, as one of their jobs is to innovate.

But, in my view, given our farmers, over the past eight years have stepped up to the mat and picked up heavy weights in the form of the debt they've taken on to invest so they can produce reliably, every year, that it's now the time for the processing industry to do the same, to step up to the mat and take on the role of seriously value adding here in the state.

Given this does happen, this would create a large number of sustainable, worthwhile careers across a wide range of disciplines.

How can this happen? How can what's happening at present be improved?

We have some excellent processors, who are doing a great job.

We need to brand our state and its' produce such that carrying the Tasmanian brand carries real weight in our markets.

I believe it's up to our Government to ensure a good job is done to achieve this. This is their job. They should have in place a system that allows only those Tasmanian firms who are playing the game, marketing produce produced and processed here, to use the Tasmanian brand.

We need a system that has teeth.

We also need a strong appellation control over the use of the word "Tasmanian". Other jurisdictions do this. Why shouldn't we?

To me, the market opportunities are up to the private sector, be they tourism, primary industry, education or otherwise, but the bookends between which they will operate are the Tasmanian brand.

Ensuring that these bookends exist and are only used by those eligible to do so is up to our Government.

I think appropriate branding of our state with appropriate regulation of who is able to use the brand, coupled with strong appellation control would greatly assist greatly Tasmanians to sell their traded goods and services into higher value markets.

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