

Agricultural Competitiveness White Paper – Submission IP149

Rory McEwen

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Paul, thanks for the presentation today and yesterday. Obviously you are re visiting a Qn that has been regularly asked for fifty years, and there are no easy solutions. Given that we focusing on profitable businesses it is wort noting that there is only one drought, that's a cash drought. Yes, drought can cause lack of cash but so can a lot of other circumstances well beyond the control of the producer. I believe that the single biggest cause of loss of margin and profit for Aust agriculture has been the high dollar. If growers could be given some longer term certainty over exchange rates they could plan better, this is a risk they find very difficult to manage. If the govt was prepared to under write the dollar at say 82 cents then that would be a much greater help than drought relief in the long term. Treasury will have a fit but it's worth modelling as the govt is ahead if the exchange rate drops below 82 and covers the difference if it goes higher. You will be asked to look at a whole range of input costs etc that individually make very little difference to the bottom line. Equally the single biggest shift in input costs is energy as a consequence of privatisation and related matters and that is hardly likely to change. There are some commodities eg wine grapes where to improve the margin we must grow less. There are very few opportunities to create new wealth, so I wish you well in your endeavours. Kind regards Rory McEwen