

To the Minister for Agriculture

The Hon Barnaby Joyce

Submission to the Agricultural Competitiveness Issues Paper:

The Coalition Agribusiness Strategy.

Hon Dr Sharman Stone

Member for Murray

While I participated in the Panel hearing at the Shepparton in mid April 2014 below is a restatement of the issues I believe need to be addressed in a Commonwealth White Paper and subsequent policy delivery:

- Without farm sectors becoming regularly profitable they cannot sustain or increase their production through investment in innovation and best practice.
- Next generation succession on family farms (over 90% of farm enterprise type in Australia) is now stalling due to the high costs of on-farm production, increased risks of poor returns, increasing seasonal fluctuations, lack of a national agribusiness insurance support and difficulty of access to low interest long term lending.
- Alongside New Zealand (which does however have a culture of strong and practical policy and other support for agribusiness production and marketing), Australian farmers are the least subsidised in the developed world.
- The subsidisation of other nation's food producers recognises the importance of food security and food safety for their populations as well as the on farm production of environmental services as a by-product of sustainable agricultural practice. These services generate significant public good and include the production or protection of clean air, uncontaminated water, fertile soils, weeds and feral animal control, biodiversity protection and salinity management.

- Special supports for food and fibre producers in other developed nations also recognise the sectors' growing export earning potential in an expanding global market for higher value foods, especially protein.
- Special support for farm communities in other developed nations (eg USA, Canada, the EU, UK) also recognises the need to manage and contain internal migration where the non-urban populations would otherwise be more impoverished or incomes and opportunities would be less equitable when comparing rural communities with the urban majority.
- The hollowing out of Australia is proceeding at a pace where once "liveable cities" are becoming increasingly congested and infrastructure solutions less affordable. Meanwhile many rural communities have workforce shortages and higher rates of welfare dependency.
- Agribusiness or Agricultural Science tertiary education courses are no longer readily available, accessible or equal to world best in Australia.
- The costs incurred in agribusiness production in Australia, including labour, utilities, veterinary services, fertilisers and farm chemicals, are amongst the highest in the world, and made more difficult to pay given low returns.
- The Victorian Government owned and Public Service run Rural Water Authorities, in particular Goulburn Murray Water (GMW) now has the most indebted, the least efficient, highest cost irrigation systems in Australia. The prices and access to irrigation water is now seriously limiting production. Irrigator owned Cooperatives need to be urgently investigated as a potentially more efficient irrigation management system, as found elsewhere in Australia (in particular in NSW and WA).
- A Royal Commission is required to investigate the performance of GMW since the abolition of the Northern Victorian Irrigation Renewal Project (NVIRP) and its transferal to GMW following the State Ombudsman's inquiry findings. Given the investment of \$1billion from the State Government, and the allocation of another \$1billion from the Federal Government, it is essential to investigate the policies and practices which have led to the current price and cost structures and the efficiency and effectiveness of the so called Foodbowl Modernisation project, in particular the impacts on property rights and food production.
- The concentration of ownership of the retail grocery sector and consequently the lack of bargaining power for food growers and manufacturers means the farm sector has not seen returns keep pace with the cost of inputs.

- The high value of the Australian dollar has substantially eroded the competitiveness of Australian food and fibre exports. Strategies need to be devised to assist growers and manufacturers to compensate for these market conditions.
- Australia needs accurate and adequate land capability zoning to protect the limited quantities of arable land and our surface and ground water resources required to grow food. Competition between short and longer term mining and gas exploration or exploitation and agricultural production, as well as demand for further urbanisation is occurring without reference to the land's agricultural production value or capacity. We need to be planning for the long term food security requirements of a growing local and global population given our finite resources of soil and water to support this production.
- Australia's Competition Legislation is deeply flawed given it has failed to constrain the power imbalance in the paddock to plate value chain. The retail grocery duopoly which gives two corporations over 80% market share is anti-competitive and needs urgent legislative reform, including giving regulators powers to require divestment where the market share has grown beyond what is reasonable and where unconscionable use of market power is evident.
- Despite our policy of "strengthening" the Anti Dumping Regime in Australia, the recent experience of SPC Ardmona demonstrates that there has been little change to the culture or expertise of the ADC. It continues to be inconsistent in its application of methodologies and its failures to take subsidies in the home country to account. We must urgently adopt New Zealand's best practice model, or harmonise our Anti-Dumping Authorities under the CER so that their regime becomes our regime as well.
- Australia's Food labelling regime continues to deliberately misrepresent the country of origin of the ingredients by using "made from local and imported ingredients" as the label. The consumers demand more transparency and accuracy.
- The 457 Visa category needs to be reviewed with special regional allowances incorporated as before, given the realities of employment and demand for a Skilled Worker strategy. The speed and cost of visa application and processing must be addressed.

