



AGRICULTURAL COMPETITIVENESS TASKFORCE

PUBLIC SUBMISSION

ISSUES PAPER

Southern Riverina Irrigators Inc
PO Box 1254
Deniliquin NSW 2710
sri.deni@bigpond.com

SOUTHERN RIVERINA IRRIGATORS INC

Introductory statement:

Southern Riverina Irrigators Inc (SRI) is the peak representative body for five landholder associations and 1600 irrigators in the NSW Murray Valley. The region produces a diverse range of agricultural commodities including dairy, rice, livestock, wheat, canola, barley, oats, hay and specialists seeds from both dry land and irrigated farming systems.

Australian agriculture faces many familiar challenges such as rising cost of production, world markets and climatic events. However in recent decades, Agriculture has experienced major national policy issues that have and will continue to determine its future risks and opportunities.

With the majority of Australians living on the coastal fringes, the relationship between agriculture and urban Australia, will need to be redefined by Governments to ensure that Agriculture can maximise its future opportunities.

The Issues Paper notes *“the foundation of a market-based agricultural system is decision making by individual businesses”*.

SRI urges the Agricultural Taskforce to seek ways to enable Australian farmers to make those decisions in the most effective way within a Government policy framework, that promotes innovation, investment and industry security.

ISSUES PAPER -QUESTIONS FOR CONSIDERATION

1. ENSURING FOOD SECURITY IN AUSTRALIA AND GLOBALLY

The Issues Paper refers to agriculture's prominence in the first half of the 20th Century in term of national output and its 70-80% share of Australian exports. Correspondingly, Australians had a close affinity with rural Australia and agriculture developed and prospered.

The paper notes the repositioning of agriculture with the onset of the services and mining sectors. However, other changes have also had significant impacts on agriculture and this relates to how food and fibre production is valued in Australia.

If Australian Agriculture is to capitalise on the anticipated international demand for food, Governments need to create the foundations for secure investments over the long term and help Agriculture build market confidence.

Rebuilding agriculture's relevance in the education system, avoidance of industry impacts arising from Australia's electoral cycles and more considered political responses to advocacy campaigns, will all be critical foundation blocks for Australia's industry competitiveness.

The ability for Government policies to undermine the security and investment of an industry was expressed with Australia's recent position on live exports. The ramifications of such political decisions are widespread and filter through all states, influencing confidence not only in cattle production but other livestock and commodity industries as well.

This submission encourages cross party collaboration to develop long term policy advancement through a National Strategy for Agriculture encompassing:

- Strategic bipartisan policy that underpins innovation, security and investment in Australian Agriculture
- A national freight plan
- National Competition policy that addresses monopolies and duopolies
- Inclusion of Agriculture in primary, secondary and tertiary Education
- Actions to resolve State infrastructure and cross border anomalies
- Research and Development investment

- Incorporation of Australian sustainability principles, economic, social and environmental, in policies affecting agriculture
- Provision of high standard telecommunications in rural Australia

Australia is pushing to expand irrigated agriculture in Northern Australia while at the same time taking policy decisions to contract irrigated agriculture in its major food bowl – the Murray Darling Basin.

This increased political emphasis on Northern Australia's irrigation capabilities should not overshadow the diversity and economic advantages of the Murray Darling Basin.

Governments need to revalue the Murray Darling Basin's unique position, where established infrastructure, climate, associated industries, freight advantages and proximity to markets/ports all exist. The development of supportive policies are critical to ensure industry confidence leading to further agricultural related opportunities, including diversity of production, value adding and retention of skilled labour in the region.

Government decisions on the Murray Darling Basin, raise the types of risk scenarios facing agriculture. Policy decisions can operate on short term political cycles and not be reflective of history or industry knowledge on issues. Many Australians now acknowledge the severity of the Millennium drought and the ability for natural environments to quickly respond when favourable season conditions return.

Despite this, Governments continue to implement policies on the Murray Darling Basin that have not been accompanied by transparent science or appropriate evaluation of the long social and economic impacts.

Government Policy:

Agriculture needs the support of all levels of Government. Farmer responses often result in the same reaction. *"Government doesn't value Agriculture"*

The Federal Governments can provide policy settings that enable the building blocks of agriculture to be secured, giving a chance for Australian agricultural industries to strengthen against climatic adversity and be competitive in international markets.

Long term policies should be introduced under the Council of Australian Government (COAG) to build national and state policy for Australia's agricultural sector. The findings

of the Agricultural Competitiveness Taskforce and any inclusion in the White Paper, could be incorporated under COAG reforms giving industry confidence to invest for the future and help remove uncertainties, around political cycles.

