

COMMENTS BY EMPIRICAL CAPITAL TO THE AGRICULTURAL COMPETITIVENESS GREEN PAPER

To Mr Barnaby Joyce Minister for Agriculture
(via Agricultural.Competitiveness@pmc.gov.au)

Agricultural Competitiveness Taskforce
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Submitted: Wednesday, 17 December 2014

A handwritten signature in black ink, appearing to read 'Ian Joseph'.

Ian Joseph – Director - Empirical Capital Pty Ltd



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| 1 | Contents | |
| 2 | Submission by empirical capital | 2 |
| 2 | Executive Summary addressing policy issues | 4 |
| 3 | Conclusion..... | 7 |
| 4 | Contact Us..... | 9 |





2 SUBMISSION BY EMPIRICAL CAPITAL

What the last eleven years has taught me is that the agricultural industry is crying out for inspirational leaders who can unite the industry under one aspirational vision.

Whilst there are many things we could, should or might do, there are really only four areas that if prioritised and focussed on would achieve great things for the agricultural industry.

There needs to be inspirational leadership and who have an aspirational vision for not just agriculture but the business of agriculture in Australia. We must stop the fragmentation so that the agricultural voice can be heard and responded to.

The four point plan delivered in Parliament House on 20th March 2013 for which there are simple effective and timely solutions if there was a will and desire to make it so, are as follows:

1. Coordinated and cooperative partnership with government and industry addressing agricultural and agribusiness education.
2. Addressing immediately the lack of liquidity for the agricultural industry.
3. Rewriting the agricultural narrative to improve the international brand and image of farming, agriculture and agribusiness.
4. Finding a sustainable solution through an inclusive whole of industry diversity approach .

To inform myself and provide context for this paper I have made contributions to the government, business and industry agricultural debate through the following forums:

- ✓ Invited industry representative (at request of Chair of the Parliamentary Joint Committee on Corporations and Financial Services) , “Inquiry Into The Operation Of Australia's Family Business Sector”
- ✓ Invited industry representative (at request of Chair of the Education, Employment and Workplace Relations References Committee), “Inquiry into Higher education and skills training to support agriculture and agribusiness in Australia.
- ✓ Invited industry representative (at request of the former Minister of Agriculture) to the “Agricultural Finance Forum” held by the Department of Agriculture.
- ✓ Invited industry representative (at request of the Chair of the Education and Training Committee), “Inquiry into Agricultural Education and Training in Victoria”
- ✓ Invited as a speaker and a delegate (2014) (at request of Director General), Food and Agriculture Organisation, (FAO) to launch of the “2014 International Year of Family Farming” (IYFF) Global Forum and Expo - BUDAPEST, HUNGARY and to speak on “The three dimensions of sustainability – harmonizing the social, environmental and economic aspects” and the “Role of Science, Research, Innovation and Education” in sustainability”



