

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
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Jo-Anne Bloomfield



Dear Mr Barnaby Joyce

RE: Submission to Agriculture competitiveness Issues Paper

Thank you for allowing me the opportunity to put my view forward on this important subject.

I am a cattle producer in the Northern Territory with my husband and two children. We operate a small property south east of Katherine, producing beef cattle mainly targeting the live export trade of Indonesia.

Our current property operation is intentionally small to lower the requirement of outside labour input and thus allow us to solely operate as a family operated concern. We have currently high equity and low debt but due to the ongoing high costs of operation there is an increasing financial viability need to increase our base breeding production herd size. This is to keep up with costs escalation and poor or stagnant income earnings of cattle. Long term viability due to cost/price squeeze is of serious concern to our future viability as the scenario at some point must be reached of where our herd size can't continue to increase due to the carrying capacity capabilities of the property.

Five years ago when we purchased this property we worked on a breeder cow herd requirement of 1500 head being sustainable with the relevant calving rates and turnoff capabilities for this area. Due to increases in cost, fuel, mustering and supplement five years on, (with poor income earning years including impact of the live export ban) we believe we will now need a minimum of 1800 breeder herd. This is break even for cost of operation and debt service with hopefully some profit for improvements and machinery upgrades. If every year costs increases require 60 breeder head increase then in another 10 years we will fundamentally be unviable as our property simply will not environmentally handle a near 2500 breeder herd operation. Relative to many properties in our region are quiet small, therefore I would hope that with increased scale larger properties may have better economic sustainability for the long term. After speaking to an economic advisor who assists us with analysis of our business performance the optimum herd operation is not as high as many would think being only about 3-4000 breeders. This is because once above this size costs escalate due to labour requirements, infrastructure and operations costs.

Currently we have a positive outlook for our economical future trading in markets and the live animal export market potential. But our confidence in long term ability of government to govern and maintain stability for the agricultural industry was seriously undermined in recent years with the live export ban that impacted us directly and still has ongoing ramifications to this day. In 2011 the then

governing Labor party prostituted itself to minority animal right activists and vocal animal rights groups, enacting the ban on live exports in June of that year. Little or no consideration to the immediate or long term effects on producers affected by the ban were taken into account, or impacts on other Australian related industries and international trading partners. Actions such as the live export ban should never be allowed to happen again.

It is absolutely imperative that the white paper for 'Agriculture competitiveness' be developed and act as a guide for future governments and policy makers if Australian Agriculture is to remain fundamentally sustainable environmentally and economically into the future.

Issues identified in the Agriculture competitiveness discussion paper

Food Security

- My responsibility to my family and business not to feed the world, therefore the profitability of my business is paramount to its continuance and the security of my families future.
- Should we be so focused on Asia for market access? Most definitely. If Australia's manufacturing industries continue to find it increasingly difficult to compete with overseas competitors due to costs of production then I believe the opportunity for Australia to increase live animal shipments to other countries will involve us producing the animal yet other countries feed lotting and slaughtering.
- I believe due to increasing ethnic diversity and population in Australia greater emphasis should be made on marketing of Australian products to Australians. Not only will this increase consumer awareness of Australian products but also importance of Agriculture in Australia to an increasingly urbanised society.
- Australian production must concentrate on efficiency and quality. As a producer of lean cattle the type of cattle I produce for live export are not comparable to a heavy Black Angus animals who may be grown out to heavy weights in southern or eastern Australia. By quality I mean breeding, consistency of animals and continuation of our high disease free status. Efficiency of operation on properties should be improved through Research and development in to various aspects of animal handling and procedures we undertake to utilise our cattle herds.
- Australia's population is growing and Australian agriculture land productivity areas diminishing. They are being lost to non-food production pursuits.
 - i.e. urban, residential development, national parks, carbon farming, tree plantations
 - Australian agricultural land needs immediate protection from other land use purposes and assistance to maintain long term viability in environmental and economic terms
 - Laws must be put in place to allow continuance of Agriculture irrespective of urban development.
 - Ways to be found to encourage people to live in other regions, particularly rural areas to encourage employment opportunities to businesses and distribution of income across Australia that is not solely focused on urban areas.
- Free Trade Agreements should not be negotiated to allow import access into Australia of goods that undermine Australian produced products and thus the profitability of Australian producers.
- Protective agricultural legislation is required for ownership tenure to cover
 - use of land rights by agricultural user for priority of agriculture
 - Water rights to be retained as priority to producers and not syphoned for urban, non-agriculture use.
 - access to land rights where the producer has the right to refuse entry to mining, invasion and activists

- Rights of the producer to actually own and control to a depth of the land they use.
- Right to conduct agriculture – use of animals in a method that ensures good animal welfare and production of food, right of the producer to continue farming practices in their area irrespective of who may take up residency in close proximity or their interests in stopping that production.
- Right to refuse entry and prosecute trespassers who enter property intentionally to cause nuisance and criminal activity. I.e. break and enter.
- Agriculture industry systems can't be immediately stopped without due and considered consultation
 - i.e. like the live export ban
 - Politicians should not be able to make legislation or Bills that don't even recognise or understand the importance of the agriculture industry they are affecting, and wouldn't affect their electoral area.
 - I.e. Lee Rhiannon. Andrew Willkie to ban live export who until 2 years after initialising a bill to ban live export Mr Willkie has only made one very short day visit to the north of Australia. Rhiannon none at all to consult with those directly affected by the ramifications of their bill if legislated. Both relied solely on Animal rights activists and propaganda to form their opinions and basis of actions.

