

# Agriculture Competitiveness

??? What is the goal of current governments?

- If the goal is to have a farming industry a decision needs to be made on the future ownership structure of the Australian agriculture industry first and foremost.
  - We can decide to allow multinational companies buy agricultural land and resources whilst also avoiding taxes in this country by simply doing nothing
  - Or we can decide to have Australian owner operators producing agricultural products in Australia
    - Without government assistance the majority of Australian owner operators will eventually be squeezed out of the industry predominantly due to poor farm gate prices and inflation costs destroying the viability of these industries
- **After the mineral booms are finished, agriculture will be our main export, what good will this be too the country if Australians no longer own their farms?**
- **Future federal governments need to get a way from the mindset of keeping CPI down through cheaper imports as this will only come at the detriment of the Australian farming sector**

\*\*\*food security in Australia and the world through the creation of a stronger and more competitive agriculture sector;

- Improved competition for Australian products
  - Limit the market share and market power of major supermarkets and meat works
    - Having a duopoly in the market place severely erodes competition, perhaps we should investigate laws similar to those in the US and limit market share of any individual company to less than 20%
    - Further to this greater assistance for smaller retailers that do not have the economy of scales to viably compete against ie. Coles and Woolworths
    - A similar situation occurs in the beef sector with two major companies controlling the bulk of the market by adding competitors to this sector will greatly improve competition in the market place and enhance grower profits
    - New developments in regional area ie. Gilbert River Dam. This will allow producers to diversify and increase income risk spreading. Further to this the recent cyclone would also demonstrate that spreading horticulture to inland areas is beneficial. Ie. cyclone damage to horticulture on the coast (bananas etc.) Further to this development in the North could see crops grown out of season and increase exports.
- The ability to re-introduce tariffs on countries that currently do not have a free trade agreement with us should be thoroughly investigated. Further to that countries we have a FTA with that heavily subsidize there agricultural sector and dump products into

Australia must have a tax and/or tariff placed on these products to ensure Australian products remain competitive

- If Australian producers do not remain viable and have an Australian ownership structure future unrest in global markets could see Australia with little to no food security whatsoever
  - Further to this we believe overseas investment and foreign ownership should be limited to less than 50% of any agricultural organization and / or company similar to ownership laws for Qantas. This would also ensure appropriate levels of tax are actually paid into Australia.
  - The ATO should take steps immediately to produce a new tax model to ensure the big overseas companies pay their fair share of tax on income made in this country and not be able to side step the system by being owned/controlled from overseas. This creates an unfair advantage between large and small sometimes family operated business in Australia and reduces competition.
  - Australian super annuation companies should be allowed to invest in Australian agricultural sectors

\*\*\*means of improving market returns at the farm gate, including through better drought management;

- If producers are not getting a fair and equitable farm gate price for their commodity to begin with they have no ability to withstand droughts or other market shocks. The viability of these operations is the major concern more so than the effect of drought or market shocks. We may need to reinvestigate subsidies in the agriculture sector for the business to remain viable especially considering that many overseas governments heavily subsidize agriculture allowing their producer a significant advantage over Australian producers.
- Investigate price gouging and market manipulation of two major foreign owned meat exporters (meat works). By limiting killing space on a perishable product they are forcing mass sales at sale yards. They then buy the glut at the sale yard for drastically reduced prices and use these prices to set the grid price at the meat works. These meat works have the ability to put on two shifts and process cattle much quicker before producers cattle begin to lose weight. Further to this as the retail price has not decreased a detailed study needs to be conducted illustrating exactly who is making the lion's share of profits? The processor or the retailer as they are most definitely not being made by the producers. Further to this a mechanism needs to be put in place guaranteeing a percentage of the profits are actually passed on to the producer. These meat works must have given our foreign review board a commitment to continue slaughtering our stock in a timely manner and should also be investigated?????????????
  - When our government let these overseas investors purchase large market shares in the meat works industry surely the government must have placed conditions on these companies stipulating that the killing of cattle a highly perishable product

must be done in a timely manner? Because it is most definitely not being done at present.

- Should legislation be introduced in situations where there are enough cattle in the meat works market to operate more than one shift a week forcing meat works to process what is essentially a perishable product quicker. Or give other companies the opportunity lease/utilize the killing infrastructure to run a second shift if the owner is unwilling to increase the kill rate?
- Similarly through using their marketing power Coles and Woolworths also have the ability to distort farm gate prices and this should also be investigated. Similarly a detailed review on what profits are made where to highlight who is making what.

**\*\*\*access to investment finance, farm debt levels and debt sustainability;**

- Banks previous lending habits in agriculture were to lend money at any cost. While an individual or business also had to agree, many trusted their bank lenders as they are essentially the “financial expert” in many small businesses and the assumption was often made that the bank would not lend me the money if I could not trade out of it. It is questionable if this was actually the case or the banks were only interested on the interest on the loan more than the viability of the business. This has led to a knock on effect dramatically increasing property prices and the amount of debt carried in agriculture. Banks as such should be made to participate in a debt / tax swap arrangement first and foremost to make many agricultural businesses viable again and also make agriculture business tax payers again.
- With the increases associated with cost of production and lack of increased returns for products produced and predatory bank lending practices this has led to a debt crisis. The drought has only exacerbated this issue more than actually causing it.
- Northern cattle producers have had their business profitability severely impacted by the panic cessation of the live export trade by the previous Labor/Green coalition. Drought in the 13/14 year further impacted their business. These people need to be paid fair compensation for any loss created by this mess.
  - Should a class action by producers and every other affected rural/regional business be investigated or pursued here? The number of business affected could easily see over 30,000 affected producers and business participate.
- Northern producers in the live export regions need the federal government to work with banks and the ATO to set up a mechanism for swapping tax loss against bank debts for at a minimum a rate of 75%. This is one of the few mechanisms we are aware of that do not see the government simply taking over bad debts and will aid entire communities. Such a deal would see many more producers in a position of paying tax much quicker aiding government coffers and the financial shot in the arm will also increase employment in agriculture and give industries such as the beef industry the ability to reduce risk by lowering debt levels and developing other sources of income. For instance we would look at expanding our farming operation to reduce risk. This would see us increase employment and diversify our income streams.

