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Agriculture
WESTERN AUSTRALIA

New Industries Program

Creating growth paths for Innovation

'Annual Report 97/98'

NEW INDUSTRIES PROGRAM ANNUAL REPORT 19997/98

Now, more than ever, new industries are vital to agricultural sustainability.

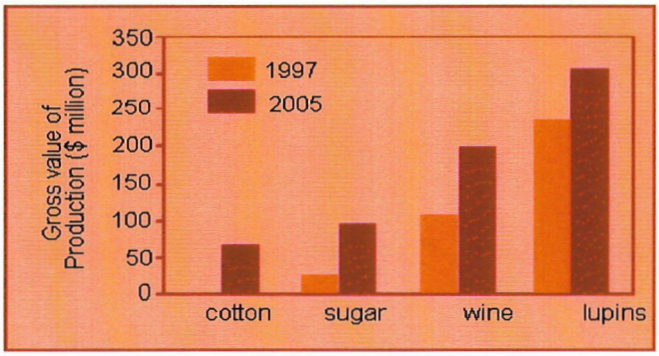
We live in an era of unprecedented technological advancement. Consumer tastes are more sophisticated and our agricultural products must meet the changing demands of Australian, and international, markets.

New industry development is no longer an option. It is an imperative for the financial and environmental prosperity of our agricultural sector.

The New Industries Program provides a market-focused approach to new industry opportunities. The Program operates as a crucible to support new industry developers who wish to move beyond "initial enthusiasm" to follow a commercial approach to developing new industries.

The Program has continues to make significant investments in establishing the cotton and sugar industries at the Ord River Irrigation Area. As they become commercially established, the value of their ongoing production to Western Australia will repay the State's investment in the Program many times over.

Wine and lupins are proven examples of how new industries can contributed to the wealth and sustainability of Western Australia. These industries returned $100 million and $230 million respectively in Western Australia in 1997.



The Program assists a range of industries that aim to service markets with products that are new to Western Australia. These industries include inland salt water aquaculture, bushfoods, camels, jojoba, olives, seed potatoes, cocoa, opium poppies, pharmaceuticals and short grained rice. A wide range of opportunities have been provided with assistance and guidance to address issues that affect progress towards commercial establishment. Where the Program is no longer able to add significant value and where industry prospects are significantly less positive than originally thought; such as the emu industry, support has been reduced.

Growing experience confirms that a strong market focus combined with a structured and staged approach to new industry development offers the best means of supporting new industry development.

KEY OBJECTIVES

The Program's key purpose is to create growth paths that effectively support the development of emerging new agricultural industries. These growth path plans are developed in partnership with are range of industry developers, including farmers.

Key objectives are to:

- Identify and assist clients in developing new industry possibilities
- Improve industry development processes and frameworks
- Improve understanding of emerging new industries
- Accelerate new industry development

FUTURE INVESTMENT PRIORITIES

Key areas for investment are:

- Consolidate a focus for the provision of expert advice. The Program has established The Centre for New Industries Development as a focus for the provision of services in new industry development. The Centre will be consolidated in1998 by providing an improved facility.

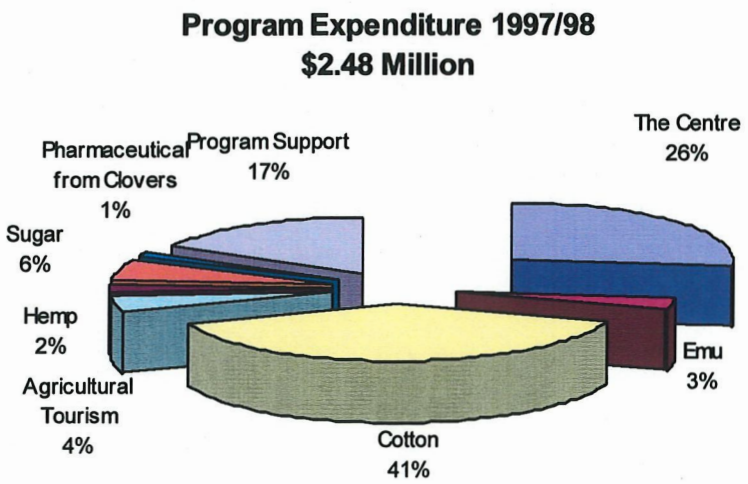
- The Program has been developing best practice innovation management procedures. A stage gate process has been developed for application to agricultural industries. Case studies will be documented and Centre and Agency staff will be trained in the approach in 1998/99.