This is even more critical considering the age of Australian farmers and the need to attract the next generation of farmers into the industry.

The lack of industry policy security, impacts not only individual farm investment decisions, but also influences succession planning. Corporate farming will have a strong place in agriculture, but equally the advantage of individual or multi family ownership, can provide labour market flexibility in adverse climatic conditions and build on the advantages of generational experience.

How to encourage our future farmers should be a critical component of Government agricultural policy settings.

A key factor undermining many rural businesses, are the 'changing of Government goal posts'. This is particularly relevant for environmental or animal welfare policies.

The implications of the Federal Government's Water Act 2007, demonstrates the uncertainties that many irrigation reliant businesses can face. The impacts extend to related manufacturing, contracting services, freight services (eg trucks) as well as capital and labour investment decisions on farm. Connectivity between businesses in rural areas is a strong component of regional economies.

To understand the extent of the impacts it is important to follow the timeframes of policy changes affecting water assets.

In 1997 the Murray River CAP on extractions was imposed.

In 2002 the Living Murray initiated water recovery targets for the environment. The Murray Darling Basin Commission established a Scientific Reference Panel (SRP) to report on the future of the Murray River. The first step was the recovery of 500GL with the SRP stating that 1500 GL, with infrastructure investment and operational changes, could deliver a healthy working Murray River. Living Murray environmental infrastructure investment are yet to be completed and therefore, no assessment of the Living Murray environmental outcomes has occurred.

Despite this lack of analysis, further water recovery targets were set under subsequent Government policies.

In 2004 the National Water Initiative introduced further environmental requirements for water sharing plans in the Murray Darling Basin. Considerable costs were incurred by the NSW Government in formulating and implementing new water sharing plans. Costs extended to NSW Murray Valley irrigation businesses through involvement in the consultation process and also through subsequent NSW Government recovery of costs through water charges.

New environmental provisions in NWI Water Sharing Plans had not be assessed for any environmental deficiencies as up to February 2010 81.8% of NSW was still in severe drought .

In 2007 a political response to the Millennium drought and lobbying from the SA Government and environmental advocacy groups, saw the Federal Government introduce further changes via the Federal Water Act 2007.

This Act:

- Established the Murray-Darling Basin Authority (MDBA)
- Required the MDBA to prepare the Basin Plan
- Established a Commonwealth Environmental Water Holder
- Determined that the Australian Competition and Consumer Commission (ACCC) – would be responsible for developing and enforcing water charge and water market rules (in line with NWI principles) (*In NSW ACCC replaced IPART as the regulatory pricing body for regulated water systems in the Basin*)

For many farmers the sheer scale of political changes to water policy in the Southern Murray Darling Basin has created business uncertainty and social and economic hardship. While some opportunities have emerged for example with government investments in irrigation efficiencies, this will not necessarily negate the long term consequences of the political decision to convert large volumes of productive water to environmental purposes. As the volume of productive water shrinks, prices of water on trading markets will rise.

Affected communities have lost confidence in the scientific basis of Government policies on the Murray Darling Basin and the process of community consultation.

Constant changes of Government policy directions are accompanied by additional costs and challenges to businesses and industry at many points.

There have been substantial investments by the agricultural industry to provide meaningful input into the Murray Darling Basin Authority (MDBA). Industry advice in conjunction with State expertise in relevant departments, has not necessarily resulted in changes to the total volume of water to be recovered under the Basin Plan.

Governments have indicated a CAP (1500GL) on the purchase of water entitlements with additional water targets to be achieved via investments in environmental infrastructure projects and rule changes. This scenario still poses financial and capital risks to Southern Riverina businesses as there are insufficient details around how this will work.

Full implications of policy decisions will continue throughout the Basin Plan implementation phase. Of the proposed initial 2750GL to be recovered for the environment, 2289GL of this is to be sourced from the Southern Basin Rivers (Murray, Murrumbidgee & Goulburn).

Communities impacted by political decisions on water continue to express concern on the lack of Government understanding on the long term economic and social impacts. Already the Basin Plan impacts on water prices have occurred much earlier than previous predicted. Irrigators who sold water to the Government to free up capital were anticipating trade in the temporary water market for their irrigated cropping programs, however they now find market prices unaffordable against commodity returns.

