

## Agricultural Competitiveness White Paper – Submission IP07

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Thankyou for the opportunity to contribute my thoughts.

In brief I will address the following three areas,

- Back to basics.
- Barriers to entry.
- Revamp Dairy Australia.

Back to basics.

Fact: We are no better off today than we were 30 years ago.

National herd numbers, for all states, peaked around 1999 – 2001 reaching 2,176,000 cows, from the base date 1979/80 commencing with 1,880,000 cows, a 15.74% increase. Since that date, 2001, the national herd numbers have dropped 26.47%, as at 2009/10 . That's a poor reflection of the industry. It only took 10 years to destroy the gains made over 20 years, someone needs to hang their head in shame.

Similarly, national milk production levels have returned to levels below 1999 – 2001.

This, I believe, is simply a correction of the market, reflective of the practices and attitudes of those with vested interest. Caused by deregulation, removal of government support, failure of DA to be accountable.

Profit for the farmer has been ignored.

The so called doubling of cow production is nothing more than a change from one type of dairy breed to another Jersey with their higher than average fat and protein production levels were replaced with Holstein high milk production. It was not based on research nor development. The industry needs to return to those breeds that have higher than average fat and protein production levels. Fat and protein are the basis of income for the farmer, not milk production levels. Benchmarks need to be removed. Each dairy farm is individual in its operation due to the management attitude. Comparing farmer to farmer with no regard to the individual financial situation can be counterproductive.

Farmers need to understand their business. They have a known number of cows, known number of kg needed for daily diet, known number of hectares. Growing grass is their business.

Remove margins. It's alright for to push for marginal return when cost of production is low and milk price high, but ridiculous when it's the opposite.

Profit must come before productivity because, from profit productivity will come.

Barriers to entry.

Artificially inflated land values create massive debt to equity ratio variances when there's nothing wrong with the operation of the business.

Low cost interest rate loans needed for first farm buyers.

The cost of a farm purchase may best be supported by government assistance and support from milk processors.

Low milk prices. Milk price was supported by government assistance prior to deregulation, this kept the industry healthy.

Revamp Dairy Australia.

Decentralise DA. It's a rural organisation. There is Glenormiston College or Marcus Oldham.

Make DA more accountable for its spending.

Make profit for farmers the first priority.

Enforce duty of care to the farmers.

Concentrate research and development on profitable activities.

More person to person contact with farmers.

Stop re-badging work of others as their own.

On a final note any country that is not capable of feeding it's self is a fool.