

Agricultural Competitiveness White Paper

Key Areas identified by the Issues Paper

General

- Australia needs to provide some vision and adopt an Australian Agricultural Policy. Refer to the EU policy as a guide.
- The Government must develop policy to eliminate Australian farm produce competing against other countries *subsidised* products in world markets and in Australia.
- The Government must develop policy to achieve higher farm gate prices and lower farm costs.
- Unless returns are increased there will be no farm succession.
- Farm infrastructure is poor due to poor returns. 150% investment allowance (immediate tax deduction) on all capital expenditure is required to stimulate infrastructure expenditure, stimulate rural communities which provide the products/services and to assist with drought preparedness.

1. Ensuring food security in Australia and globally

- Need to preserve land suitable for agricultural (food) production. Legislate no go zones for mining.
- Legislate that primary produce must be sold through Australian markets in a free market. This reduces the growing fear of foreign ownership of Australian land and exporting food directly out of Australia.
This achieves a sale of produce in Australia for taxation purposes and prohibits direct export (transfer pricing). Example of during the Irish famine, food was exported and the starving population bypassed.
- Consider the impact of legislation requiring foreign investors to lease property for say 50 years, with review at 50 years, as opposed to owning land.
- Higher yields will come from the reduced impact of drought (refer 9 Investment Allowance)
- Farmers' access to information will improve if internet availability to farmers is faster and cheaper than present.

2. Improving farm gate returns

- Investigate ways to lower farm costs (inputs) such as removing all taxes on all fuels used on farm, remove the electricity renewable energy 'penalty' in the price for farm use, reduction of council rates as no services offered (except a grader for a few), etc. Costs have escalated ahead of returns. Wool price (AWI) in late 1980s (1,250 cents) was higher than today (approx 1,076 cents) however all costs are now double/triple.
- Investigate supermarkets pricing of Australian products and outlaw predatory pricing.
- Incentives required to invest in farm infrastructure (refer 9 Investment Allowance)
- Incentives to prepare for drought (refer 9 Investment Allowance)

- Relook at where farm financial assistance is placed. If the bulk of support continually goes to unprofitable areas, consider apportionment. Why should the farmer who pays \$1,500/acre for 'safe' country, continually miss out of farm aid as it continually goes to \$100/acre marginal farmland? Reintroduce 'Goyder Line'?
- Provide, or force Telstra through their licence, to provide farm businesses adequate internet speed and costing similar to city businesses. Nearly all information is sourced from the internet. Yass farmers on Blakney Creek Rd which is 86km from Parliament House only have access to satellite internet which is expensive, slow and limited compared to city businesses.
- Provide, or force Telstra through their licence to provide farm businesses with adequate mobile coverage. Yass farmers on Blakney Creek Rd which is 86km from Parliament House have no mobile coverage.

3. Enhancing access to finance

- Identify profitable areas of primary production and government guarantee the loans to reduce the interest rate for the risks of weather (drought and flood). If the risks of weather were factored in then borrowing rate would be unsustainable.
- Only lend on strong cashflow.

4. Increasing the competitiveness of the agricultural sector and its value chains

- Develop policy to reduce farm costs (refer 2).
- Develop policy to eliminate Australian farm produce competing against other countries *subsidised* products.

5. Enhancing agriculture's contribution to regional communities

- Regional and remote communities largely only exist if profitable farming exists. Achieve the above items to ensure profitable farming and rural communities will prosper.
- Improve internet availability and not limit farm businesses to expensive and limited satellite coverage. Either expand the satellite availability or expand the wireless service. Ensure costing is similar to city areas. All information is sourced from the internet and if farming businesses do not have adequate access then the progress is limited.

6. Improving the competitiveness of inputs to the supply chain

- Investigate who controls input pricing.
- Farm employment enhanced by removing payroll tax for farms.
- Government support payments by co-contributing to wage payments during weather extremes (drought/flood). This would support the community employment level.

7. Reducing ineffective regulations

- Remove all water storage limits for dams.
- Remove all State and Federal Government 'farm police' enforcing draconian Greens regulations for farms. Generally farmers are the best custodians on their land.

8. Enhancing agricultural exports

- Government trade/regulators agencies need to assist with opening up markets for agricultural products. Asian countries especially respect Government agencies.
- Work to eliminate other countries import tariffs on value added produce. Such as tops imported to China which are prohibitively taxed.

9. Assessing the effectiveness of incentives for investment and job creation

- Introduce 150% outright deduction (Investment Allowance similar to late 1980s) for all farm capital expenditure on new equipment, vehicles, machinery, sheds, silos, new dams, water security, etc.
- The 150% Investment Allowance stimulates rural communities with local businesses prospering.
- The 150% Investment Allowance stimulates rural community employment with tractor and vehicle mechanics, shed builders, etc.
- The 150% Investment Allowance should not be means tested. It is the larger businesses that will spend the most in rural communities.
- Remove the cap of \$250,000 for individuals to offset of farm losses. There is evidence of larger operators either leaving the rural industry or winding back expenditure due to this restriction.