MDBA plans have not been accompanied transparent benchmarks against which to monitor environmental outcomes and justification for the \$12 billion in public expenditure. In 2014, the Murray Darling Basin Authority is still not able to produce an environmental water delivery plan to identify how environmental flow targets can be physically and safely delivered without third party impacts. This raises further questions about future river sharing arrangements between irrigation supplies and demands for environmental flow targets. There are natural physical constraints in river systems and these were not adequately assessed in the development of the Basin Plan.

Regional irrigators are also anxious about the structure and operations of the Murray Darling Basin Authority and how its operations will be funded in the future.

Potentially costs could be transferred to the private sector through Government service charges or ACCC water pricing determinations, where State Governments seek to recoup their contributions to a Federal Authority.

Cost issues relating to Government decisions affecting agriculture are reflected at Australia's three levels of Government.

Factors include:

- The size and cost base of Federal, State and local Governments (*note local Government amalgamations do not result in increased efficiencies or reduced rate fees*)
- Employment conditions and inefficiencies of sectors of the public service
- Internal policy procedures/attitudes on policy development and consultation

Opportunities to avoid the growing cost burden to industry is to identify where public service inefficiencies exist, how policy development of Government can be improved and to give greater industry involvement in policy development and preparation of solutions.

Inefficiencies in the public sector should not compromise the efficiencies of private sector industries.

Agriculture is particularly at risk if Government inefficiencies are transferred to the private sectors as Governments pursue 'full cost recovery' of services. Further under 'full cost recovery', public service conditions can be transferred to private sector creating inequities for agriculture that other industries or countries may not be subject to.

Education:

The majority of Australians live in coastal regions of Australia. Their access to information on agriculture is largely through the media with limited exposure through mainstream education systems.

Since the 1990's, environmental education has been prioritised in the education systems. As such, agricultural issues may be portrayed more in association with discussions on salinity, water, drought and sustainability as opposed to generalised knowledge on food and fibre production.

The increasing disconnect between urban Australians and agricultural production issues can influence Government policy leading to decisions that place further pressures on the ability for Agriculture to be efficient and be competitiveness in an international environment.

It highlights the importance why facts about agricultural issues and food production, needs to be in all facets of education including at university level. This could help to bridge the growing gap between urban and rural divide and would lead to more sustained policies on agriculture.

Common myths about agriculture production and environmental issues are evident in many areas including within Government itself. It is a serious problem and one that has stemmed from decades of institutionalised failure of agricultural issues to be adequately reflected in the educational system and a low priority for agriculture within government.

2. FARMER DECISIONS FOR IMPROVING FARM GATE RETURNS

There is an expectation that Australian farmers can continually adjust to Government policy changes. The term 'farmers are resilient' is only true up to a certain point.

Australian farmers will continue to be innovative, adaptive and incorporate new technologies. However Government policies need to support farmer's ability to make those decisions without unnecessary impediments. The margin squeeze on agriculture continues to threaten the viability of many businesses and additional cost burdens imposed by Government add to financial risks.

Many farmers feel disempowered in terms of Government consultation on major industry issues. Often, industry advice at departmental level is not given the same level of influence as external advocates' eg environmental groups. Importantly this is often accompanied by a systematic failure to adequately document industry concerns for inclusion in policy advice back to the political level.

Crop research, ability to utilise new varieties may also be held up by advocacy campaigns that result in lengthy delays of variety availability or regulatory impediments to usage. Australia needs to be cautious that if adoption of new varieties is made overly complex, companies offering new technologies will simply move to alternative markets. This also applies to registration and use of chemicals. As Australia in world market terms is relatively small, if complexities of Government requirements inhibit opportunities for use or uptake of technologies, Australian agriculture is further disadvantaged.

Government policies are critical to encourage new investments, business models for farm ownership or strategic partnerships for production advantages. If Government

demonstrate a future willingness to build solid policies to give Agricultural industries confidence, many new opportunities for agriculture can develop.

Improving farm gate returns will be contingent on the agricultural industry having greater influence over its own destiny. For farmers to implement market strategies to capitalise on post gate pricing, financial decisions need to be more secure.

The onset of severe drought conditions can also jeopardise those business decisions. It is often the enthusiastic farmers of the future who will have made significant advancements in technology or business ventures who are most risk financially in protracted drought.

Criticism of past drought policy, fails to appreciate that Government support eg interest rate subsidies, can ensure the innovative farmers of the future can survive through a depressed period.

3. ENHANCING ACCESS TO FINANCE

Australian agriculture faces climatic conditions that offer unique challenges in production. Financial arrangements that offer options that reflect the specific requirements for agriculture's investment and return periods, are critical to viability of agricultural businesses.

