

AGRICULTURE COMPETITIVENESS WHITE PAPER

I am a beef producer from North West Queensland. Our family has a beef business that has reasonable economies of scale, well above average, but we incurred a significant level of debt to achieve that production position. Like many, we made a decision about 10 year ago to 'grow our business' because that was the intelligent thing to do. Our bank certainly approved, as finance was easy to arrange. It has come to the point, at least in the beef industry, where debt is a burden this industry can't afford to carry.

We are finding that the rising cost of doing business is increasingly becoming a major obstacle to our future ability to trade. Obviously the price we receive at 'farm gate' is affected by many factors, some of which are out of our control, but some factors such as the strength of the \$A can be influenced by the Government. The high \$A through 2010 to 2013 had such a detrimental effect on businesses that many have not recovered, particularly as they have also had to endure low cattle prices due to the Live Export closure and this drought that continues to linger.

I have come to the conclusion that agriculture in this country will struggle to regain a position of profitability while the cost of labour remains amongst the highest in the world. We all like to enjoy a high standard of living, but if it comes at the expense of industries and businesses closing, that is a very high price to pay.

We have to stop pretending that agriculture in this country can survive without subsidies or at least some sort of income support. As much as politicians hate to consider the concept, it is a reality in almost every other country around the world. Even with trade agreements falling into place as we speak, none of them are actually Free Trade Agreements, and most of them are not going to improve the price we receive at the farm gate. These trade agreements may improve market access for some farm production but there is no guarantee that an improved price will be received at the farm gate.

Obviously the concept of subsidies is something the Australian public would need to consider, but the reality is, if they want agriculture in this country to remain viable, if they want food security, if they want safe food and fibre, if they want people to live away from the coast, farmers have to receive enough remuneration to remain viable. Farmers after all, are what keep almost all of rural and regional communities afloat. We all know that once farmers go into survival mode, rural towns do it tough. Most farmers have been in survival mode for the last decade.

A major concern for Australian agriculture is the average age of our famers. If profitability and sustainability is not improved, young farmers will not come back onto the land. This is happening right now and only a massive change to existing structure will reverse this trend.

There have been several recommendations from industry aired recently. The Australian Reconstruction and Development Board is one such suggestion. Please give this, the ARDB serious consideration.

The Primary Production Pricing Bill has been suggested by Rob Moore for the marketing of cattle. The beef industry needs careful attention immediately, because it is very vulnerable right now.

I had an interesting conversation recently with a rural bank manager. He believes the whole concept about farmers buying their land in the first place makes it difficult for them to have enough financial capacity to then buy stock and equipment required to operate a viable business. Most urban businesses rent or lease their premises, and only have to purchase stock and plant. Why can't we have a good look at a model where institutions such as superannuation companies invest in farmland and lease back to the farmers.

I would like your department to investigate a 10% tax applied to fresh food. Call it a Grower Support Tax (GST). As you are aware, there is currently no Goods and Services Tax on fresh food. Farmers need to receive a return from the the sale of their produce from the retail end of the chain. That ensures that farmers get some of the retail price increases related to CPI and other price increases. As farmers, we are price takers, completely at the mercy of whoever buys our produce. We receive whatever is left after everyone else in the supply chain has taken their cut, all factoring in profitability, except for the farmer.

Another prerequisite for our northern beef industry is slaughter capacity in the region. NorthBEEF Inc., a group of northern beef producers, has been pursuing suitable investors for several years with the aim of having increased competition and slaughter capacity in the North. Presently beef producers in North Queensland are faced with extensive delays to have cattle processed. The Townsville plant is booked until the middle of August. NorthBEEF was a key player in the pre-feasibility study that was completed in 2012 and funded by the Queensland and Federal governments. The finding was that there is room for another abattoir in the North. Contrary to the findings that it should be located in north west Queensland, NorthBEEF believes it should be either in Charters Towers or Hughenden. We have been trying to source funding, but to date have been unsuccessful. We believe that with sufficient funds to employ a project manager to pursue our goal, it is achievable. Please consider.

Another concerning trend is that beef producers and many in agriculture, are quite capable of lifting production significantly, but are hampered by lack of funds, once again due to lack of profitability.

The financial situation is dire in many agricultural pursuits. Few farmers that I know have any sort of superannuation policy or income after retirement. There has not been enough fat in the system to allow money to be put away for off farm investments or savings of any kind. With falling land prices and falling incomes, that leaves many in agriculture in a bad situation.

Australia cannot afford not to have a vibrant, healthy and profitable agricultural sector. Our future is in your hands.

I have made a few suggestions in this submission, please consider their suitability to reposition agriculture back where it should be, one of the four pillars of our economy. It is great that Barnaby Joyce has called on industry to contribute. Thank you for the opportunity.

Rob Atkinson