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AGRICULTURAL COMPETITIVENESS - SUBMISSION

In making this submission I wish to address topics raised in the Agricultural Competitiveness Issues discussion paper from my perspective as a member of a farming family and landholder. Our farm is in the fourth generation of ownership currently producing summer and winter cereal grains, oilseeds and beef on the Liverpool Plains of NSW.

Agricultural competitiveness and sustainability is all about consistent supply of product and consistent profitability for the family farm.

A major factor preventing this is nature and its extremes, whether it be drought, flood, or fire. Other factors like price fluctuations, trade deals, exchange rates, pest and disease pressures, weather patterns, labour and general farm input costs etc. Most of which are exacerbated by government regulations, legislation, a restrictive finance sector and a difficult operating environment.

The success of the agricultural white paper and the development of a new agricultural policy is critical for the future of agriculture and individual farms. It is essential the grass root needs of all farmers throughout the various industry sectors can be addressed. It's important to understand those needs and address all the various agricultural industry sectors; treating them individually in a meaningful and substantial manner. Agriculture is diverse. It is a vital industry playing an essential role in Australia's economy but it needs help to meet its potential and survive the 21st century.

Yes, the issues raised in the terms of reference are all relative.

However, as a farmer/landholder it is all about how I can continue to sustain our family farming business, our land for future generations of farmers and be financially secure in the current agricultural environment. As farmers our greatest desire is to produce high quality food and fibre for our customers. We wish to manage our soils, water and lands in a sustainable manner ensuring biosecurity and to enhance the community we live in. To achieve these goals, we need to find new ways to remain financially viable by increasing our margin of profit and return on capital investment.

Farms cannot continue to survive, grow and remain productive and efficient if they cannot afford to pay the costs of production and pay down their debt. The margins of profit for farm businesses vary from sector to sector but are slim at best. There is no allowance for error and our farm managers cater to the demands of their changing environments with

substantial expertise; but rarely is their knowledge and experience recognized; nor is there a reward other than pride and satisfaction.

Drought, flood and fire have dire consequences for those farms that lose not only their incomes but also their input investment. The losses incurred can be substantial and never be recovered. The consequences vary greatly from farm to farm, sector to sector and region to region. The needs in the aftermath of a natural disaster are not fully understood and certainly not addressed adequately by government and their agencies; nor the finance industry. Certainly not in a manner suitable to offset the individual farm loss and damage due to nature.

Farms differ from the general community in how they can protect and spread the risk of the ravages of nature. Most often there is no insurance. It is a total financial loss with no income to live on and no unemployment insurance to help.

We need to be harnessing and recognizing the skills and experience of our current farmers and investing in their financial security and farm sustainability by providing better communication services; encouraging innovation projects, and offering beneficial tax incentive programmes.

A new financial agriculture sector, separate and different to the current "business" banking sector, which would better address agricultural banking business and credit needs.

A research and development programme that delivers on the ground beneficial outcomes.

There is a need for less government red tape, the costs and environmental compliances.

Greater awareness and understanding by government and their agencies that access to water is a land right (irrigation is a different entitlement and sector) and farmers need greater freedom to manage their water needs, their soils and their lands.

If we don't succeed in getting things right on the farm and at the farm gate - then there is no need to address the other discussion topics.

Farms must be more profitable.

Securing farms and farmers for the future – This submission is about family farm businesses - not corporate farms or hobby farms that have other income sources (they should be treated as separate industry sectors).

1). Disaster Relief

All Australians need to be involved and invest in disaster relief for farmers and the future security of their food supply (govt programme fund?)

Current schemes are extremely unfair, and do little for the long term sustainability of agriculture - (it seems to be all about drought as though it is the only disaster affecting farms).

Government needs to address all disasters (without insurance protection) equally for those farms, those industries and those areas that suffer not only the crop loss but all the input costs of the season.

Suggestion - Farm loan interest grant

Farm household income support through fortnightly payments These should not be asset tested but need tested. They should be immediately available after a reported disaster event wherever it occurs - boundaries are insensitive to actual need.

2). Environmental restrictions

Both Federal and State government licence and compliance costs are excessive; They do not promote best management practice in all cases. They can be debilitating and damaging and do not promote profitability.

Legislation is restrictive and any new development approval is expensive.

Legislation needs to be a set of guidelines not a compliance law, and should always be adaptable to the local area or individual farm and needs.

Veterinary practices and access to veterinary medications for basic daily management tasks is frustrated and complicated by over regulation and compliance.