- ✓ Invited industry representative (at request of the NSW Department of Education and Communities) on the industry roundtable “Independent Review into Agricultural Education and Training in New South Wales”.
- ✓ Invited by the Australian Bureau of Statistics (ABS) and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) as an industry representative to the “National Agricultural Statistics Review (NASR) Stakeholder Forum”
- ✓ Keynote speaker (2013) (at the request of the High Commissioner of India), Regional Pravasi Bharatiya Divas Convention, Sydney Convention and Exhibition Centre: “Bilateral Business Opportunities in Primary commodities - Australia’s experience in developing the agri-business sector”
- ✓ Invited speaker, University of Adelaide, Waite Research Institute, (SA) “Every Australian child should be taught agriculture at school”. (Debate at the Waite)
- ✓ Worked in partnership with the Primary Industry Centre for Science Education (PICSE), Business Higher Education Round Table (B-HERT) and AgriFood Skills Australia to conduct an Education Industry Round Table (including a youth forum) with key findings presented to Hon. Sid Sidebottom, Parliamentary Secretary for Agriculture, Fisheries and Forestry.
- ✓ Invited as a keynote speaker to present at the 7th annual Skilling Australia and Workforce Participation Summit (NSW) on “Graduate recruitment – overview of current graduate recruitments as an indicator of skills availability”
- ✓ Invited as a delegate and panel member to the roundtable discussion at the 2nd Regional Tertiary Education Conference (QLD) on “Agricultural and Agribusiness skilling and the role of the regional tertiary sector”
- ✓ Submission to the Senate Standing Committee on Economics in support of the “Reserve bank Amendment (Australian Reconstruction and Development Board Bill) 2013
- ✓ Submission to Mr David Murray AO, Chairman of the Australian Governments “Financial System Inquiry” and attended Sydney public forum 20th August 2014,
- ✓ Submission to the “Inquiry into Proposals to Lift the Professional, Ethical and Education Standards in the Financial Industry” Parliamentary Joint Committee on Corporations and Financial Services.
- ✓ Invited by the Agricultural Development Bank of China to speak on opportunities as they relate to sustainability, bilateral trade and how the banking and finance system supports the agricultural industry.
- ✓ I was the inaugural Executive Chair of the Agribusiness Council of Australia and was able to achieve my mandate and get this organisation to launch in the Main Committee Room of Parliament House on the 20th March 2013 in front of our APEC and G20 ambassadorial leaders, leaders of business and politicians from all persuasions, including Mr Tony Abbott our Prime Minister.



2 EXECUTIVE SUMMARY ADDRESSING POLICY ISSUES

Regardless of the current economic, social or environmental dimensions affecting Australia today, sustainability of our agricultural sector is, and must be, our number one priority. The definition of insanity is doing the same things over and over and expecting different results.

The wider voice of the “business of agriculture” has failed in the past to be heard, the 700 submissions are the collective voices of the people of Australia saying that, enough is enough.

No more will fragmentation of the message or the industry be allowed. The submissions have spoken and industry and people want a united, collaborative, coordinated approach and they want their elected representatives to listen.

If the government’s role is to set the right policy environment to support farmers to be profitable and competitive, then a solution will only be found when the focus and scope encompasses the whole demand or supply chain.

I will focus this submission on the “Green Paper” principles with the intention of briefly addressing them from a commercial pragmatic approach to their implementation:

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- 1 increases returns at the farm gate—by reducing costs and unnecessary barriers to productivity and profitability
 - 2 keeps families as the cornerstone of farming—by establishing career paths based on financial stability, training and succession options
 - 3 builds the infrastructure of the 21st century—to improve transport and communications linkages to domestic and international markets
 - 4 creates well-paying jobs in agriculture, including in the downstream sectors of food manufacturing, food retailing and hotels and restaurants
 - 5 reduces unnecessary regulation at all levels of government—to give greater ownership and rights to farmers
 - 6 promotes access to key export markets
 - 7 focuses on Australia’s competitive advantages so we are prepared to realise the food demand of the growing middle class in our region
 - 8 supports strong and vibrant regional communities
 - 9 maintains access for all Australians to high-quality and affordable fresh food.





Policy Principle 1

Unless all stakeholders involved in the “business of Agriculture” are part of the overall analysis, understanding and awareness of the issues, concerns and problems then attempting to just “fix returns at the farm gate will create a multiplier negative impact along either pre p farm gate or post farm gate businesses.

Policy Principle 2

Keeping families on farm is a grand idea with 98% of our farmers being family farms. For the past 30 years, 10 farmers per day (ABS figures) have been leaving their farms.(for a variety of reasons) This has had a compounding affect on regional and rural communities. Australia in this the 2014 International Year of Family Farming (IYFF) has done nothing to support our farming families and thus another great opportunity has been lost. This is despite Australia being a co signatory to the United Nations resolution which designated this year long event as well as Australia being on the 2014 IYFF steering committee.

Policy Principle 3

Building infrastructure will be necessary if we are to take advantage of all the wonderful opportunities the future will bring. As mentioned above the government’s role is “to set the right policy environment” then this is exactly what they need to do. Industry can then have the confidence to invest in those infrastructure projects which they deem necessary to ensure they can profit maximise. This is a case of industry and governments working hand in hand.

