

SUBMISSION TO THE AGRICULTURAL COMPETITIVENESS GREEN PAPER NUMBER 2 SUBMISSION

CORRIGIN/LAKE GRACE ZONE OF WESTERN AUSTRALIAN FARMERS FEDERATION

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INFRASTRUCTURE

Current infrastructure, particularly rail, is not capable of moving Australia's grain harvest to port or to the point of sale fast and efficiently enough. In the short term existing rail needs to be upgraded. Ideally the layout of the inland rail network needs to be planned to move bigger harvests on larger grain trains. There needs to be standardization of rail track gauges across Australia. We suggest the Government look at a National Rail Plan possibly under the control of the Australian Rail and Track Corporation.

In some places this would require an integrated road/rail system where cargoes of grain are consolidated at a central rail receival point and then fed through Rapid Rail Loaders into trains of possibly 6,000 tonnes capacity.

Not all up country grain receival sites can successfully be serviced by rail and road networks need to be considered in these areas particularly in the short haul to port, such as Geraldton and Esperance.

Cost of storing grain at port side is high, but necessary. Government policy should encourage the development of satellite out sites back from the water front with a rapid transfer system to port side.

It is important that ships are loaded at a rapid rate to reduce demurrage costs against the industry. The cost of building a new grain/rail network across Australia should be done as a National asset with Governments contributing to the cost. It is unlikely that the grain industry, on its own, could afford to fund a totally new rail plan.

With road transport, the segregation of light traffic from heavy traffic and holiday traffic, such as caravans, must be considered. Government policy should involve encouraging as much grain as possible on rail but where this is not viable consider the construction of freight routes segregated from light traffic and holiday traffic.

While it is good to see the \$300 million set aside to start the inland rail from Brisbane to Melbourne it is important not to overlook the needs for rail upgrades particularly where the performance of rail is inhibited by the lack of passing lanes and in the summer time where heat restrictions cause speed restrictions or suspension of rail services during prolonged heatwaves. The rail track layout in Western Australia also needs to be improved to have more direct lines to port. This is particularly in light of the current suspension, or closure, of the Tier 3 lines.

It would be useful if Government policy could encourage the storage of agricultural inputs in regional centres such as fertilizer, fuel, lime etc (Department of Agriculture sources Western Australian farmers will need 2.6 million tonnes of lime a year to sustain good PH levels in their soils to maintain productivity. Currently farmers are very dependent on the transport system to supply diesel fuel at critical times such as seeding and harvest. Frequently there is a shortage of supplies when the transport system cannot cope with the surge in demand. Current policy is not in our best interest.

WORKING WITH STATES AND TERRITORIES We support the COAG process on this.

COMPETITION AND REGULATION

In inputs such as fuel, we do not believe there is real competition between the oil major suppliers. There appears to be a policy, either planned or unplanned, where one supplier will supply one district and another concentrate on another district. This eliminates head to head competition and the price is a take it or leave it basis.

Recent observations show the price of petrol in Perth at around \$1.27 per litre and falling. Where in some country regions the same petrol was selling for \$1.58 a litre on the same day. The price difference far out ways the transport and retail costs.

Government policy needs to address this lack on competition by suppliers of farm inputs such as fuel.

Government policy must give the ACCC power to investigate more closely the cost structures associated with farm inputs, such as the price of new farm machinery, imported farm machinery as these are now significant expenditures by farmers. The agricultural industry needs to be able to upgrade our machines to improve productivity. The ACCC I believe incorporated the prices surveillance authority and should have been able to investigate why the price of farm machinery did not fall in line with the strengthening of the Australian dollar. Yet imported cars did.

The multiple amalgamation of machinery dealers setting up chains of dealerships has reduced competition in the area of farm machinery sales and services. The closure of small dealerships has reduced competition allowing many dealers now to charge up to \$120 an hour for their services of mechanics and technicians required to service and keep complex modern machinery running. Travelling on a kilometre basis charged by some dealers now equals that of a taxi rate. Lack of competition enables them to do this. Farmers have little choice if they wish to have their machines repaired.

FINANCE BUSINESS STRUCTURES AND TAXATION

In farm finance and business structure the Corrigin/Lake Grace Zone would support what the Government is already doing. We would support policy idea 10. Particularly in encouraging Superannuation Funds to invest more readily in agriculture.

