

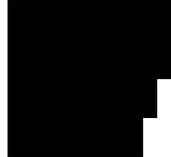
SUBMISSION

Agricultural Competitiveness White Paper

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on behalf of

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Dear Committee Members,

Firstly thank you for conducting this much-needed inquiry, and for the opportunity to submit to it.

Our family run a small cattle grazing business over 2 properties, all near Clermont QLD.

Should Farming Enterprises be Supported?

Many industries, many businesses, many PEOPLE, right across Australia are having a hard time making ends meet. Our government - itself deeply in debt and no longer able to carry struggling businesses - has decided to let the 'Free Market' decide who is to thrive and who is to surrender, and has additionally declared the 'end to the age of entitlement'.

Many families are suffering – through no fault of their own – as they are caught up in this economic clean-out. Are farmers being treated differently? SHOULD they be treated differently?

The answer to these questions are no, and definitely not.

Should a FARM (not the individual running it, but the business and the land itself) be treated different to other types of businesses? That is a slightly different, more complex question.

Fundamental changes are needed - so that farmers can receive a fairer price for their product, have a stronger future, and be able to build their own reserves to see them through the next crisis.

It is not logical to 'prop-up' businesses that simply are not viable, or whose greed, or own inept management has landed them in hot water. However, I don't think that any of these things apply to the majority of farms. Australian farmers have proven themselves to be resilient and innovative. They have been consistent performers and world leaders in their field - even with the tough climatic, economic and political conditions within Australia.

The conditions being faced now are beyond simply 'tough'. They are literally disastrous. Farming businesses have to ride the waves of many things beyond their control - but this record-breaking drought, at a time when the entire cattle industry is still reeling from losing its' most strategic market, whilst also having their margins eroded by a sustained high Australian Dollar, and rising input costs coupled with stagnant farm-gate prices ... these are exceptional circumstances ... and they are completely beyond farmer control.

There was desperation among in farming communities long before the drought hit ... and then the drought hit.

Australia needs a whole new approach to Agriculture:

In amongst a myriad of complex issues and differing opinions, one thing is blatantly obvious: What we are currently doing is NOT WORKING.

We have amongst the most innovative, efficient, productive agriculture in the world - yet rural debt is higher than ever, our farming sector is largely unable to cope with our fluctuating climate, our lands are becoming increasingly degraded, our food security is being degraded and our farmers are battling depression.

Is this the fault of the individual farmer? Of course not.

I believe that the trouble stems from our failure, as a nation, to fully recognise what a farm is and how/why it differs from other types of business:

- a. A farm is the direct harvesting of products from the current environment (versus the past environment, as in mining).
- b. A farm is RELYANT on the environment, climate and seasons. As such, it is dynamic and often unpredictable.
- c. Land is a finite resource, whilst the human population is exploding.
- d. People are RELYANT on the environment - for the production of food and other ecosystem services (water, clean air etc).
- e. Farms cover more than 60% of our land surface.

We need a whole new way of thinking about farms ...

There's a lot of talk about the viability of farm businesses, and mostly we're looking at it from the wrong angle:

The VIABILITY of a farm, as opposed to other businesses, should be measured by its sustainability (ability of the land to produce into the future) ... not by its monetary profit margin. Farm managers should be judged, not by their ability to create wealth, but by the efficiency and sustainability of their practices.

As the cost of living and farm inputs continue to rise – and in particular rising at a rate that is outrageously and increasingly un-balanced with the price received for raw produce – farmers must increase both their efficiency and quantity of production in order for their businesses to survive.

This can be achieved - TO A POINT - beyond which the tax on the environment becomes unsustainable: causing environmental degradation, and leaving the farmer with no way of increasing his income to keep ahead of the rising costs. The 'economy of scale' theory is only a temporary fix as even the largest of farms will encounter this problem ... eventually.

Therefore, if our farms are to be productive and sustainable into the eternal future – they must be supported. This is particularly so given the highly variable nature of Australia's climate.

Particularly in the face of an ever-increasing human population (which is the giant elephant in the room that no one is game to acknowledge and is too difficult to deal with), it is a backwards step to suggest that much of the drought-affected land is simply 'unsuitable' for farming/grazing.

