

BUSINESS NEWSLETTER

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Global food security – Australia as a food bowl for Asia

During the Global Food Forum held recently in Australia, key leaders and industry experts debated the opportunities and challenges Australia faces to meet the growing demand for food and become the food bowl of the region. The theme was how Australia could move from the "mining boom" to the "dining boom".

Tim Hornibrook, the joint chief executive of Macquarie Agricultural Funds Management, said the majority of institutional investment in agriculture was coming from foreign investors and that Australian agriculture is being starved of capital from local institutions due to negative perceptions fanned by farmer groups. But Mr Hornibrook said there was also a lot of misinformation about foreign investment. "Rather than taking a xenophobic approach to foreign investment in this sector, we should try to understand who these institutions are and why they want to invest into this sector and particularly into Australia." The collapse of the managed investment schemes in the wake of the global financial crisis and the recent decision to privatise listed farm and water rights investor PrimeAg had not helped perceptions of the industry, he said.

Macquarie manages \$1 billion for local and international investors in cropping, sheep and beef production and dairy farming in Australia and Brazil. It claims to be the biggest mixed farmer in Australia, with 3.6 million hectares purchased or leased and developed and operated by the firm.

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Anthony Pratt, executive chairman of Visy, spoke of Australia having the potential to be a food super power in the world, fronting the second green revolution, quadrupling its exports to feed 200 million people to three billion consumers. He described Australia as Asia's "clean, green food bowl". Australia would require a concerted effort to convince the broader public of the need for far greater foreign investment in agriculture and infrastructure.

Mr Pratt stated that the large expanses of desert region in Australia, notwithstanding, over the next decade and beyond, the country will have almost 20 times more arable land per head of population than China, India and Indonesia, and 60 times that of Japan. Overall, that's 20 times the potential productivity of the arable land available to some 3 billion people in Asia. So in the most fundamental way, and well into the future, Australia is uniquely placed to produce surpluses of valuable commodities. Beyond exports, Australia can also develop and provide the expertise and know-how to the Asian region in agricultural development, food manufacturing, and distribution that would enable one billion people to benefit.

Mr Pratt explained that Australia's food manufacturing exports are still very strong: they're worth \$17 billion a year, more than education and tourism. The food industry as a whole supports 317,000 direct jobs, and a flow through of about 1.6 million jobs. He put

forward six ways to turn Australia as a provider of food to the region;

- the need for accelerated depreciation for new manufacturing investments in food.
- the need for a massive boost in food and beverage sector innovation. Governments can help drive it by providing financial incentives, partnerships, and much greater R and D support.
- Australia needs to follow the American example in anti-dumping practice by putting the burden of proof on the offending party to prove that they are not doing it.
- suspend payroll tax for food manufacturers.
- Competition policy should be more relaxed to allow food companies to consolidate under certain conditions, thus enabling greater profitability and so encouraging companies to stay here.
- the need to get more young people into agricultural science.

Rebecca Dee-Bradbury, the president of Kraft Foods in Australia and New Zealand, who travels frequently in Asia, added that the way to make this happen is to start from the consumers eating preferences.

Boston Consulting Group's global chairman Hans-Paul Burkner said that Australia requires "a massive mindset change. You need to look at the world map in a different way. See yourselves as in the middle of where six billion people are making their aspirations come true. One of the aspirations more or less all of those six billion people have in common is to eat well – which mostly involves eating better. More protein, higher quality."

Victorian Premier Denis Napthine said dairy production in Victoria has doubled in the past 30 years, with less land and about the same sized herd. The Asian consumers are not looking for sheer volume or weight of produce from Australia, but for quality, for premium products to which value has been added.

Trade Minister Craig Emerson acknowledged, at the forum, the smart work of the Kiwis in getting an

agriculture-focused free trade agreement signed with China five years ago, since when their exports, led by dairy, have tripled. He revealed that in recent talks in China he had been told that consumers there want to buy food that is supermarket-shelf-ready, including meat, which has been exported in the past in bulk.

The Trade Minister stated "But if we are to put flesh on the China relationship – and, looking broader afield in Asia, to gain better access to other markets in Asia too – then we need to find ways to meet each other's core expectations – through bargaining as well as through domestic education, building mandates for change and for "concessions" that usually mean opening doors wider. The precarious global economic state is placing the world on the threshold of tilting back into protectionism. This would be the kiss of death for our hopes of becoming a new food superpower. While bilateral and regional FTAs are not ideal and add to the complexities facing exporters, they are the only act left in town. Positioning food firmly at the top of the menu is predicated on building better links with Asian markets."

Business Opportunities

Mining tenement available for acquisition in WA

A zinc-lead-silver deposit, which is considered to be a highly prospective development asset, located in central Canning Basin, WA is available for acquisition. The tenement is estimated to contain reserves that enable average annual production of 77,000 tonnes zinc and 99,000 tonnes of lead concentrate, over a 10 year period. Current resource is based upon a mineralised zone over a 2.3 strike.