- Coordinate targeted action to fit changing industry needs. The Centre recognises the need to build industry groups that consider all industry factors and to focus action in the key development areas for the specific industry. Increasing focus will be placed on gaining wider industry participation and attracting significant commercial players into projects.

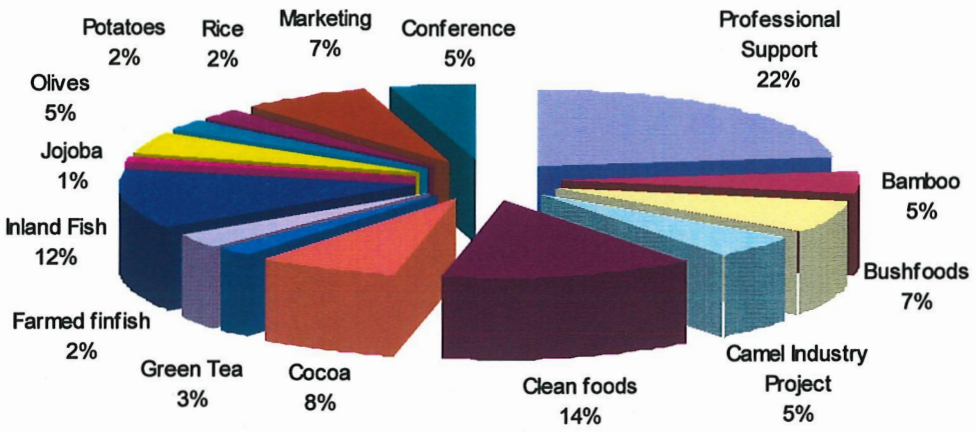
- Increase public and commercial understanding of the value of new industry development. Activities commissioned for the New Rural Industries Conference will drive this area in 1998/99.

ACHIEVEMENT HIGHLIGHTS

Investment Areas 1997/98



The Centre of New Industries Development 1997/98
Expenditure - $651,000



THE 'CENTRE FOR NEW INDUSTRIES DEVELOPMENT' IS PROVIDING A FOCUS FOR NEW INDUSTRY CLIENTS

The services of the New Industries Program are now delivered through its shopfront, the 'Centre for New Industries Development' (the Centre).

The Centre provides public sector leadership in attracting, evaluating and developing new industries.

Centre activities include:

- providing information on emerging or potential new industries. The Centre produced 38 fact sheets and distributed 3000 copies in 1997/98.
- providing key industry contacts and mentors
- carrying out investigations to assess the commercial potential of new industries
- facilitating workshops to formulate industry development plans
- providing funds and expertise for targeted action -e.g. commissioning a marketing study for seed potatoes, introducing Japanese green tea plants into Western Australia
- linking industry groups to suitable funding bodies

The Centre provides support to participants who wish to take a market focused and structured approach to developing commercially viable new industries.

Assistance may be sourced or provided, at varying levels, for the stage of development that an industry has reached. Issues which affect progress towards commercial establishment are addressed; for example marketing, production, technology, finance, legal, management and supporting infrastructure matters.

WESTERN AUSTRALIA LEADS THE NATION WITH THE FIRST NATIONAL NEW INDUSTRIES CONFERENCE

The New Industries Program has been working in partnership with the Rural Industries Research and Development Corporation to plan and host the First National New Rural Industries Conference, October 18-21, 1998.

'New Rural Industries 1998' stands to be a landmark event for Australian Agriculture.
The conference will facilitate alliances between industry, R&D institutions and markets to build collaborative partnerships. Through these partnerships there will be less duplication of R&D, more efficient and effective transfer of information, and a more holistic approach to new rural industry development.

The Conference offers an innovative and exciting program. The information presented will be new, with research on many sessions being completed immediately prior to the conference.

The New Industries Program have commission the John Curtin International Institute to develop the first national 'Scenario Plan' for new rural industries. The Institute will work with a nation wide team to build an informed perspective of where Australian agriculture is heading and the role and opportunities for new industries. This will provide a rigorous framework to test the assumption that new industry investment is an imperative for Australia.

