

Agricultural Competitiveness White Paper

Submission

W.A. Grains Group (Inc)

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1.0 Introduction

The WA Grains Group (Inc) (WAGG) is a grower financed, and grower driven group, focused on delivering economic gain to growers.

The objects of WA Grains Group are:

- i) To represent the Western Australian grain industry in the areas of production, marketing, plant breeding, agronomic development, storage and handling, processing, bio-security, transport and any other issues in order to promote, sustain and safe-guard the Western Australian grain industry in the longer term

- ii) To encourage profitable and sustainable production and marketing of the Western Australian grain crop.

- iii) To carry out, promote or assist in activities of any kind associated with the development, production, handling, processing, promotion and competitive services of Western Australian grain and its derivatives.

2. Our Submission

The WA Grains Group has produced this submission from the point of view of Grain Growers from Western Australia. We have addressed the scope of the issues paper by attempting to answer the questions posed, questions that we have not answered are outside of our experience and expertise. We have listed the points that we wish to make and where possible, suggested some solutions. Two of our members also attended the Agricultural Competitive White Paper Taskforce consultations at Katanning on the 19th of March 2014.

Agricultural Competitiveness White Paper

Points to make

Problems

- The State should be subject to the law, creating the environment for successful farming instead it is creating the regulations and laws to enslave the farmers to the State.
- The decline in Agriculture started some time ago as identified by Port Jackson Partners in their Insight Report for ANZ October 2012;

Periodic underlying issues were already emerging in Australian agriculture before the turn of the last century:

 - Productivity growth was already slowing in major industries. ABARES research identified a fall in broadacre productivity growth from 2.2% per annum during 1953-94 to 0.4% per annum in subsequent years. While the drought exacerbated the decline, the slowdown was on trend to occur⁵².
 - Farm performance varied enormously and many made little or no profit, limiting the ability of farmers to prepare for adverse situations. Since the 1990s, more than a quarter of broadacre farms made a loss every year, and half achieved a yearly cash income of no more than A\$43,000 on average⁵³.
 - Skill shortages⁵⁴ and succession issues were already evident, as median farmer age rose from 44 in 1981 to 50 by 2001⁵⁵. Median farmer age is now around 53.
 - Capital required by farms was largely sourced from (and constrained by) bank debt and internal farm equity, with few alternative external sources available.
- Ever increasing red tape e.g. truck audit, firearm licences, fork lift tickets ,compliance charges, accountancy, BAS, Stamp duty, payroll tax, carbon tax, AQIS, work safe cost, chain of responsibility regulations.
- From our information since the deregulation of the wheat industry there is no group or body now giving out the information on the crop quality, quantity and technical information to our grain customers. In 2013 the WA Grains Group were on a study tour of China and visited the Guchuan Milling Company in Beijing and were told that we were the first representatives from Australia that had visited since deregulation.
- Govt. policies have been the main cause of our inability to compete (compliance cost) Govt. has put in policies that has made Agriculture unsustainable (wages, welfare, superannuation, tax).
- Cost of producing wheat in Australia is double that of Argentina, Russia and Ukraine (See appendix one, David Capper CBH Group)
- Australian Agriculture has the highest costs, lowest yields, most volatility in weather.
- Increasing rural debt, decreasing farmers, unable to replace Infrastructure.
- We are relied upon to provide three meals a day for everyone in Australia as well as exporting enough to feed another 40 million people in the world (180 million meals per day), however we do not appear to be valued in Government policy.
- Uncompetitive monopolies in the supply chain CBH, Glencore, Graincorp cause higher supply chain costs. The single highest cost to Australian Grain Farmers per hectare is supply chain cost, which is 30% of their costs of production (AEGIC report).