While Australia is experiencing an extended period of low interest rates, this may not be felt in the agricultural sector. Risk margins applied by banks ensure that agriculture still pays substantially higher financial costs compared to overseas competitors and/or other Australian industries. This is despite agriculture's long term viability and the capital base of many businesses.

Challenges also arise if financial institutions lose the ability to allow those climatic or market variances to be adequately factored into finance decisions. A recent example is the turnaround in Australian dairy prospects. At the height of the drought, followed by low returns on dairy produce, institutions may have made decisions on farm viability only to find in a relatively short period, the prospects for dairy have changed dramatically.

Agriculture therefore needs consideration of the unique challenges it faces. A system of farm finance that could account for the specific requirements of agriculture may provide

stronger incentive for new agricultural entrants. This is equally important for financing existing businesses where low interest loans can help the transition between intergenerational business models.

Future drought strategies could also better incorporate more accessible low interest loans to help businesses through adverse external events.

In terms of future farm models, amalgamation of business opportunities may see the emergence of shared market and capital infrastructure. Business will assess these risks individually, according to the confidence level in Agriculture and the ability for Governments to offer support for models of business that make such decisions viable.

A constant risk to agriculture is how Government utilises interest rates movements to manage inflation and broader economic issues. The onset of the mining boom highlights how one sector of the economy can be booming, but other industries are not sharing the same level of opportunity. If Governments rely on interest rate levers to manage inflation risks, then this may have a disproportionate affect on agriculture as it cannot pass on costs.

There may be opportunities for Government to explore alternative levers than interest rate movements to manage particular sectors of the economy that are experiencing periods of high prosperity that is not reflected across the nation.

4. INCREASING THE COMPETITIVENESS OF THE AGRICULTURAL SECTOR AND ITS VALUE CHAIN

National Freight Strategy

Agriculture's current and future competitiveness is compromised by the lack of a National Freight Strategy covering roads, rail and port facilities. Without a national freight plan, decisions to upgrade export port facilities for example, may be jeopardised by the lack of complimentary investment in rail or road feeder systems.

A national freight plan could provide long term economic benefits and efficiencies with cooperative planning investments by Government and the private sector. A cost efficient streamlined freight network could also drive regional population growth and job opportunities as major infrastructure project attract associated investment from the private sector. This in turn would attract new labour opportunities for agriculture.

Major Government investments to develop an effective east coast inland rail network incorporating rail /road hubs to ports for the movement of grains, livestock and coal, would be a positive long term initiative for agriculture and mining.

Investments decisions and strategies could build upon existing networks and potentially link services extending from Melbourne/Geelong in the South up to Brisbane/Gladstone regions in the North.

Without an efficient freight network, production efficiencies on farm can become negated by post gate costs that are outside the control of the industry. These include cross border freight anomalies, eg State rail gauges, grain harvest allowances, road freight regulations.

National Competition Policy

A key principle of Australia's National Competition policy was that "competitive markets will generally best service the interests of consumers and the wider community"

Regional farmers are concerned about the ability of the Australian Competition and Consumer Commission (ACCC) to address issues of competition arising from amalgamation of companies or major infrastructure facilities servicing agriculture.

Many farmers are concerned that competition policy has not necessarily provided the industry adequate safeguards in areas such as fertilizer pricing. The amalgamation of fertiliser companies Incitec and Pivot is one such example.

Pricing fluctuations are not sufficiently transparent for consumers to identify whether the spikes are demand related or influenced by scarcity of product.

Correspondingly it is not unusual for grain prices to dramatically fall at harvest periods. While this can be counteracted by individuals who opt for pre selling arrangements, in certain regions variations of climate, or in irrigation areas experiencing low water allocations, this may mean additional risks for growers locking into forward selling arrangements.

Some growers are concerned that increased ownership or control between grain buyers and owners of port facilities could also jeopardise the principles of Australia's competition policy.

Government itself should also be subject to the principles of competition policy. The cost effectiveness of service delivery may well be cheaper if private enterprise was to be more active in the provision of Government services.

Federal, State and Local Government consent decisions are often accompanied by long time delays, inconsistent advice and difficulties associated with progression of decisions.

State infrastructure and Cross Border Anomalies:

The absence of a national freight plan enables cross border anomalies to plague post farm gate efficiencies for agriculture. Freight costs are continuing to rise and there is little ability to address these concerns under existing Federal and State Government policies.

