

Agricultural Competitiveness Green Paper Submission

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Name of Organisation/Individual

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What are the top policies from the Green Paper that the Government should focus on in the White Paper and why?

The green paper correctly focuses on creating the economic and regulatory climate to allow the emergence of a dynamic rural industry base.

Rural and remote Australia need special attention.

The Grassland Society presentation by Michael Carroll to the Hamilton branch clearly defines the problems of farm declining terms of trade going back to the mid to late 1970's. Farmers have achieved great productivity growth over this period, however as farms are price takers incomes have risen at a much lower rate than costs. In rural and remote areas this problem is worse, producing the result that there are now vast areas with no people left, and companies and foreign investors taking over vast tracts of land whilst employing few staff.

The AMP funded study "the cost of living in Australia" 2012, university of Canberra, presents data to support the case that over the last 20 to 30 years the standard of living of Australians has been maintained at a high level. The rise in spending has created problems but over all the incomes of most Australians has kept up with the cost of living. This is in stark contrast with farm income and returns delivered from internationally set commodity prices. Costs to farms increase at the CPI adjusted rate which is a domestic indicator. In the case of Power, Insurance and Fuel these costs have increased way over the CPI level and have been impacted by policy settings such as exchange and interest rates. Farm incomes are set by world commodity prices that do not take into account Australia's domestic factors. The world will not pay for our increasing costs.

Thus there is the clash between the international economy and the regulated costs of the domestic economy. Over the period since the mid 1970's this has been disastrous for the mainly agricultural export dominated rural and remote segment of Australia.

What should be done?

The green paper focuses on some key areas such as promoting access to markets and austrade involvement in developing new markets.

More needs to be done to reverse the situation that has developed from policy failure over the last 40 years.

The recommendations of the joint select committee on Northern Australia are a great start. This committees report should be the base starting position and expanded to include rural and remote

Australia. The recommendations around roads and infrastructure as well as tax zones should be given special attention.

Submissions have been presented to every serious politician travelling through south west Queensland requesting:

A development board set up beside the reserve bank to raise capital to fund:

...long term low interest infrastructure development in areas such as roads and water tunnels and pipelines.

...funding of exceptional circumstance drought provisions

...funding succession plans so that the transfer of land to foreign investors is not the preferred option. (The FIRB should promote joint ventures rather than direct investment in rural land, and permission only given when such a plan that involves interaction with the local community and shared equity with a local person or family that has the skills and local knowledge)

The concept here is to market this product to international investors as an investment in long term sustainability. L

What policies from the Green Paper don't you support and why?

Increasing returns at the farm gate is a noble goal, however will not be achieved without controlling farm costs.

This is difficult to do, particularly in the rural and remote segment where there has been great damage done over the past 40 years. The only alternative is to extend advantages that will stimulate investment and compensate for the lack of global focus that has been the outcome of policy setting over this period.

The alternative is not to present a solution that will not work in the form of a white paper, but to close agriculture in rural and remote Australia and leave the investment to the gas and mining industries.

General Comment

An understanding of what has occurred in Rural and Remote Australian Agriculture over the last 40 years is the critical to developing solutions for the future.

There is a crisis in this area and only the gas rich areas are surviving.

Weight can stop even the best racehorse and rural and remote agriculture has and is attempting to carry the weight of increasing costs with stoic determination, however the cause is lost. Foreign investors are moving into to purchase large areas, and there is an exodus of families from the this area. In my area in the local fire brigade there are 2 families and a part time overseer covering around 1,000,000 achers. Back 40 years ago there would have been at least 15 families plus an assortment of ringers, gardeners, governesses and so on. This is the crises of rural and remote Australia.