- State & Fed Governments transfer cost to Local Government which is passed on to the rate payers e.g. Doctors, maintaining water sources.
- Lack of understanding and disconnect of Agriculture by the wider community and Government.
- Our competitors in industry and agriculture have Government support that we do not have in the form of subsidies and yield insurance.
- Federal Government policies are East Coast focused.
- Farmers are subsidising the cost of food in Australia. The agricultural debt is increasing and infrastructure is being run down and not being replaced while food in comparative terms is getting cheaper as a proportion of the wages earned.
- Lack of engagement between Government and industry has resulted in unnecessary rules and regulations that have added extra costs.
- \$2 million turnover business tax rules need changing.
- Geoblocking of Australia by other countries increases our costs. (Geoblocking is the practice of charging a country more because they can, e.g. Vehicles and Harvesters in USA are half the price that they are in Australia.)
- Research money needs to be spent on the lower rainfall areas. If we do have a drying country due to climate change this is the knowledge that will be needed everywhere in time.
- Being Clean & Green in Australia may be a good selling point, however it makes our product more expensive making the product difficult to sell.
- We need the risk to be shared, there is market risk, production risk and weather risk, all of this is carried by the farmer as they can not pass on the added cost.
- The payment of research levies should be paid out of profit, if the farmer does not make a profit they should not have to borrow money to pay these levies. For example the medicare levy is only paid if you have a taxable income.
- Farmers should be able to vote on the level of all research levies they pay, as they do for the Australian Wool Industry (AWI) research levy.

Solutions

- Free economic zone for agriculture.
- Address the Geo-blocking e.g. machinery, parts, electronics. Include it as part of trade negotiations.
- Educate the people in power.
- Increase FMD's so that a farm has a minimum of two years funding that can be put aside.
- Improve labelling laws (include the original Country of origin of the product not the last country it came through).
- Provide the funding to compensate Local Government for the cost of supplying services and infrastructure (Medical) that is supposed to be supplied by State & Federal Governments.
- Look at the cost of inputs and the effect on whole of business return on capital.

1. Ensuring food security in Australia and globally

- Food security will happen if farmers are profitable. This can only happen by reducing costs in wages and red tape (compliance).

- The cost of producing wheat in Australia is double that of Argentina, Russia and Ukraine (See appendix one, David Capper CBH Group)

- What opportunities exist to expand agricultural production in Australia and how can we take advantage of them?

- Late maturity α -amylase (LMA) of wheat needs to be revisited. This is measured by falling numbers machines and currently in WA the grain has to be over 300 seconds if not, it is downgraded. LMA of the wheat needs to be rated in the same way that the varieties are rated for disease susceptibility, then it is up to the farmers to decide the amount of risk they are comfortable with.
- Production will increase as the profits increase. Reduce the supply chain costs and encourage competition in the supply chain.

- How can farm businesses, food manufacturers and the retail sector be more responsive to domestic and global food demand and better integrate into domestic and global supply chains?

- No secret formula – COMPETITIVELY PRICED

- Do farmers have access to timely, relevant and accurate information to fully inform production decisions to meet domestic and global food demands?

- No.
- Grain farmers in WA received the Wheat Variety Guide from GRDC/DAFWA (Grains Research & Development Corporation/ Department of Agriculture and Food WA) at the end of March in 2014, this is two months later than it is needed to purchase new varieties.
- Marketing decisions can rely on how good the mobile and internet service isif you have it.
- Grain farmers need to know stocks of unsold grain, the rest of the industry has this information. This information needs to be weekly so that it is relevant. From the WA Grains Group Submission to the Wheat Industry Taskforce August 2013 'The WA Grains Group believe that all major grain and oil seed commodities should be reported by grade and port zone on a weekly basis during harvest and then monthly after harvest. Stock carryin and carryout from previous seasons by port zone should also be disclosed prior to harvest.'
- Transparency of information gives transparency of price discovery, this equals less risk for the importer, which equals a lower risk premium this benefit in turn should be passed onto the grower.
- The slide below was in a presentation by Ron Storey head of NZX Agribusiness Australia at the Perth Crop Updates 2014 it shows the amount of information that was available pre deregulation compared to post deregulation.

WILL THIS DREAM WORK – IN AN INFORMATION SHUTDOWN?

	2008-09	2013-14	2018-19
PRODUCTION	Yes	✗	
EXPORTS	Yes	Yes	
BHC STOCKS	Yes	✗	
ON FARM STORAGE	Yes	✗	
DOMESTIC USAGE	Yes	✗	
BY GRADE	✗	✗	

- **Resolving “information shutdown”, further consolidation, less choice**

- What opportunities exist for exporting Australian agricultural technology, marketing skills and expertise to improve global food security outcomes?