- If something like this does not happen many producers will not be in a position to get funds to restock their properties and this will lead to a collapse on the Northern live export supply region and possible cause a run on banks....(**Does the federal government still guarantee bank debts to the banks???**)
- We are currently trying to diversify our business through adding a larger horticultural component to help risk spreading. At present we have no mechanism at the state level to sell a portion of our property to raise capital for development. We would like to see the federal government offer assistance to producers developing green field sites from scratch. The costs associated with these developments are significantly higher than in the past, making a return on investment much longer to achieve. A grant or subsidy for new agriculture development would drive employment and economic benefits for entire communities. These Greenfield sites will require a lot of capital for R&D to prove up suitable crops.

\*\*\*the competitiveness of the Australian agriculture sector and its relationship to food and fibre processing and related value chains , including achieving fair returns;

\*\*\*the contribution of agriculture to regional centres and communities, including ways to boost investment and jobs growth in the sector and associated regional areas;

- Locally this can be achieved with infrastructure spending on the Gilbert River Dam site at Green Hills this will have many flow on benefits for the community. Further to community benefits this will also see valuable food and fiber crops expanded to areas with little to no cyclone damage of crops and away from water ways flowing into the Great Barrier Reef.
  - The original Gilbert river farming area that could be serviced by the Green Hills Dam has the potential soil and water availability to service two or three major crops and associated processing infrastructure. Further to this the byproducts produced could lead to value adding in existing cattle operation in the entire region ie. feedlots and associated export meat works and add competition to the market
  - Potentially leads to thousands of additional people and employment opportunities in the region and help spread Australia's population
  - Allows primary industries in the region to spread risk and be more resilient to future market shocks
  - Further to this further investment in regional infrastructure such as ports, rail and roads will see greater returns on investment in the area for the both business and community
    - Mobile phone service. We operate a mixed grazing and cropping business. Not having a mobile service severely hampers our productivity especially

within intensive farming scenarios. Eg. Parts orders, fert, chemical etc. Further to this much of the new precision agricultural machinery pass data over mobile phone services. This ability is desperately need to improve productivity through the use of greater technology.

- Port of Karumba save several thousand sea miles of transport to many of our local Asian customers
- Road upgrades so that equipment and product can be safely and economically shifted in large quantities
  - For instance the difference from Georgetown to southern markets is less than 100km more than the closest intensive agricultural area (Atherton Tablelands) to southern markets. Further to this we have the advantage of being able to send triple road trains from the farm gate and investigations should be made on extending how far south road trains can traverse to lower transport costs
- Not having access to 3 phase power puts us at a severe disadvantage to other agriculture sectors on the coast, to make matters worse there is no competition in the power sector for North West Queensland leading to increased costs
- Upgraded airport for better transport services to cater for increased population

\*\*\*the efficiency and competitiveness of inputs to the agriculture value chain — such as skills, training, education and human capital; research and development; and critical infrastructure;

- Skill sets for intensive agricultural practices are nearly nonexistent in this region
  - A dedicated research and training facility established at georgetown would greatly enhance training, research and productivity in the region

\*\*\*the effectiveness of regulations affecting the agriculture sector, including the extent to which regulations promote or retard competition, investment and private sector-led growth;

- Incentives are worthless if a fair price is not being achieved at the farm gate. However at the least incentives that encourage investment in agriculture in the north through water infrastructure will at least diversify the industry, leading to lower risks from market shocks such as the live export ban.
- How can Australian primary producers be competitive in a market where the “level playing field” does not exist? When our competitors are being subsidized by their respective governments in many cases well over 15%? Regardless of any Free Trade

Agreement this hinders the ability of Australian primary producers to compete in a global market. We must instigate the viability of matching these subsidies in Australia to give the Australian producer a “Level Playing Field” or investigate some form of tariff and/or tax on produce coming into the country that is highly subsidies.

- Greater controls to ensure crops are grown and processed in line with laws and regulations enforced on the Australian industry is being matched by food imports into the country. This should cover issues such as chemicals used (ie. antibiotics in aquaculture), they are processed with the same level of health and safety as in Australia and that wages payed are in line with those in Australia if we actually want a level playing field. Some form of accreditation system for imports should be set up so that food and fibre coming into the country meets these requirements.

\*\*\*opportunities for enhancing agricultural exports and new market access; and

- This should be the number one priority for all of our diplomats. We have a growing population just to the north of us yet we still compete with countries that subsidize exports into these countries

\*\*\*the effectiveness and economic benefits of existing incentives for investment and jobs creation in the agriculture sector.

- Close examination of our wage and benefits structure needs to be conducted to determine its impact on farm viability in Australia. Further to this the government should take this into consideration as it is a significant disadvantage for Australian agriculture.
- More realistic tax breaks and zone rebates for both primary producers and employees and their families. Including travel due to the extremely limited number of health specialist in rural and regional areas. We need the ability to attract more qualified and specialist staff at present it is difficult to get these people to move away from the more developed areas.