


K.M. & G.T. Falk



Submission on Agricultural Competitiveness Green Paper

Dated: 2nd December 2014
From: K.M. Falk



I have read the Agricultural Competitiveness Green Paper and would acknowledge that most, if not all the matters addressed therein will have some impact on agricultural businesses into the future.

As I am not directly involved in any of these businesses, my thoughts and comments are predicated on acquaintanceship with many people who do work in this industry, my own observations, some reading on related matters, hopefully a degree of common sense and some ideas that may or may not be original.

Given my lack of involvement in the industry, I propose to focus on just a couple of areas where the ramifications of any decisions made and any policies developed will extend well beyond the agricultural sector alone.

The first of these is Foreign Investment.

It is incomprehensible to me that successive governments have maintained such a lax and cavalier attitude to the practice of "selling off the farm". It would seem to me that either the FIRB is a "toothless tiger" or the guidelines with which it has had to work are completely useless. It would appear to me that both need to be substantially strengthened.

The first step to rectifying this crazy situation must be the development of a national register of all land owned by foreign investors – private or government owned/sponsored. This should also include water rights and water infrastructure, both of which we should now determine to keep in Australian hands.

This should be a matter of urgency and, until it is complete and has been reviewed in detail, we should freeze any further sale of these assets to foreign owners.

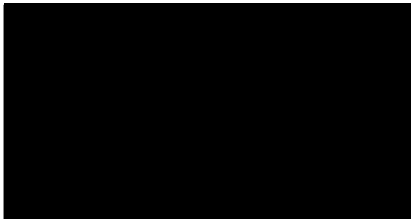
While this is in train, we should consider as an alternative, long term lease arrangements for agricultural, commercial and residential properties, but with conditions that inputs for such investments are sourced in Australia – raw materials, labour, construction, ongoing operation and the like, otherwise our nation will extract only very limited benefit from that foreign investment. Also, while the compilation of a "Foreign Ownership Register" is under way, we should determine whether agribusinesses should be included on such a register.

As part of the process we must decide what proportion of our land and infrastructure we are willing to see under foreign ownership and build uncompromising policies and safe guards around that decision.

It is interesting to note that many of the nations which have already bought substantial holdings in Australia, do not make it easy for foreigners to buy parts of their nation. In many instances, the best we could hope for, were we so inclined, would be a minority partnership with a local company. Other countries make it even more difficult and some will not countenance such possibilities under any circumstances.

If we continue as we have been going, Australians will end up as serfs in their own country beholden to foreign landlords. Certainly any investor will want a return on such investments, but it does Australia no good if there is no return to us as well.

I believe leasing arrangements would be a far more palatable option to Australians, particularly if they are supported by a set of robust and enforceable rules around the process with regard to inputs, labour, services, payment of applicable taxes in Australia and repatriation of funds to the investor's country of origin.



The second area on which I wish to focus is water.

We live on probably the driest continent on the planet and for Australia to aspire to Agricultural Competitiveness we must address the availability of water. No matter how clever, innovative or efficient our agriculturalists are, without water they have as much chance of success as of a snowball surviving in Hell!

Vast tracts of our inland are effectively useless without water. With the assurance of constant water availability, we turn these areas into productive farming and grazing lands at the same time we would be converting large sections of country now considered marginal at best, into reliably productive and viable agricultural areas. Only then might we be truly in a position to become the "food bowl" of Asia!

We are frequently told in the electronic and print media that Australia is "The Lucky Country" and "The Clever Country". Well there has been precious little evidence of either, with regard to water, since the completion of the Snowy Hydro Scheme which, if proposed during the last four or five decades, would probably never have been built!

There has been a massive amount of talk and absolutely no progress by successive governments for decades. There are numerous reasons and excuses for this failure to act but I believe that chief among them is the lack of any vision by those governments, all of which have blinkered themselves with a horizon that extended to the next election and no further! If we ever elect a government that has the WILL to do something really productive for the nation, we will be more than half way to succeeding.

It is my understanding that the top half of Australia, in most wet seasons, receives more rain than the entire country can use. The vast majority of it then proceeds to run off into the surrounding seas and oceans with little or no serious attempt to harvest any of it.

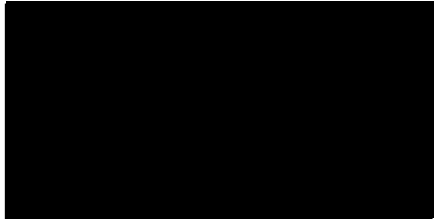
We are able to pipe natural gas clear across the continent. Why could we not do the same with water? Surely we could construct a series of strategically sited impoundments to harness some of that run-off and redirect it south.

I believe that some of the rivers and estuaries in the north would, with appropriate training walls and the like, support numerous reversible-polarity hydro generating stations to utilise the huge tidal runs and flood run-off events to generate much of the power required to pump water from the previously mentioned impoundments into pipelines to more southern states.

There have been numerous different schemes floated over decades to achieve this objective, all of which were deemed to be "too hard" or "too costly" and most of which are probably gathering dust in some archive in Canberra. I do not accept that Australia lacks the people to come up with solutions using some of these ideas, or parts thereof, or a completely different set of ideas if that will work. First, however, we need the WILL to make it happen!

Another aspect of "drought proofing" the country that should be considered is revisiting some infrastructure already in place. I refer to some of the irrigation networks such as is in use in central western NSW and on which substantial sums have already been spent.

I believe this network is quite effective from the grower's perspective but am given to understand that as much as 70% of the water released from Burrendong Dam can be lost to seepage and evaporation from the open canals. Simply lining those canals with heavy duty plastic sheeting would substantially reduce the loss through seepage. The ultimate remedy, of course, would be to lay pipes in the canals as that would virtually eliminate seepage completely while substantially cutting evaporation, thus maximising



the return on stored water. Both options would entail significant expenditure and it would take time to fund and complete such works. What, however, would be the return if we were able to double the productivity of using stored water?

Still on water, I would urge extreme caution in the process of embracing coal seam gas (CSG) exploration and production. There appears to have been a blind rush, in some jurisdictions, to climb on that bandwagon with, apparently little or no understanding of the inherent dangers.

I am sure that there are and will be many locations where this can be carried out safely and with no adverse impact on the water table. In other areas, however, it would be very difficult to proceed without severe impact on existing industries and businesses. We have seen far too much anecdotal evidence, particularly from parts of the US, where disastrous outcomes have resulted from fracking, with groundwater rendered toxic and unusable.

Australia would be the last place that could afford such an outcome, so we must ensure that we have a comprehensive understanding of the inputs to the process and the ramifications for the water table, every time and in every location that it is evaluated.

I do not profess to have all, or even any, of the answers but offer the foregoing in the hope that it might provide a trigger for the ideas that could be turned into action. I believe that the objectives behind the Green Paper are admirable but, to succeed, the government will require the will and determination to look well beyond the next election.

Keith M. Falk