2. Farmer decisions for improving farm gate returns

- Late maturity a-amylase (LMA) of wheat needs to be revisited. This is measured by falling numbers machines and currently in WA the grain has to be over 300 seconds if not it is downgraded. LMA of the wheat needs to be rated in the same way that the varieties are rated for disease susceptibility, then it is up to the farmers to decide the amount of risk they are comfortable with.
 - New and innovative products that receive a premium.
 - Reduce red tape. Regulations such as farm safe, tickets for forklift, truck audits, QA, chain of responsibility legislation, fire permits and numerous other compliance regulations all add cost to doing business, farmers become noncompliant in an effort to save time and money.
- What are the drivers and constraints to farmers adopting alternative business structures, innovations or practices that will assist them in improving farm-gate returns?
 - Profitability. Australian farmers compete with a billion dollars a day in subsidies, we have the highest costs, the lowest yields and the most volatile weather and some of the poorest soils in the world.
- What tools, skills and advice do farmers need to effectively adapt and respond to the risks they face?
 - Mobile phone and internet coverage, farm productivity programs and accounting programs are using cloud technology more and more, internet access is imperative to utilise these programs.
 - Information. Transparency of information gives transparency of price discovery, this equals less risk for the importer, which equals a lower risk premium this benefit in turn should be passed onto the grower.
- What alternative actions or measures by governments, farmers or others would result in improved financial performance at the farm gate?

- Increasing superannuation is more of a burden to businesses that cannot pass this cost on than those that can.
- Stock disclosure, Peter Reading stated in his document Ensuring a 'Level Playing Field'

Growers believe the additional data will aid their price-discovery and will increase competition from traders who, by having additional data, will not need to discount price due to a 'risk component' of incomplete information. From discussions with industry, an estimate of the potential price-benefit to growers was suggested in the order of \$2-3 per tonne.

- Farmers need lower interest rates (the same as our competitors) and a low Australian dollar. Currently the interest rates appear to be set according to the Sydney property market, instead of focusing more on businesses. This is unsustainable which in turn will fail and lead to more unemployment.
- The payment of Govt. research levies should not be paid if the farmer does not make a profit. The farmers should not have to borrow money to pay these levies.
- Removing the ceiling of \$2 million business turnover for businesses to move from small to large business taxation.
- Farmers need an Australian futures market for all commodities so that some of the risk can be shared by the others in the supply chain. For an effective futures market there needs to be stocks disclosure –information flow.
- As stated in the WA Grains Group submission to the Wheat Industry Taskforce 'There needs to be sharing and publishing of grain stocks information so that grain futures can develop to its true international potential in Australia. This could become the Grain Futures Industry that the greater Asian region will look to for price discovery and trade, as it will have more relevance than the Chicago Board of Trade.'

• What approaches could be used to encourage improved drought preparedness?

- Increase the Farm Management Deposit's (FMD's) so that the farm can operate for two years off the FMD's (that is if the business needs \$1 million to operate there should be \$2 million in FMD's). Increase the off farm income limit so that the farmers earning more than \$60,000 off farm can use FMD's. FMD's need to relate to the business not the individual.

• During drought, what measures are most effective in supporting long term resilience?

- To have resilience the farmers need to see a future, it needs to be profitable before the drought.

• How can new farmers be attracted to agriculture and how can they succeed?

- How anyone that has not been born into farming can become a farmer? If anyone had \$10 million to go farming they would not get as good a return as if they left the money in the bank and they could make a lot more if they bought real estate.
- The risk of farming out weighs any other business and the farmer takes all of the risk, it is not shared along the supply chain.
- Reduce barriers of entry to farming, e.g. stamp duty is an impediment to purchasing farms.

3. Enhancing access to finance

- Government policy is needed to do this.
- Because agriculture in Australia is not protected it is high risk, this attracts premiums (higher margins) on farmers interest rates.
- Farmers need access to cheaper finance to be comparable with our competitors.