In NSW and Victoria, inadequate national rail facilities, still impact the efficiencies of grain or freight movement. Road and bridge infrastructure all can impact on transport affecting national and state highway routes.

Transport options through built up town areas can place further conditions on transport efficiencies. For example on the Victorian /New South Wales border at Echuca, road trains and other small truck configurations must deliver each trailer separately across the bridge and through the town region to meet State rules. Options to rebuild and/or relocate the Echuca/Moama bridge have been in State/Federal negotiations since the mid 1960s.

State freight rules can also affect how implementation officers in different states treat the same freight and truck/trailor configuration. In Victoria, a truck operator carrying round hay bales can find once in NSW, that his load limits have been exceeded because of fairly minor issues such as the length of individual pieces of straw slightly exceeding the sides of the truck.

The quality of Shire roads may also limit freight efficiencies. Roads to Recovery funding model, supported by local shires, does provide funding direct from the Federal Government to local Government and allows a level of local expenditure discretion. However road funding in rural areas still has a major efficiency impact on many farming businesses.

For example a Shire Council may issue a short term permit for a road train during a local harvest period. However if the intersection of a local road to a regional road is not considered suitable for road train access, then the ability for a farming region to maximize road efficiencies is compromised.

Localised road configurations or construction strength, may mean that road train efficiencies are not permitted at all.

Incorporation of Australian sustainability principles, economic, social and environmental, in policies affecting agriculture

Agriculture like many industries has progressively implemented the principles of sustainability within its production programs. Agricultural industries have been innovative and demonstrated cooperative policies with Government for implementation of strategies to address biodiversity, water quality, groundwater management and sharing of surface and groundwater resources.

However, the application Ecologically Sustainable Development (ESD) principles in agriculture, has not always balanced the three facets equally.

The Water Act 2007 prioritised international environmental agreements over Australia's social and economic values. Utilising the external affairs provisions in the Australian Constitution, the Federal Government was then able to overcome State powers on water in the Murray Darling Basin.

The decision to prioritise environmental factors is then implemented through the Murray Darling Basin Plan impacting agricultural production decisions within the Southern Region of NSW. The impact is greater in this part of the Basin due to the Basin Plan environmental flow targets for the Murray River.

5.ENHANCING AGRICULTURE'S CONTRIBUTION TO REGIONAL COMMUNITIES

Understanding the relationship agriculture has with local or regional population data is critical to discussions about population growth, decentralisation and/or rural population decline.

For many regions agriculture still is the main economic driver with flow on effects of farm expenditure, supporting many rural populations. Government decisions on agricultural issues therefore have a ripple effect right through population centres.

If agriculture is to enhance its contribution to regional communities, driving productivity improvements, expansion of new opportunities and allowing agriculture to be efficient

as possible will be major elements. Too often many of these aspects will come down to Government policy and Australia's attitude to agriculture.

It is a circular argument – Agricultural competitiveness could be enhanced if Government itself removed the impediments. Giving industry greater control of decisions on its future would be a positive step.

For nearly two decades In Australia, decisions on agriculture relating to natural resource management (eg water, native vegetation, biodiversity) have significant input from external interests eg environmental groups. Industry advice on practicalities of policies, economic impacts and how decisions impact farm profitability, are often overlooked in the pursuit of broader political interests.

Examples of this can be seen in the continued disputes on landuse and native vegetation. Vegetation laws can limit a farm's ability to manage invasive weeds, or conditions can be so restrictive, that control may become inefficient or ineffective.

In Northern NSW early infestations of Lippia were limited as native vegetation laws took precedence. The spread of Lippia in the Murray Darling Basin is now more extensive than if early intervention strategies were permitted.

Native vegetation laws have also impacted farm decisions to adopt new technologies eg cropping guidance systems or irrigation investments such as centre pivots.

In NSW "**broadscale clearing**" of native vegetation means the clearing of any remnant native vegetation or protected regrowth". Remnant native vegetation can mean a singular tree that has grown prior to 1990. Conditions on removal of isolated paddock trees may be imposed and if offsets are required, many irrigation farms may not have sufficient land to set aside as a suitable offset.

The Millennium drought highlights the relationships irrigated agriculture had with regional businesses. The closure of the Deniliquin rice mill had significant affects on local jobs, housing markets, apprenticeships and opportunities for broader employment. The ripple effect extended throughout regional towns and left long term skill shortages as many businesses let apprentices go or delayed recruitment of new ones. This has long term implications for labour skills in the region.

