

Submission to the Australian Government Agricultural Competitiveness Taskforce

Response to the AGRICULTURAL COMPETITIVENESS GREEN PAPER

Agricultural Competitiveness Taskforce
Department of Prime Minister and Cabinet
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[Overview of DIG Far North Coast Dairy Industry Group Inc.](#)

[DIG FNC represents 145 dairy farmers on the Far North Coast and was formed over 20 years ago to represent the interests of dairy farmers in our local region. DIG FNC dairy group is a very active group and regularly advocates to promote and protect the interest of dairy farmers on the Far North Coast.](#)

General Comments

In general, we are in agreement with the thrust of the green paper as it identifies the key issues that need to be addressed to improve the efficiency of agriculture in the future and increase its importance within the Australian economy. We therefore congratulate the government on this initiative.

The dairy industry is poised for substantial growth to meet both domestic and international demand. Our industry has a renowned reputation for safe and healthy produce from a clean green environment and that underpins the advantage of Australian produce. It is essential that initiatives strengthen our competitiveness and provide an environment conducive to sustainable future growth.

In this context, we provide comments on all the areas addressed, reinforcing the ones that we believe are of the most importance and, with an unashamed focus on the needs of the Australian Dairy Industry

Policy Idea 1

Building new transport Infrastructure

There needs to be an overarching federal transport strategy to complement growth into the future. Government needs to work with industry bodies to identify growth regions and prioritize infrastructure that will be necessary to cater for this planned growth.

Policy Idea 2

Improving existing infrastructure and transport regulation

A major focus is warranted to improve infrastructure in terms of roads. It is imperative that regional road infrastructure linking farms to metropolitan processing centers and ports be upgraded. Regional roads in many country areas are not adequate to cater for existing demand regardless of future growth. Strategic investment is required to improve the safety around our road network and reduce congestion as growth demands.

Policy idea 3

Communication

A fast broadband network-2 factor is critical in retaining our competitive advantage over other countries. As more and more young people enter farming with skills in computer and internet use, it is imperative that they have the tools to capitalize on new technology. Their ability to use this technology will explode in the future in ways we do not even contemplate from robotic milking, remote management of stock etc. and for these a fast broadband network will be vital.

Regional Australia is also disadvantaged by poor mobile phone reception, this hinders farmers ability to access quick and up to date information on site.

Policy idea 4

State Government Regulation

Primary producers need to be able to amalgamate farmland in a way that is affordable and doesn't overexpose producers to excessive financial pressures. We acknowledge this is a State issue but we feel that a national overarching incentive to highlight the benefits to regional economies would overcome state barriers. Past practice of only allowing subdivisions with 40ha lifestyle lots has seen valuable farmland lost to agriculture and become an encumbrance on owners that only wanted/required a 2ha allotment. Farmers need to be able to reduce the cost of amalgamating additional lifestyle blocks by being allowed to subdivide the dwelling from the original parcel. Hence reducing the cost of the additional land making it affordable and returning previous productive farmland into a commercially valuable asset.

Native Vegetation legislation needs to on a National level to alleviate confusion between States and has to be a balance of environmental and agricultural protection. Productive farmland is constantly lost to productivity for generations through neglect and ignorance by owners relocating for a lifestyle change. Farmers should be commended for sustainable practices and not penalized for good stewardship, this needs leadership from a national level.

Policy idea 5

Protecting the resource base

Unconventional gas mining and the threat that poses to the clean green image of rural Australia needs to be balanced with the short term gain of the resource industry. The threat of contamination whether real or perceived could cause long term damage to our reputation and the future growth of agriculture. The integrity of aquifers and watercourses for stock and irrigation purposes is under threat with the development of CSG. Accidents will happen no matter how much regulation is imposed, the dairy industry on the Northern Rivers believes the risk overrides any benefits.

Policy idea 6

Strengthening farm businesses

Streamlining development application processes even though this is a State and Local issue leadership and encouragement from a national level will filter down.

Policy idea 7

Competition and regulation

Although about 60% of dairy production in Australia is exported and hence its price is determined by overseas supply and demand, the other portion of the industry supplies the domestic market where the price is controlled by a supermarket duopoly.

Due to this supermarket duopoly and its purchasing power, the price for domestic milk is controlled largely by them. The commercial realization of supply and demand that protects industries and allows for growth on farm and in the processing sector is not recognized. Long term domestic discounting does not support a prosperous farming community or foster the capability of capturing opportunities for the future. All agricultural sectors bear all the risks of climatic variations and high input costs with the current atmosphere failing to provide a mechanism to allow for these events. Farmers profitability does not provide for future sustainability and fails to provide profits to support innovation and growth.

Policy idea 8

Strengthening competition laws

It is commendable that the government is seeking to increase the powers of the ACCC in an attempt to curb the anti-competitive behavior of the supermarkets. Previous attempts to do this by the ACCC have not been successful and the chances of curbing their power will decrease as the proportion of food sold by the supermarkets increases above 75%. This concentration of supermarket sales is higher than anywhere else in the developed world.