- How do we better attract private capital into farm investment?
 - Make all agriculture a Free Economic Zone.
 - Currently investment in Agriculture is less likely from such organisations as Super funds that want 10% or more return.
- What examples are there of innovative financing models that could be used across the industry?
 - Free Economic Zones
- What would encourage uptake of new financing models?
 - Making the finance cheaper.
- What alternative business structures could be developed for farming that also retain ownership with farm families?
- How can foreign investment best contribute to the financing and productivity growth of Australian agriculture?
 - Foreign investment would be best directed to where the Governments are withdrawing their services, e.g. research, value adding, new infrastructure, rail, abattoirs and everything else.
- 4. Increasing the competitiveness of the agricultural sector and its value chains**
 - Foreign investors should be encouraged to invest in areas to create competition where there are currently monopolies. These slides below are from Dr Neo Soon Bin's presentation to the Perth Crop updates 2014 in reference to wheat in Australia.

Recommendations to improve Australian Wheat Competitiveness

- Improve inland logistic to reduce logistic cost of moving wheat into export facilities
- Improve port logistics especially at WA to increase export capacity



Recommendations to improve Australian Wheat Competitiveness

- Consolidated annual crop quality reports and make it available to all buyers of Australian wheat.
- Introduce a centralized export quality inspection system like the FGIS and Canadian Grain Commission especially for containerised shipments.
- Make available a technical support center for customers and for growers to research into varieties suitable for customer's requirements.



• How might existing laws and regulations be changed to address any market power imbalances in the agricultural supply chain, without limiting prospects for global-scale firms developing in Australia?

- Market power imbalances can be addressed by not allowing monopolies and encouraging competition and foreign investment.
- Transparency of information gives transparency of price discovery, this equals less risk for the importer, which equals a lower risk premium this benefit in turn should be passed onto the grower.
- Regulation needs to be introduced so that the stocks information is known to everyone, there needs to be stock disclosure. The slide below was in a presentation by Ron Storey head of NZX Agribusiness Australia at the Perth Crop Updates 2014.

WILL THIS DREAM WORK – IN AN INFORMATION SHUTDOWN?

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- Resolving “information shutdown”, further consolidation, less choice

• How can the agriculture sector improve its competitiveness relative to other sectors in the economy?

- Reduce the cost of farming, farmer are buying retail and selling wholesale, there is no margin in it for them.

- Which examples of overseas approaches to improving agricultural competitiveness have relevance for Australia?

- Agricultural competitiveness can be improved by having Free Economic Zones for agriculture.
- Stop taxing transport and energy.
- Reduce the union domination of Ports, Construction and Government services (holiday pay, sick pay, overtime rates and redundancy payouts).

5. Enhancing agriculture's contribution to regional communities

- Reduce the cost of farming, farming is what underpins regional communities.

- What impact does the growth of populations in regional centres and the decline in more rural or remote townships have on farming businesses and the agriculture sector?

- Reduced services and having to travel further (to the regional centre) for these services such as education, medical and agricultural.
- Increases in the cost of production and services.
- The population decreases, the less people in the area the less others want to stay.
- Rural decline in WA has been helped along by the National approach to year seven students having to be in high school instead of primary school.
- Government policies and decentralisation have increased the fragmentation of the social fabric of rural communities.

- How can the agriculture sector best contribute to growth in jobs and boost investment in regional communities, including indigenous communities?

- Being profitable, if farmers have money they will spend it.

- What community and policy responses are needed in rural and regional communities to adapt and change to new pressures and opportunities in the agriculture sector?

- See all of the above.
- Withdrawal of Government services from a small town has a larger and more detrimental affect than on a large town. Decentralisation needs to be a cornerstone of policies.
- As governments shift service provision onto local government they should compensate them for it e.g. Medical. At the moment this is having to be paid by rate payers which inevitably flows on to the farmers who cannot pass the cost on.
- Provide child care facilities.
- Due to short term contracts in rural areas employees are reluctant to purchase housing. Government needs to return to providing housing for employees instead of expecting it to be provided by local government, (cost transfer).

- How do we attract the next generation of farmers?

- Make it profitable by reducing costs so that we can compete with our competitors.

6. Improving the competitiveness of inputs to the supply chain

- Encouragement of overseas investment to provide competition and reduce costs to farmers.