When the rice mill was re-opened in April 2011 and post drought rice production brought new enthusiasm to the market, housing prices in the Murray Darling Basin fell

reflecting continued community concerns about impacts of water loss to the region under the Murray Darling Basin Plan.

(source: *Pastoral Times Newspaper 20.1.12*)

MURRAY-DARLING HOUSE PRICE SLUMP		
	2010	2011
Strathmerton (Vic)	▲13%	▼43%
Berrigan (NSW)	▲63%	▼23%
Finley (NSW)	▲1%	▼17%
Darlington Point (NSW)	▲11%	▼11%
Stanhope (Vic)	▲6%	▼10%
Griffith (NSW)	▲5%	▼7%

Source: Internet: Real Estate News 12.12.12

Agriculture is the primary economic driver for many region towns. In the Southern Riverina towns such as Deniliquin, Barham, Wakool, Finley and Berrigan are heavily reliant on irrigated agriculture.

Already many of these towns have been impacted by closure of the Red Gum Timber Industries. The loss of up to 40% of productive water from the NSW Murray Region as a result of the Murray Darling Basin Plan will also have long term legacies that will not be negated by short employment stimulus from Government sponsored on farm efficiencies programs.

Southern Riverina communities have submitted a large number of submissions in response to the Basin Plan. Issues have been well documented but have had little effect on the water recovery targets set by the Murray Darling Basin Authority.

SRI encourages the Agricultural Competitive Taskforce to review concerns expressed in the thousands of submissions submitted. In most cases, the MDBA has still not provided adequate responses to the issues raised. These include:

- Full analysis of the social and economic impacts
- Transparent science to justify the quantities of water to be returned to the environment
- The inability of the MDBA to provide a transparent water delivery plan that accounts for natural river capacities, prior to recovery of additional water.
- Evaluation of environmental benefits from water previously acquired

- Living Murray
- National Water Initiative Water Sharing Plans
- Commonwealth Water already acquired under the Basin Plan

The Issues Paper invites answers to the question “how can the agriculture sector best contribute to growth in jobs and boost investment in regional communities, including indigenous communities”

The Basin Plan will have the greatest affect in the Southern river communities of the Murray Darling Basin.

As a priority, the Federal Government should initiate a review of Basin Plan objectives to determine what volumes of water can be physically and safely delivered within known river capacities. This should guide future water recovery decisions.

7. REDUCING INEFFECTIVE REGULATIONS

The efficiencies of agriculture is increasingly being impacted at all three levels of Australian Government.

Often policy decisions affecting agriculture have been developed without sufficient regard for practical application.

This can often lead to costly inefficiencies, layers of red or green tape and a cost burden on industry for consultation processes that may deliver limited results.

Common complaints are seen in areas such as transport regulations, animal welfare issues, native vegetation, biodiversity and more recently with decisions on the Murray Darling Basin.

The solution does not necessarily lie in streamlining of decisions at a Federal level. For example a ‘one stop shop’ may not necessarily improve the specific industry policy concerns. A one stop shop may simply mean, the same policy being administered by one point instead of two. A concentration of policy development at federal level, may further erode the inclusion of regionally specific information.

Environmental red and green tape on Agriculture remains one of the most challenging long term industry issues. Policies continue to undermine resource security and are

often accompanied by a lack of transparent science and effective industry inclusion in their development.

Native Vegetation /Biodiversity:

Australia's acceptance of Agenda 21 principles on the environment, determined at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, have had long term implications on Australian agriculture. Policies on climate change, biodiversity, forestry and water, have been progressively implemented since 1992 without any major review as to their effectiveness in achieving actual environmental outcomes or the true costs to the national economy.

Australian farmers manage over 50% of Australia's landmass and are well positioned to deliver effective environmental outcomes in partnership with Governments. They remain an untapped resource in terms of advancing scientific knowledge and offering on ground solutions to adverse environmental impacts.

Federal strategies on native vegetation, biodiversity, water and animal welfare continue to attract criticism in areas where policy development has failed to account for regionally specific needs or practicalities of agriculture. Often this has led to perverse environmental outcomes and lost opportunities.

In NSW, broadscale clearing of native vegetation can still be defined as the removal of a single tree if it meets the criteria of remnant vegetation (eg grown before 1990). For livestock enterprises, grazing paddocks can become impacted by Native Vegetation legislation if native plants exceed 51% of total plant species.

Threatened species legislation has a range of industry impacts as threatened species issues compromise native vegetation, forestry, irrigation and cropping decisions.