Long before 'climate change', Australia's climate has been characterised by cycles of 'boom' and 'bust'. Even 'marginal' areas can be highly productive when the seasons are favourable – and this resource is too valuable to be left unutilised. However, when the 'boom' is over, production must be scaled back (or even ceased altogether) so as not to cause environmental degradation.

Additionally, we need to ensure that land managers persist in these areas because unfortunately our lands are not pristine anymore. Introduced species abound and ecosystem balances have been thrown out. The environment can no longer simply look after itself - money and management are now required to manage these problems. There are some select areas that - with adequate funding and management - should be made into National Parks. However locking up vast areas - that the government cannot afford to maintain - is not a valid concept. This is proven by the fact that many (under-managed) National Parks are suffering faster species decline than their neighbouring pastoral properties.

<https://theconversation.com/the-future-for-biodiversity-conservation-isnt-more-national-parks-11027>
http://www.aeda.edu.au/docs/Newsletters/DPoint_33.pdf

To ensure our food supplies for perpetuity, and to ensure that Agriculture continues to contribute to the economy and employment: we need a model for agriculture that enables a low-ish level of efficient, environmentally sustainable production.

We need to keep our land managers on-site performing their roles as environmental stewards. Farm 'viability' should be measured in environmental, NOT financial sustainability.

I recognise that this will be harder to measure, difficult to balance the 'correct' level of production and may be impossible to achieve without support ... but what choice do we have?

Contrary to popular opinion, Australian farms are in fact amongst the least supported in the world. And while we battle to compete in a so-called 'free market'- that is filled with produce that is heavily subsidised or that doesn't adhere to our (comparatively) high standards of environmental regulation, animal welfare or worker's conditions – some argue that Australia subsidizes its agriculture through land degradation.

Is this the fault of the individual farm manager? Of course not. They, like everyone else, are simply trying maintain a viable business in the face of increasing pressures and competition.

'Sustainability' can be highly contentious and hard to define.

To help with this, the land use and goals for a particular parcel of land need to be defined, and exactly what aspect of that land should be sustained in perpetuity needs to be identified.

For example, managing land for the conservation of a particular species may not be the same as managing land for sustainable livestock production ... though it needs to be noted that biodiversity does serve some function for agriculture.

More research is needed into this area, and how to balance production with sustainability and/or conservation. More respect, understanding and co-operation is needed between researchers, environmentalists, government departments and landholders.

It needs to be noted that assessment of the sustainability of one's practices can NOT be achieved by filling out reams of paperwork. Such assessments must be carried out physically, individually, ON-SITE, by IMPARTIAL and experienced personnel. The focus needs to be on education. If a parcel of land is found to be not managed appropriately (in declining Land Condition), steps should be taken to guide the landholder in the right direction and a date set for a review. Then, if the landholder has refused to try to rectify the situation, their tenure should be called into question.

The longer and more secure a farm manager's tenure is (subject to sustainability), then the more incentive that manager has to invest in and look after their land for the future. Short or insecure tenures only encourage the land to be pillaged.

It must also be noted that any enterprise must first be able to be profitable before it can raise its standards. Without available capital it is impossible to improve anything. And when farming businesses struggle - everything - the people, the land, the animals - struggle with them.

The 'Rural Reconstruction and Development Bank' - sounds like an idea worth exploring.

Drought Mitigation:

Australia has always, and will always have, a highly variable climate. Yet we seem to have learned very little from the disasters of the past (and present).

Both the individual, and the government's, response to environmental fluctuations need to be more pro-active rather than re-active; and quicker to take action when a reaction is required.

We need to re-think the way our agricultural industries are structured - particularly grazing. The current model has individual farms operating as separate entities, and attempting to maintain financial viability on their own. This is not allowing the dynamic and flexible management required to sustainably cope with Australia's highly variable climate.

It must be understood that it is IMPOSSIBLE to plan for it to never rain. That's simply illogical. An individual land manager can take measures to see their property through the expected dry, up until a certain date ... a date that it is NOT an unreasonable or irresponsible thing to expect it to have rained by ... but when the date that they have planned for comes ... and goes ... and there is still no sign of relief ... suddenly options are very limited.