Improved farm gate returns, including drought management

- Restructure of the Meat & Livestock Australia to allow grass-fed cattle producer's actual control and benefit from the levy which they invest as a required transaction levy on the point of sale of each animal. Producers are not receiving benefit of these levies yet the funding is used to promote retail sales of meat from which the supermarket giants and large meat processors receive direct benefit but are not passing on increased sales revenues or profits to their suppliers of the animals.
- Costs are increasing exponentially, yet incomes are stagnant or reducing for farming enterprises. We are receiving the same monetary value for a beast in 2014 as it was worth in comparative money terms in 1970, yet input costs have tripled.
 - wages have increased with extras – superannuation guarantee is an extra cost solely borne by the employers
 - input costs of goods have increased,
 - energy costs – diesel, petrol, gas
- Require urgent review of costs of production from property of origin to final product destination, with the focus to be on government costs, duplication of costs and impact along the whole chain of supply.
- Require immediate investigation of why Australian production through the whole beef meat supply chain from grass roots production to retail of consumer is so fundamentally non-viable to the producer while supply chain processors and monopoly retailers particularly are making 5-6% profits.
- Investigation into the red meat processing sector as to why Australia is continuously at near double costs of production of other comparable competitive countries.
- Revision of ESCAS in live animal export chains to enable simplicity and minimise duplication but not at the cost of adherence or diminish exporters responsibility of high animal welfare standards.
 - Exporters cost will always flow to the producer and thus affect farm gate returns.
 - Be extremely wary or lessening the requirements of ESCAS to appease the purchaser. Irrespective of how lucrative some of the potential of these markets may be i.e. Saudi Arabia, the requirements of ESCAS in regards to Animal welfare and

traceability and accountability including control must not be diminished. These countries have not displayed good animal welfare practices in the past and unless they appreciate that ESCAS is important and to be adhered to then they should not receive animals from Australia. I fully appreciate that dictation of how an animal is treated beyond our point of sale and loss of ownership does impact the sovereign right of another country. The fact is these countries lack of adherence to ESCAS illustrates their lack of commitment to animal welfare and through that affects our other markets which would be of greater consequence to producers if we are lose them in entirety.

- Australia produces high quality animals in breeding and disease free status, if other countries want our animal's then negotiation of handling and adherence to ESCAS is not negotiable. They want poor quality product then they can go buy it from another country.
- The markets that are being sought and don't want to adhere to ESCAS have the high probability of breaching animal welfare standards and undermining the whole ESCAS system in all markets due to political and social opinion.
- Australian producers wear negative market impacts directly and therefore must have some assurance that ESCAS is the absolute basis of what, where and how our animals will be treated through the complete exporter supply chain to the animals final death. As a producer we spend a lot of time, money and effort to ensure high standards of animal welfare. I expect the animals to be treated similarly through their whole of life and at final slaughter respectfully slaughtered efficiently and effectively, preferably with pre-stunning for cattle but if not then at least using suitable restraining methods to make conscious throat cutting to be effective and quick.
- Importing countries either improve their animal welfare handling standards or they simply do not receive Australian animals, this is not negotiable under any circumstances.
- Lessening of ESCAS standards too some importing countries will ultimately affect the whole system as one country then tries to lower their requirements as they view others trading partners receiving concessions. Producers will ultimately wear this loss of markets if ESCAS is breached and it is exactly these breaches that could undermine the entire live export trade and place it in jeopardy.
- Methods of communication and training must be maintained in importing countries to train, teach and educate handlers and processors on good animal handling techniques.
- Business management analysis and education concerning business management of risks and education in new ideas of marketing and succession planning must be continually encouraged and explored. To allow current owners controlled progression of their business into the future.

Access to finance

- Urgent debt reduction measures for Agricultural production enterprises – use of a business tax losses to trade for bank debt reduction as an immediate measure, as a one off assistance.
- Carry out a farm debt survey as proposed by QLD senator Barry O'Sullivan, to establish the real debt levels and sustainability in comparison to land values across Australia¹
 - The real picture of Australia's rural debt crisis must be revealed and considered immediately.