In NSW, member/s of the public can nominate a species for protection. The NSW Scientific Committee's decisions to list may be made based only on 'available information'. The committee is not resourced to undertake its own scientific assessments or undertake extensive consultation. Consequently there has been negative criticism of the process and the validity of scientific data that underpins many of the species listing.

Once listed, individual threatened or vulnerable species status can influence a range of consent or management decisions. For example under the NSW Native Vegetation Act 2003, regulatory consent include conditions for threatened species that are prescribed in data sets incorporated into a computer generated consent program.

Inadequate data sets can influence consent decisions on the basis of 'likely presence' or 'modeled habitat' and decisions can be difficult to challenge. The consent process does not allow a farmer to fully utilise independent scientific expertise, as consent conditions are still tied to data sets determined by the Property Vegetation computer Program (PVP Developer).

Consent conditions for farm land may also be more onerous than that applied to other industries. For example two adjoining paddocks can be treated differently and thus different opportunities for use can occur.

A paddock managed for agriculture can have its use restricted by the NSW Native Vegetation Act 2003. Consent conditions to upgrade pastures or convert agricultural use (eg grazing to cropping) may require substantial areas of the farm to be set aside in permanent conservations reserves as offsets.

An adjoining paddock with exactly the same vegetation types may have consent conditions granted and no similar offset arrangements are required. Examples of this can be seen when comparing consent conditions for similar vegetation types on land to be converted to a non native, radiata pine plantation funded as part of a managed investment scheme.

Agricultural industry concerns on environmental legislation, also extends to surface and groundwater issues.

In August 2013 *the River Murray and associated wetlands, floodplains and groundwater systems, from the junction with the Darling to the sea*, was listed in the critically endangered category under the Federal Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

The listing was approved by the former Federal Environment Minister, the Hon Mark Butler, in the final days of the previous Federal Government.

The 2008 nomination and the final approval stages to list *the River Murray and associated wetlands, floodplains and groundwater systems, from the junction with the*

Darling River to the sea as critically endangered ecological community, demonstrated the inadequacies of the EPBC Act and the current process for environmental protection.

Listing occurred at the peak of the Millennium drought and many community members feel that it was potentially part of the broader strategy for South Australia to attract a greater share of Murray River flows associated with the Basin Plan.

In the Southern Riverina region, NSW Government threatened species legislation can have long term implications for land management and negatively impact on parallel voluntary environmental programs.

The Plains Wanderer, a small ground dwelling bird became a symbol of poor development of biodiversity protection policy. For over eight years, affected communities raised issues of concerns with NSW National Parks and Wildlife, the responsible agency for species protection.

Despite submissions from Shire councils, individuals and scientists, legislative impediments remain on land mapped as plains wanderer habitat. Actual species presence is not necessarily a pre condition for listing an area for protection.

Mapping of core habit areas each with an additional 2km buffer zone has land management implications. For example, control conditions may reduce the effectiveness of plague locust management programs, not only in the immediate vicinity but ineffective control measures then can extend across larger regions and into Victoria.

Often the most successful environmental outcomes are implemented through cooperative partnerships with Government and/or industry development of best practice models. Examples are seen in Ricegrower's of Australia Environmental Champions Program, Murray Wetlands Working Group partnership with Murray Irrigation Limited (delivering environmental flows in irrigation systems), the Australian Dairy Industry Sustainability Framework and a range of other environmental initiatives

To encourage greater participation in Australia's national goals for species protection, Governments are encouraged to reshape how they value farmers in the environmental debate. Opportunities to incorporate this approach in COAG reforms would be welcome.

Animal Welfare:

Australia's Animal Welfare Strategy has major implications for the management of livestock and the efficiencies of agriculture. The Animal Welfare Standards and

Guidelines for sheep and cattle (Standards and Guidelines) have been developed to replace the Codes of Practise.

Increasingly laws affecting livestock management on Australian farms are being interpreted as going beyond the prevention of animal cruelty, to areas of animal rights.

Under the proposed Standards and Guidelines, new conditions for stock management may add additional cost and complexities to routine farm practices.

Australian agriculture has specific management issues, these may be related to geographic locations , availability of external services (eg veterinary professionals), freight services and labour opportunities. Policies that place unnecessary additional requirements on industry increasingly reduce profitability and competitiveness of individual businesses.

If imported livestock related products are not subject to equivalent standards, country of original labeling, may not necessarily provide Australian products with market benefits that can overcome the increased cost burden on production.