Policy Principle 4

Payment for work done is a right in Australia but it will be interesting to see how the government, through policy, will be able to “create well paying jobs in agriculture”. The ability of businesses to increase payments to employees is a difficult and complex study. The past is littered with the carcasses of government who used subsidies or other support mechanisms to offset market failure, using taxpayer tax receipts. It is not sustainable and doesn’t address the fundamentals of the problem.

Policy Principle 5

There needs to be a national approach to this option, at all levels of government (in the national interest) Failure to provide this national roadmap “blueprint” will create the same inconsistent and fragmented approach we currently have.

Policy Principle 6





Promoting bi-lateral business opportunities in primary commodities as well as value added commodities through access to key export markets, should be flexible and have a three horizons approach (short term, medium term and long term perspective) with reciprocity between all markets built into the agreements. We live in a transformational world with change being the only constant and we must be able to respond and react to change as and when it occurs and impacts us, far beyond just political cycles.

Policy Principle 7

We obviously must focus on what we do well, where our markets are and their changing demand for the goods and services we produce. The old saying if we always do what we always did we will always get what we always go” holds true and the industry must be prepared to have a strategic seasonal plan to address the changing social, environmental and economic environment if we are to be sustainable.

Policy Principle 8

Regional and rural Australia is undergoing massive transformational change. A national plan is which support pre, on farm and post farm gate stakeholders will ensure this objective is met.

Policy Principle 9

A healthy agricultural sector, supported by government policy, industry initiatives and representative bodies will ensure sustainability of our productive capacity.





3 CONCLUSION

The comments contained in this submission follow on from the original submission which fully addressed the “issues snapshot”.

This response briefly addresses the governments focus as outlined in the “Agricultural Competitiveness Green Paper”. It provides insights, information and hopefully guidance when finalising the “right and proper” policy directions for improving the profitability and competitiveness of the agricultural sector.

I am hopeful that the views and voices of the 700 submitters to the Green Paper will finally be heard. The final report must have a national, three horizons inclusive solutions for all stakeholders involved in agriculture and the business of agriculture.

Australia is politically, geographically, socially, environmentally and economically well placed, but will continue to miss the opportunities, if we persist on the same path we have in the past.

Poor government policy, piecemeal approaches, political agendas and short sighted perspectives deserve immediate action, the business of agriculture has been waiting for the last 225 years for accountability from successive governments, (all persuasions at the state and federal levels) to provide a comprehensive national roadmap of policies which are crystal clear about how, when, where, and by whom objectives, strategies and actions can be implemented.

Whilst ever there is no national vision and a reactionary response at the next drought, the next big wet, the next season or the next cycle as well as a singular short term, non strategic piecemeal focus the “core” pillars and key drivers of Australia’s sustainable future will never be able to be fully and comprehensively addressed, canvassed or prioritised.

Regardless of what the minister, current governments, industry or representative bodies think, there should be nothing “off” the table when it comes to finding solutions for the future sustainability of our most important and vital industry. I am concerned that in the report it says:

“Not all of these will be able to be pursued by the Government as some of them conflict with broader Government policy directions, while others would not be affordable in the current budget environment. Many of the policy ideas in this paper also overlap with the work of other reviews, such as the Harper Competition Review and Taxation White Paper. In instances where such overlap occurs, particularly where it relates to areas broader than the agricultural sector, any findings or recommendations arising from the Agriculture White Paper process may be referred to the other appropriate review processes”.

Those on the land and those involved across all industries within the “business of agriculture” have known for generations that “market failure” exists and the “short sightedness” and lack of a “big picture” approach at the government level, has had a continually and constantly detrimental impact and affect on them.





The Australian people have a right to expect more from our leaders, the focus of this document needs to go further and deliver inspirational leadership with a clear aspirational vision of what the future could look like, if only they had the desire to make it so.





4 CONTACT US



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