We fully support the strengthening of competition laws and believe for future agriculture growth we need to return to supply and demand as a balance. Government deregulated the dairy industry for us to see a ceiling placed on farmer returns by retailers.

A mandatory code of conduct and supermarket ombudsman with authority to balance the power that retailers have is long overdue.

Policy idea 9

Improved regulation

Our reputation for food safety is vital for agriculture to remain trusted on the domestic and international scene. Regulations based on protecting industries with balanced regulatory guidelines is important for our future. Burdening agriculture with unnecessary over-regulation is not in the best interest of all stakeholders.

We must however be vigilant on a National level to protect Australian agriculture from allowing a biosecurity risk from outside Australia placing our likelihoods at risk.

Country of Origin labeling can be done on various levels but we believe consumers want to support Australian farmers. Currently it can be extremely difficult to obtain where a product originated from as some of the print is obscured.

Policy idea 10

Finance

The high levels of debt on many farms, brought about by a couple of years of bad seasonal conditions and substantial rises in the cost of production is a real concern.

Farmers have met this challenge by increased productivity through more cows/labour unit and a general increase in management efficiency but this cannot go on indefinitely and there is now no more 'fat' left. The consequences of this are a complete cessation of investment in the industry in NSW and Queensland with 2 of the side effects being that farmers do not have profits to invest in environmental sustainability projects and there is no real movement of young people into the industry. Real on farm growth would support strong regional communities and allow agriculture to increase productivity. Government could provide attractive low interest rate finance to fund some of these investments on an ongoing basis as suggested in the report.

We need to attract future generations for a sustainable agriculture industry and feel special consideration must be given to this in financing. Funds should be made available based on experience and attitude with the banks lending to purchase livestock to get started, at present the banks will not entertain this.

The setting up of an agricultural growth centre is also a very good idea, where whole farm issues can be addressed including the financial implications.

Policy idea 11

Improving tax system efficiency and equity

Improving the tax system to favor agriculture by allowing 100% depreciation in the first year of capital investments would improve on farm resilience including environmental sustainability and infrastructure. Tax relief to encourage spending to improve irrigation efficiency and develop capacity to store reserves such as hay sheds and silage pits would have long term benefits to agricultural sustainability.

Government needs to work with industry to ascertain barriers that the current taxation system is placing on agriculture and not facilitating growth in the farming sector.

Incentives for investment on farm should be investigated with a package advantageous if investing in the agricultural sector.

Policy idea 12

Farm business improvement

Farmers need access to independent advice especially during exceptional circumstances. To obtain gains in productivity and farm growth farmers need support from local independent sources that are well respected in the industry.

It is imperative that the Rural Financial counseling service is retained and their role is strengthened by further funding to provide in depth financial support and business advice. Their role is vitally important especially during times of hardship to provide support for farmers well being and recognize mental health issues .

Policy idea 13

Foreign Ownership

Compiling a national land register that is compulsory for all foreign investors or organizations is a critical first step forward. The Foreign Investment Review Board (FIRB) investment trigger needs to be dramatically reduced to allow the FIRB to have wider discretionary powers over foreign investment and annual reviews of policy settings. Nowhere in the world are conditions for purchase of agricultural land so relaxed, except in the Netherlands. In New Zealand you need permission to purchase more than 5 acres of land and in many countries, foreigners just cannot buy land. The FIRB should approve all sales of agricultural land above a value of \$5M. Foreign investors should be free to lease land or invest jointly with Australian citizens so that would not be a barrier to foreign investment *per se*.

Policy ideas 14

Education, skills, training and labour

The Agricultural sector needs educational training that is flexible to meet specific industry needs. In many instances on the job training enables students the opportunity to gain a valuable skill-set that formal training would not be able to provide.

Current tertiary training is coming under immense pressure to slash programs that have been very successful in the past. Tafe centres that specialise in various agricultural sectors and work with industries to achieve training modules that are targeted to specific industries are extremely attractive to employers. The federal government must show leadership and financial support to enable this training to remain, the progression to user pays will be a financial barrier to students and employers.

The commitment for the government to provide \$2M for agriculture education in Australia is nowhere near adequate. There is also a need to prioritize training in financial management so that farmers can be more business like-another key factor in competing with other producers overseas.

Policy idea 15

Strengthening labour availability

The Fair Work Australia Modern Award Review (Pastoral Award) the current three hours of engagement does not reflect the working practices on dairy farms and does not help the industry to facilitate employment. A minimum engagement of TWO hours would allow greater flexibility and afford young people greater opportunity to obtain skills.

Policy idea 16

Drought

Farmers have the skills to alleviate the impact and prepare their farms to be resilient to the effects of drought - help in terms of low interest rate loans and accelerated depreciation to achieve this would contribute to drought preparedness. Farmers require a fair price for their produce to sustain them and allow for the hard times.