- How can land, water and other farm inputs be more effectively deployed to better drive agriculture sector productivity, while maintaining or enhancing the natural resource base?

- Back loading on rail appears to be a thing of the past.
- Farmers need to apply Gypsum and Lime to maintain the soil health, this is becoming more expensive and there is a limited resource. These resources can be found in National Parks however farmers are not as successful as mining companies when it comes to being able to mine in National Parks.

- What skills including specialised skills and training, will be required in the future and how can these be delivered and uptake encouraged?

- Research capabilities to do the research required to find information to improve the bottom line of the business, such as increased productivity and reduced costs. As well as try to do the day to day marketing, equipment operator, accounting, agronomy, maintenance of equipment Human Relations, Industrial relations and be aware of all of the compliance costs that seem to continually be changing to justify the expanding State.
- Delivery needs to be close to the individual, so that precious time is not lost in travel, don't charge for it.

- How can we attract workers to agriculture – particularly in remote areas?

- Make farming profitable.
- Fewer and fewer farmers are employing labour as they can't afford to compete with mining.
- Make it easier to get people on 457 visas.

- How can we promote career pathways for the agriculture sector, including models to enable younger farm workers to gain broader industry experience?

- Make farming profitable.
- This is difficult as it is the only industry that does not pay more for the more experience you have, there is no farmer level one, two and three.

- How can rural industries and governments better identify, prioritise and fund research, development and extension?

- Have farmers decide where they invest their research dollars.

- What irrigation, transport, storage and distribution infrastructure are required to support the food and fibre production systems of the future and how should this be funded?

- We need good rail, road and port infrastructure.
- Improved infrastructure needs to be funded by government, all of Australia benefits from the exports that are provided by farmers. The recent chain of responsibility regulations will increase the costs to farmers, where as they will be of little or no benefit to the farmer.

7. Reducing ineffective regulations

- How well do regulations affecting the industry meet their policy objectives?

- Who would know what the policy objectives are?

- What opportunities are there to reduce ineffective or inefficient regulation?

- Parliament

- Which regulations are disproportionate to the risks they are supposed to address?

- Regulations should not be onerous, (use a light touch) and they should be done to allow everyone to use the public asset or facility e.g. roads.
- Having to get certificates to do what we have always done, such as drive a fork lift or having to wear fluro vests to drive equipment and it is a cost to the business.
- There are road rules regarding maximum limits per axle supposedly to protect the road infrastructure, however it somehow changes according to what the load is. For a tri axle carting grain the load limit is 20T, for a truck carting stock with a concessional permit, it is 23T, for a truck carting containers they are allowed 27T. If the law is put in place to protect infrastructure then what is there a difference? It should be the same for everyone plus or minus 10% for those that do not have access to scales.

- How do we coordinate across governments to reduce regulations whose costs exceed their benefits?

- If it is a Federal regulation then they should be responsible for it, not get a State Department to do it who then chews up 25% of it in administration (especially when there are funds are attached).
- Government should not stop providing a service and pass it onto the next tier of Government due to costs, because the next tier will not be able to afford it either. The 'user pays' sounds good in theory, however if it is for the greater good then everyone should pay because the farmer can't pass the cost on.

8. Enhancing agricultural exports

- Farmers that export, compete on the world market, the only way to improve the terms of trade for farmers is to reduce input costs, or reduce the number of businesses in between farmers and the end user.
- Increased production does not always mean increased profitability, if there is an over supply it will mean increased costs and decreased prices.
- The document 'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand' by Port Jackson Partners for the ANZ bank outlined the following growth limiting hurdles;
 - Australia and New Zealand stand to capture an additional **A\$0.7-1.7 trillion** and **NZ\$0.5-1.3 trillion** respectively in agricultural exports between now and 2050.
 - However, both countries face significant headwinds and it doesn't follow that seizing the prize will happen of its own accord.
 - Maximising growth will require overcoming capital constraints, skill shortages, land-use conflicts and inefficient water markets, unfocused R&D and extension services, rising supply chain costs and market access limitations.
 - Australia and New Zealand agriculture will need to find innovative ways to attract domestic and foreign investment between now and 2050:
 - **A\$600 billion** and **NZ\$210 billion** will be needed to enable production growth
 - A further **A\$400 billion** and **NZ\$130 billion** will be needed to support farm turnover
 - Leadership and commitment from all stakeholders will be critical in unlocking the full potential of Australian and New Zealand agriculture.