De-stocking needs to be facilitated. Feeding cattle though a drought is not a viable option. The animals very quickly consume a higher value of feed (and associated transport etc costs) than what they themselves are worth on the market. Worst of all, it also leads to over-grazing and land degradation.

Having said this, it must be noted that de-stocking is incredibly difficult for the individual land holder. Recovery of stock numbers generally takes many years, and stock sales are often the only source of income.

During dry times, the market generally crashes and animals must be sold for very little, and when good seasons return the price of re-stocker animals escalates. A cow is around 2 years old before she births her first calf, around 20% of matings do not result in a reared calf, and of course half of those

that do make it to weaning will be males. Obviously building up stock numbers naturally will take many years, and in the mean time the business still requires cash flow.

So it can be seen that slashing their stock numbers is a very drastic measure for a landholder - one that is very difficult to ever recover from - and yet this is what must be done in order to prevent the crisis in land degradation and animal welfare that is unfolding across vast areas of Queensland, and penetrating into other states.

Early de-stocking is unquestionably the right thing to do, but it is a real gamble for grazing enterprises. Therefore they need incentives and assistance to enable them to do it with confidence.

Recovery of the state or national herd can be a problem after a severe dry spell. To alleviate this, perhaps those properties who are not suffering dry conditions should be encouraged to change the focus of their operation - eg away from fattening steers and towards breeding and retaining quality young females - in order to assist with re-stocking when the season breaks.

We need to move away from drought relief packages, and towards a Future Drought Management and Mitigation Plan.

Construction and maintenance of water storage facilities must be a part of this plan. Land managers are continually asking for assistance with cleaning out of existing dams, and this request is consistently denied. Without maintenance, dams will over time fill with silt and water storage capacity is lost - which leaves livelihoods and livestock at risk in future dry periods. Such maintenance can only be carried out when dam water levels are very low - ie, in times of extreme dry. Times of extreme dry are also times of great financial strain for landholders. Therefore, it is not only logical, but essential, that the government provide some means of assistance to carry out this important maintenance to ensure future water security as a part of a future drought mitigation plan.

Market Control:

The 'free-market' approach does not seem to be working.

Is it really a 'free-market' at all when the playing field is not even close to level?

Australians expect the very best from our industries - quality, food safety, environmental protection, animal welfare, wages and work conditions. And so we should.

Though clearly this all costs money. And yet we are happy to import cheaper products from countries that do not enforce anywhere near such high standards, or whose producers are subsidised. ?

It's blatantly obvious that this is going to see the decline of our own industries. What then?

Importing any comparable products for cheaper than they can be reasonably produced on home soil is not only destroying our own industries, but also likely supporting exploitation and mal-practice in the country of origin.

The 'Buy Australian' campaigns are a good start, but they are not enough. We can't rely on consumers to save our industries, and we can't blame them for their choices - they've got their own family budgets to consider. We need some real government leadership on this issue, and we need it NOW. We need to find ways to make Australian products and services more affordable, and we need to reduce the importation of anything that can be easily produced on Australian soils.

Australian farmers have very little control over the sale of their products. Options are limited, and they are often forced to be price takers. Too many abattoirs have been allowed to close, reducing options, reducing competition, and increasing freight. Those that remain are mostly owned by our

international competitors. The producer has no representative acting on their behalf in within the abattoirs. They have to accept non-sense specifications, trust that their product is being weighed correctly, accept the down-grading of an entire beast for a blemish on just one side, and accept payment for the meat alone - while products are made from every part of their animal.

Economies of Scale

Some say that the 'days of the family farm are over' and we should all submit the 'Economies of Scale'. Really? Those that tried to follow this path are some of those who are in the most trouble with their debt levels. And as a nation, is this really what we want? For the land to owned by a fortunate few? Do we want to increase 'class division'?

And when the family farm comes up for sale, who is most likely to buy it? Indonesia (who used to be one of our biggest markets), has apparently confirmed plans to buy 1 million hectares of Australian grazing land for its own purposes. QLD's Cubbie Station - the largest irrigation property in the southern hemisphere - is now majority owned by the Chinese.