In building on this scenario plan, the New Industries Program have also commissioned Gibson Associates Management Consultants to compile an expert view of how to accelerate the development of new agricultural industries. They will establish a credible and cross-sector panel of experts who will provide their considered views on the issue through a facilitated delphi technique.

The New Industries Program have also initiated a National New Industries Fellowship to provide a unique opportunity to an individual or group to study an overseas approach to new rural industry development. The outcomes of this fellowship will be presented to the conference, providing an up to date first hand international perspective of new rural industry development.

The details on these and many other conference sessions have been distributed to more than 3000 new industry proponents.

COTTON INVESTMENT IS PAYING OFF

The Cotton Project through provides an excellent example of the benefits of developing collaborative partnerships and strategic alliances. The success of Ingard® transgenic varieties with good yield and quality has been exceptional. This innovative project is well supported commercially by Monsanto, Colly Cotton and the Ord River District Cooperative and the collaborative research partner, CSIRO.

The integrated pest management experimental program by Agriculture Western Australia at Kununurra expanded to 320 ha which included four farmers participating in large scale integrated pest mangement evaluations in1998. Approval to produce 1,000 ha of cotton in 1999 and 2000 is being sought and has excellent local farmer support. Smaller scale research has continued in conjunction with Western Agricultural Industries Pty Ltd south of Broome as part of the Government's Memorandum of Understanding with the company. Agriculture Western Australia has relocated a Technical Officer to Broome to contribute to the agency's research initiate in the area.

A joint venture between Colly Cotton and the Ord River District Cooperative saw a small cotton gin constructed at Kununurra and officially opened on October 1, 1997. The gin has been upgraded in anticipation of larger areas of production in 1998 and beyond. This commitment illustrates the high level of commercial interest in the government's cotton industry development initiative and will enable commercial scale industry potential to be assessed.

SUGAR PERFORMS WELL HOWEVER A MAJOR DISEASE OUTBREAK HAS NECESSITATED URGENT REDIRECTION AND ACTION

The Ord River Irrigation Area is proving to be the most high yielding sugar production area in Australia. Collaborative work is continuing with emphasis on increasing cane sugar levels and improving irrigation efficiency. In 1997/98 the industry had expanded to 3,700ha and provided an annual return of $16 million. This success underpins confidence in developing Stage 2 of the Ord irrigation area.

An exotic disease outbreak of sugar cane smut struck the Western Australian sugar industry in July 1998. Agency resources have been redirected to assess and manage the outbreak.

AGRICULTURE WESTERN AUSTRALIA ENABLES RURAL TOURISM GROUPS TO TAKE CHARGE

A Memorandum of Understanding has been developed between Agriculture Western Australia and the Farm and Country Holidays Association which agrees that Agriculture Western Australia will provide support to enable the Association to advance towards achieving self-sufficiency and self-funding, by the year 2001.

In addition, financial assistance has been provided to the Association to assist in the completion of a business plan, and for the purchase of office equipment.

This assistance illustrates Agriculture Western Australia's recognition of the potential value of farm and station stay tourism within the economy of Western Australia. Farm and station stay tourism offers an improved understanding of rural lifestyles and farming practices and a mechanism to highlight premium regional produce. In addition, it serves to strengthen the

link between rural and urban communities. It is expected that, with initial assistance from Agriculture Western Australia, the Association will work effectively to build the farm and station stay tourism industry to realise its full potential.

The Program also highlighted the potential for regional business networks in rural tourism. The Program provided initial seed money to assist the Avon Arc group fast track a regional demonstration of this approach.