¹ [Call for Farm debt survey](#). Stock and Land 11/04/2014

- Development of the Reserve bank amendment (Australian reconstruction and development board) Bill 2003
 - Board could consider factors in a timely manner that affect agriculture and implement strategic methods of delivery of finance, subsidies, access for business development
 - Enable timely delivery of support and methods from federal level rather than waiting for collusion of states and their requirements.
 - The Federal state finance package was announced many months before actual offering to applicants for assistance. This lag period was too long.
 - Assistance should be offered to all producers affected by an event and not only a few who may owe over a certain amount threshold.

Competitiveness through the supply chain

- Why is Australian food production so costly in comparison to other countries?
 - identify where our costs are significant
 - wages
 - inputs
 - government regulations and requirements
 - land cost
 - inefficiencies
 - Identify impact of how government increased 'user pay' costs have burdened producers with responsibilities of government on land we are only allowed to lease
 - Wild dog control, weed control, land care. Many of these were once the responsibility of government now they are the sole responsibility in cost and undertaking of the land holder
 - i.e. To control wild dogs on our property, I had to pay \$750 to undertake 2 courses to all the use of chemicals in general and a schedule 7 chemical specifically (These are applicable for 5 years) . I then have to pay \$100 to the NT government to apply for a permit to take native animals on my property. I pay \$1.50 per dry bait, of which a small property like mine uses about 750 (\$1125) plus the time in application, documentation and the placement of baits on property. I intend to do another course to enable me to use wet baits. Again a cost solely born by me. All of this was once borne by government for an animal which is actually prescribed and therefore their responsibility on land which legally we only lease from the government.
- Investigate methods of better reporting of real market prices received for animals
 - There is no national recognised method of comparison of grid prices offered for sale across Australia, Prices are based on live market sales and due to higher direct sales to processors current prices for cattle over grid sales are difficult to compare due to lack of reporting of them
 - Meat and livestock Australia indicators – Eastern Young Cattle Indicator (EYCI) is not as relevant now as most animals are sold direct to meat processors.
 - Live export prices quoted for cattle are only based on Landmark reports that only have 10% share of the market.
- Urgently require through Meat and Livestock Australia a review of benchmarking against other competitors to compare Australia's costs of meat processing, distribution and retail. The last report done of this kind was conducted over 20 years ago².

² 'Benchmarking against meat competitors' Stock and Land 27/02/2014

- Maintenance of the Integrity of Australia's disease free status and Clean green image of utmost importance
 - Biosecurity to prevent FMD, BSE, rabies must be highest priority
- Consider effectiveness of assurance and compliance schemes
 - Producers implement and abide paying audit fees when outside groups like WSPA, WFF seem to be driving guidelines.
 - Relevance of input from some sectors of the community
 - Stakeholders are not all people who have an opinion on a topic – People who want to stop animal livestock production, such as animal liberation groups. Do not have the right to intimidate producers simply because a producer uses animals for their income source.

Reduced inefficient regulation

- Meat processing sector pays significant costs for export certification through AQIS one inspector on one chain costing nearly \$200,000 per year, if the plant operates 2 chains they need 2 inspectors. AQIS often charge fees irrespective plant is in operation or not - \$10,000 per week for small plants, while in operation costs can be \$30,000 a week simply to AQIS
- Government rebate to processors of costs incurred in meeting USDA standards were removed effectively doubling the cost to processors of the US stringent requirements for supply of 90CL grinding beef.

Enhancing agricultural exports

- Careful consideration needs to be made as to who owns the originating company in Australia – enhancing exports may be just profitable to the overseas owned company
- Free trade agreements that ensure Australian product isn't undermined by cheaper, inferior imports in Australia

Effectiveness of incentives for investment and job creation

- Agriculture must be enabled to look after itself, without significant subsidy increases.
- Unless we are profitable we can't be sustainable, increasing debt load for simply costs of operation is not effective.
- Australian Agriculture has community expectations it is required to meet
 - safe, wholesome food
 - little or very low use of chemicals in food produced
 - traceability of goods and animals in which accountability for chemical and animal welfare is very high
 - Community expect producers to be pro-active in conducting actions and requirement of expectations with assurance practices in place.
 - Assurance practices implemented by RSPCA, WSPA or WFF are not practical or sustainable.
 - Many animal organisations lobbying for better animal welfare actually want to stop all animal livestock production. They are therefore not stakeholders and have no right to dictate standards to producers.
- Assistance financially needs to be more for capital development and improvement in efficiencies and not maintenance of debt
 - Water development and efficient storage, supply on properties
 - R&D into animal handling methods and improvements in AW

- R&D into effective vaccinations against ticks, botulism that reduce use of chemicals
- Encouragement of people to work in Ag – Australian businesses are using many backpackers now, they are often unskilled, short term with little or no prior experience. These workers can sometimes affect quality standards due to lack of knowledge and skill but sometimes simply awareness of Australian conditions in which they are expected to work. This increases the employer's occupational health and safety issues and costs.

Thank-you for allowing me the opportunity to express my opinion and taking the time to read this submission.

Yours Sincerely

Jo-Anne Bloomfield

Owner/Manager