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THE SENATE

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ADJOURNMENT

Opportunities for Australia

SPEECH

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Date Tuesday, 3 December 2013
Page 89
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Speaker McKenzie, Sen Bridget

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Senator McKENZIE (Victoria—Nationals Whip in the Senate) (21:27): Tonight I would like to speak about seizing the opportunities which are before us as a nation. I want to speak about looking forward and outward and making the leap from a comfortable national existence paid for by the mining boom to a prosperous future economy that makes the most of the opportunities of a changing global marketplace as the mining boom peaks. We need to be examining where the next areas for growth and prosperity lie and how best to harness our natural advantage. To do so we need to be active. We need ideas and planning so that we do not become victims of circumstance, and we need to make the most of the opportunities before us.

As a National Party senator, I understand only too well the importance of geography and its role in determining opportunity and access. In this 21st century, the Asian century, our geography perfectly situates us for opportunity and access. We need to make the most of our geography, which uniquely situates us in Asia at a time when the Asian developing economies are growing at unprecedented rates and when there is a desire by the growing middle class for safe food, English education for their children, financial services and leisure experiences previously reserved for the super-rich. This gives us a unique opportunity.

A recent Deloitte report titled *Positioning for prosperity?* looked at the coming waves of growth for Australia to take advantage of as the mining boom recedes. Whilst mining will continue to be an important driver of the economy, it has peaked. The report identifies five areas of potential prosperity: agribusiness, gas, tourism, international education and wealth management. I see agribusiness as a great advantage going forward. It has driven our economy for centuries, and our high environmental standards, advanced technological systems and innovative on-farm practices will continue to make this a key driver. Already food manufacturing represents the largest sector of manufacturing, with over 300,000 people employed—over half of whom are in the regions.

Gas is our third largest energy resource, with growing demand from neighbouring countries. Tourism has a potential for growth. We have such fabulous natural assets, such as the Great Ocean Road, the Alpine National Park and Uluru, to name a few. Unique flora and fauna, combined with our beaches and

cosmopolitan cities, mean we are the natural choice for international guests. However, we have not probably capitalised on the cultural tourism experience, which I think is an area we could improve on.

Collectively, growing these sectors could add \$250 billion to the economy over the next 20 years. What I find exciting about this analysis is that three of the five opportunities identified by the Deloitte report are regionally based. Whilst there are recognised challenges for tourism, agribusiness and gas, there are many opportunities. For tourism, we have identified that that includes infrastructure and the tyranny of distance, both externally and internally. I think everybody can relate to the international visitor who has flown a very long way at a very high cost to finally get to Australia, who then finds it is going to cost them almost the same again to get around internally within our nation. That is something we will have to address.

In agribusiness, some of the challenges are a skilled workforce both on-farm and in the research and development sector. I was privileged to work with Senator Back and Senator Marshall on an inquiry this year into agricultural education and the declining graduates within agricultural science and the flow-on effects into our research and development sector within agricultural science. We need those young graduates coming through to conduct the research. The regulatory burden that exists for agribusiness is also one of the challenges.

Obviously we have spoken about gas often in this place and through numerous Senate inquiries. The challenge is getting the balance right between regulation and extraction, and ensuring safety for communities and our water tables as we seek to make the most of that natural opportunity.

I think those are the top three areas out of the five identified by Deloitte that will ensure that regional economies continue that age-old trend of contributing significantly to the national economy, if we can begin to overcome some of those challenges. From my perspective, ensuring regional Australia is a key part of our future national economic growth is important as it will underpin the sustainability of the regional towns that I love and represent.

Regional Australia has so much to offer the rest of the nation but also the rest of the world. The regions have world-class produce, services, expertise and a growing savvy in all things technological which I am confident will allow us many more opportunities in times to come. For regional Victoria, this means planning for and adapting to the changing demands of the booming Asian economy. It is estimated that there are now 300 million urban Chinese who are classified as middle class, and this number is expected to grow to half a billion over the next 10 years. And this says nothing of the growing middle class right through South-East Asia, Indonesia and India. With this change comes opportunities for Australian producers, service providers and business operators. The Chinese middle class and the wider Asian middle class will demand higher quality food. This is an area where Australia excels.