9. ASSESSING THE EFFECTIVENESS OF INCENTIVES FOR INVESTMENT AND JOB CREATION

Agriculture future labour requirements are not being matched by educational opportunities to promote and prepare the next generation of skilled farm workers.

Already there are skill shortages in many areas of agriculture even in reasonably populated areas. This includes machinery operators, truck drivers, welders and farm labourers.

Further development and expansion of farm apprenticeship schemes offers a way to prepare skilled farm workers for the future.

There are a number of factors however that impact on future employment opportunities.

1. ability for farm businesses to have the financial capacity to provide farm traineeship opportunities
2. traineeships or apprenticeship employment conditions to be attractive enough for younger entrants.
3. localised educational opportunities for apprentices/trainees to complete vocational training.

4. Increased options for Group Training Companies (eg private providers - employment, mentor/oversight services)
5. Government policies for skill recruitment (eg National Skills Needs List)

The contraction of regional TAFE services is already impacting on regional apprentices and farm traineeships. Apprentices may now be required to attend centres such as Wagga, Wodonga or Albury, Bendigo in order to access training on a monthly basis. This can require lengthy travel (eg 2 ½ hours one way plus overnight accommodation). This adds additional costs to the employer compared to previous locally provided training centres.

Employer incentives are not attractive enough for many farm businesses to take on trainee labour. Current incentives are limited to \$1500 at commencement, with a further \$1500 at completion. There is some potential to top this up with other programs such as (eg Tick Start) where an additional \$3350 is paid to the employer in 2 installments. Government can build on farm traineeships with the appropriate incentive schemes that are reflective of the current economic conditions of agriculture.

To build on regional employment and skills for the future, farm traineeships will need to be complimented by Government commitments to broader apprenticeship schemes (eg Metal fabrication, diesel mechanics etc). The loss of regional apprenticeships during the Millennium drought has had significant impacts not only directly on farm, but with associated businesses trying to fill the gap in post drought work opportunities.

10. REGIONAL COMMUNICATIONS

Many areas of rural NSW are still without adequate telecommunications facilities. For many rural areas, current technologies still only permit minimum standards for mobile and internet access.

If agriculture is to be competitive and incorporate new technologies into precision agriculture, crop and stock management systems, irrigation efficiencies and general business management, the ability to have timely and efficient communications is essential. Many areas of the Southern Riverina are still without adequate mobile phone coverage and this can be the limiting factor to the uptake of new technologies.

Australia's investment in the National Broadband Network (NBN) which aims to deliver high speed broadband services to 93% of Australian homes and businesses, still leaves many areas of rural Australia without efficient communications systems for the foreseeable future.

Rural Australia which makes up the remaining 7% of areas without access to high speed capacity delivered under the NBN, will in future have opportunities to access fixed wireless and satellite services in order to access advanced digital technologies

On current predictions, the roll out of NBN in Australia is anticipated to take approximately 10 years. Areas currently mapped as having no alternative to commercial broadband services, may be able to access improved services under the Interim Satellite service however those areas outside fast tracked regions, or those failing to meet the eligibility criteria, will continue to face limited or unreliable services for up to 10 years.

This may impact on Government investment programs associated with water recovery under the Basin Plan. In the Southern Riverina, Murray Irrigation Limited (MIL) has received substantial Federal Government funding to increase efficiencies in water delivery systems and a key component of this, has been adoption of telemetry systems for water ordering and management.

For farmers who are required to use the new system, those without adequate mobile phone coverage may not be able to participate effectively in the roll out of MIL technologies.

AGRICULTURAL COMPETITIVENESS - TRADE ISSUES

Australian farmers are considered to be highly efficient, resourceful, with a willingness to adopt new technologies for agricultural production.

Australia's limited domestic consumption, means that Australian farmers have to participate in highly competitive international market conditions. Competition challenges can be heightened by individual countries protection policies or aspects contained within free trade agreements.

Australian agriculture does have one unique advantage. The ability to maintain high levels of biosecurity have to date, largely protected Australian Agriculture from many major international disease outbreaks.

Australia's quarantine arrangements continue to attract criticism from overseas country who seek to access Australian markets. However quarantine rules should not be compromised as part of any relaxation of Australia's import decisions.

Major disease outbreaks could put Australian agriculture at major competitive disadvantage as the scale of the Australian landscape may mean some introduced disease could be difficult or impossible to eradicate.

It is critical that quarantine conditions do not jeopardise the ability for Australian Agriculture to maintain biosecurity protection policies that limit the risk of major disease outbreaks in Australian agriculture.