- How can industries and government respond to the key challenges and opportunities to increase or enhance exports?

- Encourage foreign investment into existing businesses, our experience is that the foreign investor then develops outlets in their own country.

- Production will be increased if the farmer gets the price signals (canola), obviously something else will come out of production (lupins).

- How can the government take best advantage of multilateral and bilateral trade negotiations (including through the World Trade Organization and through free trade agreements (FTAs)) to advance the interests of the sector?

- Australia has very little bargaining power as we have already given away all of the protection that farmers had.

- How can engagement between industry and government on market access priorities for Australian agricultural products be improved, including to inform negotiations on FTAs?

- To engage industry and stakeholders, forums should be held in each state to get the input required for the FTA, similar to the consultation done by the Agricultural Competitive White Paper Taskforce.

- What changes could be made to biosecurity arrangements, both in Australia and in other countries, that would enhance global trade in agricultural products?

- Have the same biosecurity standards.
- Being clean & green in Australia may be a good selling point, however if it increases the cost this will make the product more expensive than the product doesn't sell.
- The snip from the Farmweekly March 4th 2013 (below) is from an article written by Andrew Marshall and the quote is from Mr. John Berry, a director of Australian beef and sheepmeat processor JBS. What is not mentioned is that this cost comes off the price that can be offered to farmers.



Current hurdles included multiple State and Federal compliance costs and a \$60 million quarantine inspection bill paid by Australian export meat processors while our competitors in the US and Brazil had identical costs absorbed by their governments.

- How do we provide the appropriate biosecurity controls at minimum cost?

- The Australian Government should fund all biosecurity costs as it is the whole nation that benefits, biosecurity is an essential service for international trade.

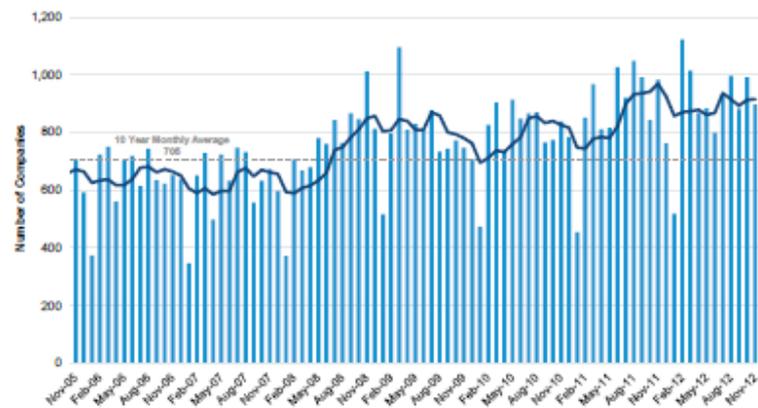
9. Assessing the effectiveness of incentives for investment and job creation

- We are unaware of any incentives that are being used at the moment, however it would appear that they are not working very well.
- The slide below is from Colliers International Research 'Insolvency & Distressed Assets – Activity Spikes Heading into 2013' using data from ASIC up to November 2012. It would appear that there is a rising trend to the number of businesses becoming insolvent. Record insolvency would indicate that the current policies are unsustainable. Our research was unable to determine what percentage of these were farmers.

“February 2012 was the record-breaking month over the 14 years ASIC has been tracking data, with 1,123 companies collapsing.”

Nationally, court wind ups increased 23.48% in October; creditor wind ups were up 11.31% and receiver manager appointed administrations were up 35.29%, as reported in Taylor Woodings, Insolvency Insights – October 2012. They also report that since July 2012, monthly insolvency appointments have been running well ahead of GFC levels.