- IR reform must reflect the agriculture's seasonal characteristics and different night-day patterns of enterprise. Currently penalty rates and minimum hours of work requirements are stymying employment and profitability.
- Seasonal Guest worker strategies are currently too high cost to be of use to horticulture and orchards. The New Zealand model needs to be implemented.
- Tax treatments on such schemes as farm bonds should be made more flexible to better reflect farming market bust and boom and seasonal variation realities.
- The Foreign Investment Review Board must include consideration and assessment of the impact of the proposed acquisition on highly productive agricultural land and water resources or access as a nationally significant issue, alongside media ownership and heritage.
- The nation still does not have an Inventory or accurate monitoring of foreign investment in agricultural land, food production value chains and the location or scale of foreign company or state acquisitions. Without this data we cannot have an accurate policy development context.
- The adequacy of a "Free Trade" or other multilateral or bilateral trade agreement before its ratification should include an independent sector by sector assessment of the impact of the new agreement on Australian agricultural products' future market access and new profit potentials.
- Australia needs a nationally agreed GMO's policy.
- Our Natural Disaster policy continues to be bound by red tape and deliver little in real long term support for devastated agricultural enterprise. Definitions of farm viability as a threshold for loans access are particularly problematic and exclude too many loan's candidates,
- The role of carbon farming and other Greenhouse gas abatement strategies that are especially relevant to agribusiness need to better articulated and made more practical in application and outcome.

- Biosecurity protection needs to have significant reinvestment including in research and development to better protect our agribusiness and ultimately, our biodiversity and human health.
- Australia's quarantine services are bound in red tape and cost blow-outs which make agribusiness exporters less viable, efficient and internationally competitive. Inspection services are very high cost, officials are often not sufficiently skilled and unlike in our other country competitors, the fees and charges must be met by the Australian exporter.
- Pollination services via our native and imported bees are now at risk given our failing quarantine services and lack of adequate research and development to protect one of the world's few remaining populations of relatively disease controlled bee hive industries.
- Weeds and feral animal control requires substantially greater funding and practical effort for eradication, in particular on public and indigenous lands. We need greater research effort into better eradication and control measures as weeds and feral animals develop immunity to current chemical controls.
- Harmonisation of water trading and water law across the Murray Darling Basin continues to be needed. For example the Commonwealth Environmental Water Holder is still not required to pay the same charges for water storage and water transportation/delivery as irrigators using the same systems, who subsidise this effort .
- The Commonwealth Water Act as well as the Murray Darling Basin Plan requires urgent review in order to ensure the triple bottom line is enshrined within its policy.
- The Murray Darling Basin Constraints Strategy with its \$177billion funding requirement, as legislated (see the Water Amendment (Water for Environment Special Accounts) Bill 2013) was a political solution to a political problem of the day. The Constraints Strategy needs urgent amendment or abolition before the mandated more regular and frequent flooding regime of the upper and middle reaches of the Murray River is implemented. The damage done to the Murray and major tributary regions will cause significant environmental, community and economic damage and has not been adequately scientifically supported or justified.

- The fast Inland train Melbourne to Brisbane rail project should be developed with a Public Private partnership as an urgent priority.
- A logistics and transport development strategy (rail, road and sea) should have agribusiness (especially the cereal industry) needs at its core.
- A world best Agribusiness Research and Development strategy which partners with Universities, corporations and States and Territories is essential if we are to innovate and prosper.

Hon Dr Sharman Stone

Member for Murray

17th April 2014.