They may have an appetite for Sunraysia citrus, Heathcote wine—and I recommend the shiraz—or Northern Victorian dairy, which after a decade of droughts, floods and Murray-Darling Basin uncertainty is actually going ahead in leaps and bounds and has a really exciting future. These neighbours in Asia may want to travel to Australia see the Murray River, tour wineries and experience the Grampians.

Agribusiness is a potential area of growth because of the rising demand for food from a population projected to grow by 60 million a year over the next 20 years. Australia has an exceptional international reputation for producing safe food but also high-protein foods, which have been linked to a growing middle class.

But we need to ensure we have good trading relationships and adequate transport infrastructure. We need to ensure there are enough young people entering agriculture to operate our farms and young researchers looking for the next innovation. We also need to increase the number of investors prepared to back our brains and commercialise some of the great work that is going on in our universities in this area.

That is why the coalition is committed to funding \$2 million to improve agriculture education in schools and listing agriculture and horticulture skills on the National Skills Needs List. Similarly, our commitment to building the infrastructure of the 21st century and beyond—perhaps most importantly, through inland rail—will support growth in agribusiness. There is no use growing the stuff if you cannot get it to a port, off the port and out into the wider international export market.

It is also why we are committed to an additional \$100 million for research and development funding in agriculture. We cannot expect to continue to thrive without encouraging new and more efficient practices.

It is the same reason we are focused on finalising trade deals with South Korea, Japan and China, to maximise the export opportunities for Australian producers and service providers.

The recent bidding wars for agribusiness in Victoria specifically around the dairy industry are a prime example of a thriving Australian agribusiness tapping into global marketplaces with success and international competitors seeing the value in that. Within the Victorian context, northern Victorian dairy farmers located from Echuca right along the Murray—Stanhope, Shepparton, Nathalia, et cetera, right through the north-east of Victoria—account for more than 20 per cent of the nation's milk production and contribute significantly to Victoria's \$1.9 billion in dairy exports.

The value-adding process on agricultural products is well documented. The days of us just growing it and shipping it off are over. I think we can value-add within our own nation and through our technological advances reap a greater reward. I think that is what the Deloitte report was going to.

The agricultural sector, at farm gate, contributes three per cent of Australia's total GDP. The gross value of Australian farm production in 2010-11 was \$48.7 billion. But, when value-adding processes are considered along with the value of all the activities supporting production through farm inputs, agriculture's contribution to the GDP works out to be around 12 per cent or \$155 billion. Agribusiness is clearly an opportunity for regional Australia. In 2010-11 Victorian manufacturing exports were worth a staggering \$6.3 billion and provided employment for more than over 310,000 people.

Most people know Australia has much to offer in terms of tourism. There is significant potential to increase Asian tourism because Australia is located close to Asia, is safe and has wonderful natural assets to share. Cheaper flights and our education market are other drawcards. But, again, we cannot take this for granted. We need to make sure it is easier for tourists to get here, but also to travel around once they are here and to ensure that the experiences they seek are on offer. That also means expanding our tourism experiences and not simply relying on beaches and cities. There is so much more to see and do. For instance, Rutherglen and the High Country in Victoria offer a great example of a regional tourism destination that could benefit from an expanded tourism industry. Fortified wines from the Rutherglen area have won international praise. With more than 23 well-established wineries in the region, there is a wide variety to offer the wine connoisseur. In fact, a provedore experience through the north-east would make a worthwhile trail.

Most of our tourism operators are small businesses, so some of the challenges generally for small businesses also extend to tourism operators. That is why the coalition will legislate to cut the company tax rate by 1.5 per cent and freeze the passenger movement charge at \$55 for this term of government to assist our tourism industry. Most Australians know just how special their country is and want to share that experience with others. But, as I said earlier, we have a significant opportunity to increase our cultural tourism enterprises. When I travelled through Canada I experienced their indigenous culture in a variety of ways, from buffalo jumps to dance and art. I think we could expand that area here, because when international visitors are surveyed on the way out of Australia they will tick the boxes to say they got all the natural wonderland experiences they sought but say they did not get the cultural experiences they thought they would get. So I think there is a gap there for things that we can share, and not only the culture of Indigenous Australians but other cultural practices, such as mountain cattlemen experiences, right throughout our society.