COMPANIES ENTERING EXTERNAL ADMINISTRATION



Source: ASIC/Colliers International Research

- How well is the current set of government programmes and incentives directed at the agriculture sector meeting their objectives, in terms of both effectiveness and efficiency?
 - ‘User Pays’ sounds like a good idea until the cost can’t be passed onto the user e.g. AQIS costs.
 - Unaware of what incentives there are.
- Are government visa arrangements and programmes like relocation assistance, the Seasonal Worker Programme and Harvest Labour Services effective at channelling workers into the agriculture sector and what other approaches should be considered?
 - The 457 visas should be easier to apply for and the workers should be able to stay longer if they wish to, more than 6 months at a time. When applying to be a sponsor, there is no category on the website (Australian Government Department of Immigration and border security) for grain farming, therefore forcing farmers to use other categories and skills that end up being the ‘best fit’. To be an eligible employer for 457 visas you need to spend 2% of gross wages on training, this can not include family members or backpackers (which is what most farmers use).
 - Seasonal Worker programme is only for horticulture.
 - Harvest Labour Services don’t include grain.
 - Backpackers on the working holiday visa should be able to stay with the one employer longer than six months.
- What have other countries done to inspire agricultural investment?
 - Decentralise government agencies so that the public servants are a boost to the rural economies. (Another way of ‘drought proofing’ the district.)

- Political power for farmers. In the USA there are 50 states, inland America (agriculture) controls the Senate so that money flows to the regions, in Australia the money flows to the coast. In the USA farmers can insure crops for yield.
- Free Economic Zones.

• What has Australia done in the past that has had best effect?

- Investment allowances.
- Tax incentives.

Appendix one.

From a presentation by David Capper of the CBH Group at the 2014 Perth Crop updates.

CURRENT ISSUES IN AGRICULTURE	
Productivity	<ul style="list-style-type: none"> • Broadacre productivity growth falling - 2.2%pa in 1953-94 to 0.4%pa 1994-13 • Cost of producing wheat in Australia is double Argentina, Russia and Ukraine
Performance	<ul style="list-style-type: none"> • Big variation in performance since 1990's: <ul style="list-style-type: none"> >25% broadacre farms made a loss every year >50% annual cash income of less than \$43,000 • 2003-08 >50% of RDC funding outside of productivity or output growth
Skills & succession	<ul style="list-style-type: none"> • Medium age of farmer increasing: 1981 = 44 2001 = 50 2011 = 53 • Agricultural labour force declined 25% from 2002-2007 • Loss of expertise for extension/leadership/communities and grower groups
Capital	<ul style="list-style-type: none"> • Farm debt grown 8% pa in last 10 years
Supply chain	<ul style="list-style-type: none"> • Cost • Efficiency



Source: ANZ insight 2012



References

- ANZ Insight; 'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand' by Port Jackson Partners October 2012;
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- AEGIC 'The Cost of Australia's Bulk Grain Export Supply Chain '
<http://www.aegic.org.au/media/22950/140130%20Final%20AEGIC%20Supply%20Chains%20Report.pdf>
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<http://www.giwa.org.au/pdfs/2014%20powerpoints/Capper,%20David%20-%20Keeping%20WA%20growers%20globally%20competitive.pdf>

- The WA Grains Group Submission to the Wheat Industry Taskforce.
<http://wagrainsgroup.files.wordpress.com/2013/08/wagg-submission-to-wheat-industry-advisory-taskforce.pdf>
- Ron Storey head of NZX Agribusiness Australia at the Perth Crop Updates 2014.
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http://www.daff.gov.au/_data/assets/pdf_file/0011/2157770/information-req-for-an-effective-bulk-wheat-export-market.pdf
- Dr Neo Soon Bin's presentation to the Perth Crop updates 2014 in reference to wheat in Australia. <http://www.giwa.org.au/pdfs/2014%20powerpoints/NEOHSOONBIN.pdf>
- 'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand' by Port Jackson Partners for the ANZ bank <http://www.anzbusiness.com/content/dam/anz-uperregional/AgricultureInsightsGreenerPastures.pdf>
- Insolvency & Distressed Assets – Activity Spikes Heading into 2013 (Colliers International)
<http://www.colliers.com.au/Find-Research/~media/Files/Corporate/Research/Speciality%20Reports%20and%20Property%20White%20Papers/Insolvency%20and%20Distressed%20Assets%20-%20Activity%20Spikes%20Heading%20into%202013%20White%20Paper%20-%20Summer%202013.ashx>
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