In addition to this we would like to see the existing Big banks have a special section dedicated to rural financing to include not only farmers but rural businesses as well. Often personel handling rural portfolios within the major banks have a very poor understanding of the agricultural scene.

POLICY IDEA 11 WE WOULD SUPPORT THIS. Including maintaining the tax averaging provisions. We would like to see the problems caused by provisional tax addressed so that as farmers are recovering from poor seasons or drought do not face an enormous taxation burden by having to pay provisional tax on top of the normal tax rate. Under the current provisional tax systems this depletes a farmers' ability to recover from drought and to incur capital expenditure that has been deferred because of drought or poor seasons.

The tax act has become very complicated and it is difficult for many farmers to understand. As a result we are very dependent on tax consultants and accountants to advise us. It is sometimes difficult for us to understand whether their advice is in the best interest. Accounting costs for most farming

businesses are becoming a burden in the business, yet we need their advice so that we can comply with the tax law.

Agriculture needs a simplified tax system so that our accounting costs can be reduced and individual farmers can have a better understanding.

Policy idea 12 FARM BUSINESS IMPROVEMENT

We would support this proposal.

In policy idea 12a We see this as an important proposal. We believe there is a role for the State Department of Agriculture to be part of this program. Independent advice is the key to all of this. It could also be used to feed useful statistics into the Government service.

FOREIGN INVESTMENT

This should be targeted to the establishment of new businesses rather than taking over existing businesses.

Allowing foreign ownership of agricultural land will in time lead us to be tenants in our own country. With major decisions being made overseas and benefits going overseas.

Foreign investment in our rail network does not appear to have brought many benefits. As a contrast to that the American foreign investment Chase Manhattan Bank in the Esperance area brought large tracts of agricultural land into primary production. This land was sold to Australian farmers that was beneficial to the Australian economy. Foreign investment needs to be targeted so that Australia and the investor have a win win situation.

EDUCATION SKILLS AND TRAINING

We support policy idea 14. Strengthening agricultural education.

This should include the intake of mature aged students. Currently we have a critical shortage of shearers, shedhands, wool pressers and wool classers as well as stockman.

We believe that there are many young unemployed in metro and regional centres that would excel at this type of work if they were introduced to it and trained.

There is also a shortage of good tradesmen in the country. There is the need to fill this gap by training more country people in the skills of carpentry, electricians, steel work, plumbers, builders etc.

We strongly support the use of 457 visas as well as the holiday makers 417 but would like to see the duration of the maximum time with one employer extended. These fit in with the seasonal work programs that are required during the planting, harvesting and fruit picking seasons. It also fits in with peak demand of abattoirs. Any curtailment of these programs would cause significant problems in the agricultural industries and likely to reduce production.

We support the establishment of a Young Farmers mentoring program and would like to see more attention given to attracting students to agricultural high schools.

We would support policy idea 15.

POLICY IDEA 16 INCREASING DROUGHT PREPAREDNESS

We agree with policy 16. We would like to see drought policy built into farming businesses so that they are encouraged to store fodder in good years to carry their stock through in drought or poor years. There also needs to be a dedicated water storage scheme such as a key dam scheme. This would involve assisting farmers to construct deep dams of large capacity say 20,000 or 30,000 cubic metres at least 8 to 10 metres deep. This is similar to the key dam scheme or the farm water supply scheme.

These dams would also encourage the expansion of farm aquaculture such as the production of yabbies and marron that find a ready market in Asia and the market is undersupplied.

There needs to be research to find the best method to reduce evaporation from these dams. In many parts of Australia evaporation accounts for the loss of 2.4 metres of water annually. The construction of catchments for these dams also needs to be considered as part of the project for financial assistance.

Productive bores for stock water need to be included in any such scheme.

Drought preparedness can also be improved by encouraging graziers to establish tree fodder crops to supplement grasses. This could be a role for the State Departments of Agriculture.

Policy idea 16b would also have other benefits of enabling Banks and other lenders to reduce their risk management loading if there was a Multi Peril Crop Insurance in place. This was statement by a State Agricultural Bank Manager at a farmers meeting held in Kulin Western Australia in 2013. Banks would know that funds lent to establish a crop would be covered in the event of a crop failure.

Policy idea 19.