Investors keen to develop Perth properties

Elizabeth Quay & Perth City Link project is believed to have attracted investors for development of hotels and other opportunities offered by the project. Four major parties have reportedly filed applications with City of Perth for development of hotels.

Environmental nod received for Toro Energy's uranium project in WA

Toro Energy's Wiluna uranium project received environmental approval from Australian Government on 2 April 2013. It is the first uranium project in Western Australia. A range of further approvals would be required before starting construction works. Mines and Petroleum Minister Bill Marmion said WA has been mining, processing, transporting and exporting radioactive minerals, including mineral sands, for more than 40 years. WA currently has known uranium oxides reserves of 211,000 tonnes across around 26 deposits. Toro expects first production from the Wiluna mine by the end of 2015. Toro Energy is now looking for joint venture partners and wants to conclude supply agreements with overseas consumers. The company announced that it was talking to several potential investors in Japan, China and South Korea to help develop its Wiluna uranium project in Western Australia.

Australian subsidiary of IRL awarded sub-contract for copper mine in Jharkhand

Perth-based mining company India Resources Limited (IRL)'s subsidiary IRL Copper Mining Pvt Limited has been appointed as sub-contractor by Shriram EPC Limited to undertake shaft sinking and development work at Surda copper mine in Jharkhand for Hindustan Copper Limited.

Approval given for setting up plant to extract energy from waste in WA

WA's Environmental Protection Authority has approved the \$180 million WA'S first waste to energy plant, planned for Boodarie near Port Hedland. It uses gasification process which converts gas from decomposing material into heat and power. The facility would process as much as 100,000 tonnes of rubbish a year. The plant is expected to be operational in 2014.

Survey indicates businesses in WA more positive about future business conditions

The latest Westpac CCIWA Survey of Business Expectations found that 29% of businesses believe conditions to improve over the next 12 months, up from 13 per cent in the December quarter. According to the survey WA businesses are more positive about future despite the difficult operating conditions. The March quarter survey is the first under CCI's new partnership with Westpac which includes sponsorship of the State's only leading indicator of WA economic activity.

SA defends employment of 457 visa holders

According to figures released by the Immigration Department the South Australian Government is the state's highest employer of 457 visa holders. 20 per cent of the state's 1360 workers on 457 visas (available to overseas workers to address skills shortages) are employed in the public sector. Media reports that unions claim the visas

are being exploited by employers to create a cheaper and more compliant workforce. South Australia's Manufacturing and Innovation Minister Tom Kenyon says most of the public sector employees on 457 visas work in health and in general, were employed as resident medical officers, registrars, nurses and medical practitioners. He said that that it was a stop-gap measure and was not using these 457 visa positions permanently.

Toro Energy to transport uranium to port in Adelaide

The Federal government has permitted South Australian Company Toro Energy to mine uranium, at Wiluna, in Western Australia's goldfields. The mine will truck its yellowcake to port in Adelaide under the plan signed with the Federal government. The project, valued at \$269 million, will start production at the end of 2015. Chief executive of SA's Chamber of Mines and Energy says the industry has a proven record in safely transporting uranium and has been exporting, quite safely, over the last 30 years.

Decmil Group roped in to design and construct infrastructure projects in Roy Hill iron ore project

Decmil Group will design and construct rail and port facilities worth \$71 million for Roy Hill Iron ore project in the Pilbara region of the WA. Roy Hill plans to ship 55 million tonnes of iron ore a year after completing its port, rail and mine infrastructure project. The agreements are subject to Roy Hill securing finance for the \$10 billion project.

Upcoming Events in Australia:

Revealed Exhibition (13 April –04 May 2013)

The Revealed exhibition will be held at the Gallery Central at Central Institute of Technology, Northbridge, from 13 April to 4 May 2013 and will feature artworks from more than 35 emerging Aboriginal artists from across WA. Revealed provides the artists with an opportunity to connect with industry professionals, the general public and one another.

Venue: Central Institute of Technology, Northbridge

Australian Gas Technology Conference and Exhibition (01–03 July 2013)

Australian Gas Technology Conference & Exhibition will be held at Perth Convention and Exhibition Centre, Perth, WA from 1–3 July 2013. Suppliers and traders will exchange their ideas and strategies to exhibitors from all around the world.

Venue: Perth Convention and Exhibition Centre

To view the list of all Australian

Government Tenders, visit

<https://www.tenders.gov.au/>

Useful Links

These are links to procurement policy documents, guidelines and general information that will assist in understanding the Australian Government procurement environment.

Selling to the Australian Government – A guide for business

<http://www.finance.gov.au/publications/selling-to-the-australian-government/index.html>

Australian Government Procurement Policies

<http://www.finance.gov.au/procurement/>