Every farm should have a right to water in proportion to their acreage for general purposes either from run-off, water flows or underground supply - current water management and past allocations have been unjust, sector driven with no thought to future requirements by others or new emerging sectors.

Farmers need to be able to make necessary management decisions for the protection of their crops, soils and lands without compromise but without damage and being sensitive to neighbouring property.

3). Communication Services

There is no indication that our current services will be improved in our area under the NBN scheme - why not??

It is difficult to take advantage of business trends, marketing opportunities, industry information, education etc without good mobile phone or broadband internet services - these are both sadly lacking in many areas.

Better service provisions need to be a government priority for agricultural businesses.

Better voice and data plans for use and access of these services is required

4) Farm Costs and red-tape

Rates, levies, taxes, duties, and service costs have increased by percentages far in excess of farm incomes. Government legislation and compliance costs for such things as OH&S, chemical certification, licenses, certificates etc creates too much paper work and use of time that is non-productive.

On-line, simple processes for accreditations and upgrades for experienced farmers should be encouraged rather than taking the farmer away from the farm.

All certifications necessary for farm operators should be a part of a farm education degree/certificate programme - employees need to be operator ready.

Farm improvements - better incentive programmes and finance packages required for necessary investment in machinery, technology, buildings, and equipment.

Farm ownership and future growth - Stamp duties should be reviewed and drastically reduced for new farm purchases.

Farm loan repayments should be a tax deduction not a taxable income so as to encourage farm ownership security and debt reduction.

Farm employees used to benefit from on-farm housing etc until fringe-benefit costs took all that away and became a disincentive. There is still farm infrastructure that could be used to promote special farm employment and immigration programmes

5). Farm Families

Education - provision for living away from home allowances for secondary school pupils through taxation benefits.

Lack of farm profitability denies farmers relevant wages and superannuation benefits equal to the rest of the community - that also limits access to lifestyle comforts and entertainment.

Farm businesses have become slaves to the banks and to government.

Greater respect from the community for hardships endured.

Need for better access to local medical services and medical supplies

6). Marketing Systems

Price fluctuations and farm returns don't match the cost of inputs. There is no ability to pass costs on at the farm gate. Stock market and futures trading by large fund groups create boom & bust commodity pricing.

Incentive and investment programmes financed by the supply chain and consumers to help improve farm gate returns (eg royalty payments).

Vertical integration is difficult for individual farmers in most sectors but this is an area where investment made by farmers through delivery bonus payments could encourage extra income from the supply chain sources.

Transport and contract operators have to be responsible for their loads and services - not the farmer. (eg Grain Corp's policy re overloaded truck deliveries penalising the farmer in lost income).

Farmers need insurance they will be paid for their produce.

Farmers make good use of the marketing tools available but are hampered by the variables of weather, yields, quality and timing.

Australia's livestock sector cannot be responsible for how live animals are handled once they leave our shores and should not be penalized for the lack of responsibility of others.

Foreign investment and joint venture arrangements with farmers could be looked at and encouraged without involving land ownership but with farmers providing land and management expertise for the export of product and guaranteed return

7). Farm Finance

This needs to be a separate banking sector that better addresses and accommodates agricultural business - differently to how it is currently treated under the banner of "small business".

Farming does not have a constant cash flow and has seasonal conditions that are not always understood when applying for credit and especially off-farm investment.

The farm sector needs to have access to longer term loans with the ability to lock in interest rates for longer periods.

Agriculture does not need to be penalized with extra bank charges and loan margins during income stress times.

A sponsorship programme to enable young farmers to get involved in agriculture should be considered.

Investment in farms through philanthropy for environmental or innovative projects.

Programmes that encourage international investment could be on a share or annual lease basis where Australian farmers remain in control of their land and offer their management skills for the secured sale price of their produce

SUMMARY

The cost of government and business programmes to secure farm profitability would be rewarded by rural community enhancement and decentralization with greater employment opportunities, better utilization of government utilities and services and offer sound and rewarding returns to the Australian economy.

The success of Agriculture to be competitive internationally rests with those who impose the unnecessary costs and burdens on our industry sectors to address and make significant changes; and also for those to better address the costs of natural disasters, the burden on farm families and their long lasting effects to the detriment of agriculture and to rural life in Australia.

If we jointly can't make the necessary changes to agricultural policy so as to relieve the financial and management burdens on our family farmers then Australia puts at risk not only its food and fibre security but the future development of our inland and the welfare of the people who currently reside outside our major centres.

I would be happy to contribute further debate and details on the topics I have mentioned and of which I consider to be a priority for the government to address in its Agricultural Policy for the 21st century.

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