Policy idea 17

In Drought support

Farmers can prepare for drought readiness but extended periods of dry can be extremely hard on farmers financial and mental capacity. Where the impact of drought has reached beyond reasonable circumstances support packages will be necessary.

Policy idea 18

Improving Water and Natural resource management

We believe that the first priority should be to provide funding for investment to improve water use efficiency for irrigation. This will help facilitate and provide more water that would be available for agriculture and the environment. However, there must come a time when there is no more to gain from improved water use efficiency and more water *per se* is needed, hence the justification for more dams, especially in northern Australia.

Options of enabling farmers to capture water at times of high flow and in turn reduce the impact of irrigating in times of low flow will have positive benefits to environment flows at critical times and allow more water for stock and domestic purposes. If farmers are investing in long-term projects to improve environmental outcomes and support on farm growth they will need independent advice to weigh up the overall costs/benefits of different options.

Attractive government support needs to be forthcoming to help build this infrastructure to allow for on farm growth and provide important environmental outcomes.

Agriculture needs the support of government to help co-ordinate infrastructure projects to ensure optimal changes can occur within realistic time-frames.

Policy idea 19

Natural resource management initiatives

Delivery of NRM initiatives should have appropriate long term outcomes that bring sustainable benefits to a list of identified priorities. Industry can provide the credible evidence and technical skills to facilitate adoption of environmentally sustainable practices. Working with industry will achieve real long term outcomes for the environment and ensure the appropriate messages and clear pathways to changed practices are achieved.

Policy idea 20

Strengthening the RD & E system

Unless we provide a better trained work force we will fall further and further behind our competitors. A key problem here, and one not touched on by the review, is the few quality positions available in agriculture and they are declining. What entices young people to want to study agriculture when the premium research body in Australia, the CSIRO, is being reduced by the federal government and at the state level dairy research and extension has disappeared in SA, WA and is declining fast in Queensland and NSW.

The financial attractiveness of slashing research, extension and education funding in agriculture in the short term will really cost us in the future as we get left behind in the competitive stakes. The need for

ongoing research innovation and dissemination of knowledge is accepted everywhere except, apparently, by us.

Government must commit to ongoing support for Rural Research and Development to ensure agriculture can increase productivity and remain sustainable. Research and development for agriculture has seen considerable resources withdrawn and programs wound back over the past few years.

It is imperative that funding for these programs increase and a firm commitment from government to enable research to continue with confidence for long term projects and that ongoing support remain to drive innovation and farmer profitability.

Collaboration with industry and across industries to ensure R & D is targeting key areas that will provide the best outcome for profitability and benefit future sustainability for the investment.

Access to R & D tax incentives for private sector investment will help stimulate and encourage further development in this area and will compliment research funds that government provides.

One of the drivers for a strong agriculture sector is efficient and innovative manufacturing , tax incentives to support growth in this area will help return value back to agriculture.

Policy idea 21

Improving the rural RDCs

RDCs on a national level should be recognized by government as to the broad role they play in delivering the best outcomes for the whole of their industry. Close collaboration with RDCs to ensure the interest of every industry is balanced with a whole of agriculture position. RDCs are in the best position to advise and enable targeted projects endorsed by industry that will benefit their agriculture sector.

Policy idea 22

Improving Legislation

Regular legislation improvement is necessary as additional security risks are identified. Annual round table meetings with all stakeholders to strengthen understanding of current and new risks.

Policy idea 23

Improving the Biosecurity system

We believe the risk of exotic diseases entering Australia through our airports and ports is high and quarantine precautions should be strengthened. Especially travellers that have been on farms or in the countryside overseas. The bio-security risk of contaminated footwear transmitting an exotic disease is huge, our members have witnessed this first hand at airports.

We MUST address this risk as a top priority for the disease free status that Australia entertains could be lost.

There should be ongoing awareness and education programs on a whole community level to help identify threats. The farming community should continue to have access to government veterinarians to provide professional service and advise where farmers identify livestock with questionable symptoms.

Policy idea 24

Strengthening Australia's overseas market efforts

Because Australian agriculture is predominately export focused the government should continue to be involved in trade missions and export market development. This is vital especially to assist smaller companies to develop new export markets. Development of FTA agreements that ensure Australian dairy farmers are not at a competitive disadvantage with other major dairy export nations should continue to be perused on an ongoing basis.

It is crucial that trade research programs are focused on new opportunities that have positive flow on effects to agriculture and that information is easily accessible to Australian farmers so they can take advantage of opportunities.

Detailed market research and access information should be readily available to small businesses that wouldn't have the resources or capital to undertake independently.

Policy idea 25

Improving Australia's export and import systems

The government should work directly with farmers and food processors who are serious about entering overseas markets. The information in the Manual of Importing Country Requirements is a great resource however it must be kept relevant and comprehensive so that it has maximum benefit for potential exporters.