The 'Foreign Investment Review Board' - which only reviews single purchases of agricultural land over \$244 million - is not only an absolute joke, it is a national disgrace.

As pointed out earlier, even the largest operations will at some point reach a maximum level of efficiency and production, after which sustainability will be compromised.

Who is more likely to make decisions that prioritise care of our environment and the welfare of the animals? The Australian family farmer, who lives on the land that they manage, has generational ties to land and is largely in it 'for the romance' ... or the head-office of the foreign-owned corporation?

Farmers are in Decline

Australian Farmers are tired. Tired of working so hard for such little return. Tired of the of the bullying. Tired of the lack of understanding. Exasperated with endless government 'smoke and mirror' announcements that appease to the urban voters - while in reality fail to deliver outcomes.

Farmers' exhaustion of all this is evident. The median age of farmers has been steadily rising, and in 2011 was 53. 23% of farmers were aged 65 and over, while only 2% were aged between 15 and 24. **Farming has become such an un-attractive career prospect** that young people are not entering the industry. In fact, farming parents are warning their children to stay away. One ageing land manager I know asserts that expecting the next generation to come home to run the farm would be akin to 'child abuse'!

With no-one to replace these aging farmers, generations worth of experience is being lost with them.
<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/1301.0Main+Features3032012>

Staffing Issues

It is increasingly difficult, increasingly expensive, and increasingly risky, to source staff for rural work. There is nothing 'fair' about Fair Work Australia - it is geared entirely to help affronted workers to prosecute their employers, and while worker's have a whole raft of rights and entitlements, employers do not seem to have any.

The Award wages and rules are far to complex.

The struggling agricultural industry cannot compete with the wages offered in the mining sector.

Awards should not be based on age - they should be based upon level of experience and time spent with an employer. The current system is very biased against anyone of adult age who is trying to learn a new skill or gain employment in a new industry. It is also unfair on the employer to have to pay the higher rate for someone who does not have any experience, just because they are over a certain age.

The threat of litigation is choking every Australian industry, with individuals seeming to have no responsibility for their own actions. This actually encourages reckless behaviour as there are no consequences for the individual.

OH&S is important, but it has reached a ridiculous, productivity-choking point.

There is not enough respect for real-life experience and too much requirement for 'certification', when the certificates are often not worth the paper that they are written on.

Harvesting timber is a part of our business, and even though we have decades of experience in this field, the forestry department recently required us to undertake a 'training' module - which cost around \$2,000 and days of lost time - and did not teach a single thing. Much of the 'training' seems to be irrelevant and written by people who clearly have no idea. This achieves nothing for safety and greatly hinders production. It is merely a false parade against litigation, and a money-making racket for the training companies.

Widening Gap Between Income and Costs

"The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways" - that was apparently said by John F. Kennedy. This is still true for modern Australia (though USA farmers are twice as subsidised).

The price of everything (vehicles, fuel, electricity, wages, fodder, groceries etc etc etc) is sky-rocketing. So WHY has the farm-gate price of beef has been left the same for around 30 years ?????
Why does the supermarket price of beef not drop in accordance with the market price?

Influence of Extremists

Non-one should ever be allowed to abuse their lands or the animals within their care.

The very vocal views of a few extremists seem to have great power to influence government policy. I have to wonder about the motivation of such groups because the outcomes of these policies are often not favourable for the land or the animals in question. The farmers 'side' of the story is simply rejected as having 'vested interest' - without acknowledgement of their experience, or the fact that their long-term financial interest does in fact lie with having healthy lands and healthy animals.

Two recent examples of this are:

The knee-jerk banning of live export - due to the admittedly unacceptable and abhorrent treatment of a few individuals - which contributed to the equally unacceptable and abhorrent starvation of many thousands more.

And the (now reversed) designation of QLD's State Forest Reserves as National Park - when clearly there were not enough government funds to manage these areas - which would have led to worse environmental outcomes than if the present land stewards are left in place.

I fear that other such irrational decisions maybe made in the future - at the expense of our industries, lands, and animals - purely because they are driven by 'popular culture'.

Thank you for conducting this much-needed inquiry, for the chance to submit to it, and for your time.

Regards,

Michelle Finger.