

Submission to the Agricultural Competitiveness Whitepaper.

I own a rural property in the Upper Hunter Valley at Blandford, of 521 ha, running cattle & sheep, producing heavy weight steers, crossbred lambs & wool. Dry land Lucerne silage is also produced depending on rainfall no irrigation, approx. 200 tonne per year. A very productive property. My wife has to work to help pay the bills, educate our 3 children & payout my siblings.

In recent years my cost of production has gone through the roof & our income although varied from year to year, mainly because of the rainfall influence on prices, has stayed the same. A good method of lowering my cost of production is to purchase more land preferably on my boundary, this being cheaper to operate than country further away.

I am unable to purchase any neighbouring country because of its price. An example is a neighbouring block of 14 ha of hilly to steep country at auction in 2005 was sold for \$265,000 or \$18929 per ha with no improvements on the land. With an average calf bringing \$500 or lamb \$120 per head & a stocking rate of 5 cows on the 14 ha it would have been a silly purchase.

I have 28 neighbours approx. 50% in the village of Blandford. The rest are mainly hobby farmers with horses & some cattle. Most of the blocks are either overgrazed or understocked with some running no stock. Noxious weeds & animals are evident & in plague proportions on some blocks. The productivity of the land of these hobby farmers is substantially reduced or non-existent because as yet we mainly do not eat horse.

Numerous people working in the coalmining industry have purchased country in this district at highly inflated prices eg \$1976 per ha, very steep unproductive bull grass country with a stocking rate of less than 2.5 dry sheep to the ha. A return on this land of maybe \$100 per ha. They say they are reducing their taxable income by buying agricultural properties.

In the last 10 years both BHP & Rio Tinto have purchased large quantities of rural land as carbon offsets in the Upper Hunter Valley. Their price has reportedly been \$10,000 per cow area, for lower slopes to steep country. This price sets a base price for all other land sales. With an average calf being about \$500, this is also a very unfinancial proposition for any farmer wishing to expand his or her land area.

As you can see from the above examples genuine farmers like myself are being forced out of this highly productive area by the money on offer. I myself could sell up & put the money in the share market & make more money by doing nothing. I will not be doing that but others are.

Suggestions for improvements include:

All hobby farmers should be encouraged to lease out their country to genuine farmers, if necessary by tax incentives.

Primary producers as a taxation category needs to be tightened up significantly as anyone can purchase a mob of cattle put them on agistment for a few weeks & then sell them & qualify for the minimum \$20,000 turnover.

The policies of local shire councils also need to be stymied in regards to Development Applications as several sustainable working properties have been split up into hobby farms which then become unprofitable.

It is all very well for companies like BHP & Rio to want to reduce their carbon footprint, but they have distorted the land price value relative to the lands productive return & consequently made it very difficult for genuine farmers wanting to expand. They need to reduce their carbon footprint in their mines, not by buying land hundreds of km away. Why should they be allowed to influence land values in another area not associated with their primary activity being mining. Why am I subsidising their mine?

Why am I subsidising hobby farmers if I am paying their exorbitant prices, when invariably they do not pay enough attention to the noxious weeds & animals on their land. They demand a better class of road therefore pressuring the local shire for better roads or other services, who then put up our rates because of the pressure, adding to my already exorbitantly high cost of production.

It seems to me that unless you are able to purchase 2000 ha or more, being a hobby farmer with another income, a racehorse stud or a miner then you do not have a chance in this mainly safe rainfall country. This is a big pity as the world needs more food not more of the above.

Regards John Begg

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