To be prepared for the new global economy that Australia will be part of will require adjustment and preparation. We cannot simply sit back and wait for opportunities to fall into our laps, as that is unlikely to result in any positive outcome and will not give us the best chance to succeed in the international arena. We cannot rely on being the 'lucky country'; we need to make our own luck. We need to make sure that we have an adequately skilled workforce, world-class technology and innovation and a regulatory framework that fosters ingenuity and entrepreneurialism. Unlike the former Labor government, which was intent on placing as much additional and unnecessary red tape as possible, the coalition government will remove such restrictions. On agribusiness, gas exploration and export and the tourism industry, regulations—both red and green—have had a significant impact. This is why the Abbott-Truss government has committed to cutting \$1 billion a year in red and green tape to boost productivity and innovation. In fact, the Productivity Commission has estimated that reducing the burden of unnecessary red tape could generate as much as \$12 billion in extra GDP per year. Examples could include streamlining financial reporting for universities or creating a national reporting centre for universities, as suggested in the Universities Australia submission to the National Commission of Audit.

Ensuring a skilled workforce means focusing on skill development, or attracting skilled professionals to the areas and industries that need it, so that we can get on with doing the job. We need an education and training system that is focused on student outcomes so that we have the graduates and apprentices who have the right

skills to lead us in this next wave. This is something that government can do effectively. Our most valuable resource will be our knowledge, underpinned by a drive to succeed and a willingness to be known the world over for our excellence.

Our ability to creatively adapt to changing circumstances should not be underestimated. We have lived at the end of this world for a very long time, isolated until very recent times from Europe, from the US, from where we perceived it was all happening. That has meant we are a very adaptive and innovative people. We have led the way, and continue to do so, particularly in scientific know-how, which will be a key driver for capitalising on perceived opportunities. Good relationships with our international neighbours will underpin this growth.

We need to be able to feed ourselves. We need to be free and to enjoy a high standard of living. We need to be safe. And, as a nation, we need to be autonomous. This means giving due consideration to who owns and controls our national assets and our intellectual property and what we do with the patents that are developed here in our wonderful universities. These are conversations we need to have. We need to have very clear understandings of what is in our national interest to ensure that at the end of the 21st century we are still all the great things that we are at the start of it.

Obviously we have to operate within our limits, unlike the former government. We have had a structural budget deficit of more than two per cent of GDP for the past five years. We will have to be thoughtful about how we spend money and deal responsibly with the federal budget. We will need to make some tough choices and take steps to ensure we put in place systems within our budgetary framework so that we deal with that structural deficit. The Grattan Institute recently released a report that indicated how the mining boom, which has driven so much of the comfortable existence we have all enjoyed over recent decades, has actually masked this deficit. It will be apparent to all, quite soon, that it is there. The choices will not be popular, but few ideas should be ruled out. In that context I look forward to the reviews into our tax system that do not leave anything out. I look forward to a comprehensive review of our competition policy, because that will underpin our capacity to take up these opportunities. I look forward to a review into our education system, to ensure that we are best placed to grab the opportunities and capitalise on our natural advantage.

Geography is an important consideration when thinking about shaping our future. As a National, I believe that our geography can be an opportunity—our proximity to Asia, our diverse climate and internal geography and our desire to compete on the

world stage, which is born from living in a large, isolated island nation. We are resourceful, determined and irreverent, and that means we take risks, we invent, we create and we back ourselves. Regional Australia is uniquely positioned to assist with the heavy lifting going forward. We should be proud of our nation, our people, our exports and our natural assets. This combination of characteristics could prove an unbeatable recipe for success. This nation is open for business, we are stocking the shelves and we will have people to man the tills.

Senate adjourned at 21:45