NEW INDUSTRY OPPORTUNITIES CONTINUE TO BE ASSESSED AND GROWTH PATHS DEVELOPED

The Centre for New Industries Development has provided support for a range of new industry possibilities including the following:

Inland Aquaculture

The New Industries Program has played a key role in facilitating the development of inland fish farming throughout the agricultural areas of Western Australia. The role of the New Industries Program has been to work in partnership with aquaculture industry organisations to develop growth path plans, and to collaborate with other agencies to implement key activities from these plans. To date, these activities include:

- In collaboration with the Sea Water Inland Fin Fish Association, Great Southern Development Commission and Fisheries Western Australia, matching funds have been obtained from the Rural Adjustment Scheme for a marketing study of fish farmed in inland saline water.
- A report on environmental management guidelines for inland fish production has been commissioned from the Centre for Ecosystem Management, Edith Cowan University.
- In collaboration with the Aquaculture Council of Western Australia, Fisheries Western Australia and South Metropolitan College of TAFE, funds have been obtained from the Aquaculture Development Council and the Fisheries Research and Development Corporation to hold a conference on genetic improvement of aquaculture stocks in Perth in September, 1998.
- In collaboration with Fisheries Western Australia, translocation protocols have been developed to encourage barramundi farming in the Gascoyne region.

Cocoa

The Centre for New Industries Development has worked in partnership with Cadbury Schweppes to trial cocoa production at the Kimberly, and has assumed the lead role in creating an alliance with Northern Territory and Queensland agricultural agencies to progress industry development.

Opium Poppies

The Centre is partnering GlaxoWellcome to trail and evaluate the commercial potential of opium poppy production in the Ord. If successful, opiates produced would be manufactured into morphine, codeine and other pharmaceuticals.

Green Tea

The Centre has introduced several varieties of with a view to assess the potential for industry development in the Manjimup-Pemberton area. Local farmers have expressed interest in partnering the project with trial plantings on farms commencing in 1999.

Short Grained Rice

Japan has opened it's markets to imported rice as a result of the Uruguay Round of GATT negotiations. Specific 'sticky' short grained rice varieties identified by a Japanese commercial consultant are being grown at the Ord to bulk up volumes for market assessment.

Seed Potatoes

A farmer group on the South Coast of Western Australia has recognised its regional suitability for seed potato production. Their focus is to supply South East Asia's 'off season' market window resulting from Northern hemisphere suppliers' production cycles.

The Centre is working in partnership with the Agency's Horticulture Program to build the effectiveness of this producer group to consistently supply export quality product.

Bamboo

The possibility of a domestic industry replacing the $6 million annual importation of edible bamboo shoots has led to the commissioning of a horticultural and economic study of its potential.

Following its release a grower group will be established in the south west of WA to develop a growth path plan, and trial identified varieties.

Earthworms

To obtain an understanding of the existing earthworm industry in Western Australia and its prospects, a preliminary investigation was undertaken in January 1998. This was based on detailed survey of twenty one industry participants. Several issues were highlighted which include the need for further research into worm products, quality assurance issues, and the establishment of a more cohesive and focused industry body.

Olives

Olive growing has attracted considerable interest in the past year both from potential new investors and diversifying farmers.

The Centre has been developing linkages with key industry drivers and industry organisations to ensure that the foundations of any olive industry is well researched and focused on market realities.

Pharmaceuticals from clovers

Agriculture Western Australia and the Centre for Legumes in Mediterranean Agriculture (CLIMA) are working in partnership with Sydney based company Novogen in producing clovers with a high content of isoflavones.

AGWA's role is to produce varieties of clovers with enhanced content and balance of isoflavones. The isoflavones will be licenced to Novagen whose products are marketed under patent in Australia and the US.

Jojoba

The Centre is monitoring a project aimed at evaluating new clones of jojoba developed by Agriculture New South Wales and a private consultant.

Bush Foods

The Centre is currently supporting the development of a representative group of stakeholders, principally to ensure that WA producers participate in the production of leading products.

Clean Agriculture

The Clean Agriculture project has been collating organic and clean trade information from around the world. Links have been established with key industry members throughout Australia . A draft market assessment is due for completion in August. The information will be used to focus on products for which Western Australia and other States have a competitive advantage. Early market indications show significant clean or organic product demand in both Japan and Europe. The increasing concerns about health, safety and environment are the main drivers

The export of clean/organic product from Western Australia is estimated to be approximately $1-1.5 million, consisting mainly of flour, grain, wool, avocados, apples and some meat. There are many market signals indicating this could be increased to $10 million within a few years. Through a program of enrolling new professional growers to build the gain scale and quality of products the export market could be $100 million in 10 years with much of it being value added. The commodities of interest are grain based, meat, wine, fresh and processed vegetables and fruit.

The Program also co-funded a study of Clean Food export opportunities in the South West of Western Australia.

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