NATURAL RESOURCE MANAGEMENT

Environmental Legislation in too many cases has become too stringent in the way that it has been applied to the rural scene. Many farmers have been unjustly taken to court and fined for as little as cutting a tree off a fence line or driving across a salt lake or breaking a branch off a tree. (you might find this hard to believe but it has occurred.) [REDACTED]

Farmers need to be able to bring back previously cleared farm land into production. Even if this land has regrowth on it without the need of going through the red tape of doing Environmental Studies. If permits are needed to bring this land into production they should be able to be granted with minimal cost and delay. Farms that have large quantities of remnant vegetation should be able to clear these areas of land so long as they do not cause detriment to adjoining land. We believe that Government policy should encourage farmers to retain 10% of their land under natural vegetation or to tree plantations.

There are many areas of good land that used to be grazed that are no longer available to graziers. The grazing of these areas reduced the risk of wild fires being started by lightening and would add to the productivity of the nation for the grazing of more animals.

Farmers are amongst Australia's best environmentalists. We love the land that we farm and we look after the land to the best of our ability in managing environmental damaging weeds and feral pests such as wild dogs, camels, foxes and rabbits etc.

Government policy should encourage farmers to plant more trees and shrubs to offset carbon emissions and if possible trees that are harvestable for timber or other uses.

Salinity and acidity are major problems in some parts of Australia. Government policy should encourage more work to be done on helping landowners and communities to deal with these problems. In too many areas saline land is abandoned. Some of this land is Government controlled land and nothing is being done to regenerate these areas. In more recent times other issues such as drought, water shortages, climate change have taken salinity off the agenda. It is important that salinity is once more put back on the agenda and more work is done by both Government and private enterprises to establish salt resistant bush, surface water control and the development of salt resistant crops so that this land can be brought back into production.

Too much fresh water that should be captured into large dams and used for agriculture is allowed to run off into salt lakes adding to the salinity problem.

BIOSECURITY

It is imperative that Government policy protects Australia's Clean Green Image when it comes to agriculture. The Corrigin/Lake Grace Zone are concerned that Government policy is weakening Australia's biosecurity position. The introduction of diseases like Karnel Bunt, smut, scleritina in imported canola seed. The introduction of weeds such as goat grass, red shank, bed straw and many other weeds can also add significantly to the cost of weed control and effect the production of our cropping industry.

Our fear is that Free Trade Agreements are opening our agriculture up to the importation of too many new weeds and diseases. This also applies with our livestock through other diseases, not only Foot and Mouth disease.

Any threat of the importation of diseases or weed seeds the Government policy should ensure that such risks are eliminated.

The Australian Livestock Industries at considerable expense to that industry have a rigorous trace back system to monitor diseases. This does not apply to imported product and it should. It is essential that Government policy require trace back on imported products so that if there is an outbreak of for instance, Mad Cow Disease, its source can be identified and traced.

If an outbreak does occur of disease or the introduction of debilitating weeds as a result in lapse of biosecurity Government policy should compensate farmers for their losses.

ASSESSING INTERNATIONAL MARKETS

Government policy needs to maintain adequate staff in overseas trade officers in key parts of the world such as the Middle East, and in Asia.

These officers are essential in understanding the local market demands and in building contacts between Australian business people and those traders in these countries. Saudia Arabia is keen to buy Australian grain in increasing quantities. One of their major considerations though is for Australia to guarantee supply. This is not easy for us given our varying seasonal conditions and drought.

Since the demise of the single desk and AWB Limited as our main exporter of grain the promotion of Australian grain has not been done well. Australian Government Policy needs to set up an Australian

Grain Promotional Body similar to that of the U.S. Wheat Associates. Such a body must have grain grower representatives on it. It must be charged with the promotion and stimulation of use of Australian grain in the various markets in Asia, Middle East and Europe. It needs to support buyers of Australian grain with technical advice including the different styles of baking and other uses of Australian grain.

The establishment of a Grain Science Centre similar to what USA has at Kansas State University. We believe that such an institution could do much in developing new and higher valued uses for Australian grain. Find ways of protein enriching Australian grain and could even be used as a demonstration unit to orientate Australian grain buyers and users making the switch from rice to cereals how best to manufacture the product they are wishing to make.

Australia is already losing markets to US and Canadian grain because of their better overseas promotion techniques.

Australian grain exports need to be monitored to ensure that our reputation for quality is maintained, that the product is true to the specifications particularly in containerized grain. This needs to be done so that overseas buyers can buy Australian grain with confidence and Australia's reputation for providing a Clean Green Product of a high quality can be maintained.

We thank you for this opportunity to contribute to the Agricultural Competitiveness White Paper.