



The Northern Territory Farmers Association Inc.

AGRICULTURAL COMPETIVENESS WHITE PAPER SUBMISSION

Presented by the Council of the Northern Territory Farmers Association

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INTRODUCTION

The Council of the Northern Territory Farmers Association Incorporated (NT Farmers) is pleased to provide the following submission for the Federal Government's White Paper on Agricultural Competitiveness. Having made a similar submission to the Northern Development White Paper, our views are of course central in a view of agricultural competitiveness in Northern Australia.

NT Farmers represents 10,000 hectares of irrigated agriculture in the Northern Territory, producing \$180 million turnover annually. The industry has developed over last thirty years and is the most successful agricultural industry in northern Australia. For example, the Northern Territory is home to a substantial Vietnamese farming community. Vietnamese produce around \$60 million in mangoes and Asian vegetables. There is a story of small family operations which have grown into strong businesses through determined development, gains and losses, but eventual sustainability and growth. Their model of business is typical of the success stories in our region.

Growers in the Douglas Daly, Katherine and Mataranka catchment areas produce a diverse array of crops, ranging from mangos, bananas, improved and native pastures, melons, vegetables, and grain crops, valued over \$80 million. These regions cover approximately one quarter of the Northern Territory and include the districts of Victoria River and Roper-McArthur basins, the southern part of Katherine-Daly basin and the Mataranka-Daly Waters (Sturt Plateau). Growers in this key part of the Northern Territory have behind them some thirty years of development from small scale family farms to their now more diverse and mature industry. The largest businesses have agricultural turnover in the \$10-20 million range.

What sets the Northern Territory experience apart is firstly this story of an ever maturing sector. We believe that as one of the success stories in northern agriculture, our sector brings a credible contribution to the discussion on Northern Development.

More than that however, the Douglas Daly, Katherine and Mataranka catchment areas form an already strong production region and a production region with significant opportunities. There exists in these areas existing successful producers and a body of research which can be built on to further the opportunities which come out of this catchment area. Land and water and access to both resources are perhaps an overstated known. There is land and some challenges therein and there exists some solvable challenges regarding water in the NT. However, the real key to our sector's success will be acknowledging the importance that understanding markets and economics plays in our success. The success of our sector has always and will always rely on produce that can arrive into a market and deliver a profit to the grower. It cannot be understated that our success is driven by markets and economics.

The right business models for development will be critical, as evidenced by past failures. Past failures have been characterised by poorly developed business models, failing to

budget for the high cost of development and the high cost of learning in a new environment. Good business models need to budget for resilience and take into real account for the cost of learning and the cost of crop failures in some years.

Market based, economic opportunities lie in commodities such as cotton, sugar and peanuts which, with the right development models can deliver a highly successful return. With gross returns over \$4000 per hectare and freight costs of less than 25% of sale price, these crops represent the best economic start point. Niche crops like poppy and chia could add to development. Further growth in horticultural crops will come from focussed research e.g. export mangoes. Fodder and feed grains will grow with growth in the beef industry.

In tandem with those key elements is of course is the North's seasonal advantage and a further boost to the sector's future success has been the changes to the Pastoral Land Act allowing for diversification of land use for horticultural activity and extensive agricultural developments and other endeavours which can co-exist with pastoral enterprise.

Ensuring food security in Australia and globally

- Provision of government support such as tax benefits and rebates that every first world nation depends on for economically viable production. Direct support should be a government priority through taxation incentives and diesel and fertiliser rebates. This will assist existing producers to grow and encourage new investment.
- Making Research and Development a priority. Failure in the north is largely due to the learning curve in relation to wet-dry tropical production practices. There is still a vital requirement to identify the right crops with the right genetics to suit the unique environment in the Northern Territory. Research and Development Corporations (Grains RDC, Sugar Research Australia, Cotton RDC, Rural Industry RDC, Horticulture Australia) should be supported and promoted by government to lead the Research and Development space. Importantly, increased research and development expenditure must be focussed on the Cooperative Research Centre for Northern Agriculture.
- Ensuring that there are grower engagement strategies to allow research and improved practices to be communicated on the ground. Organisations such as the NT Farmers Association can play an integral and partnering role in this space.
- Addressing the issue of over regulation and impediments to growth through innovative approaches such as cross jurisdiction investment and regionalising approval processes and water allocation planning.
- Promoting diversity in production along the lines of the changes to the Pastoral Land Act and other innovative initiatives that will support diversity.
- Utilising the foundation of good work of the Northern Australian Ministerial Forum's Indigenous Expert Panel and work to integrate development with indigenous landowners. Pursuance of further improvements to the land tenure process will be vital to this end.
- Working to secure Indonesia as a market for horticultural and agricultural produce and also as a co-operative business partner for development of northern Australia. Indonesia is the world's largest sugar importer and imports some two million ton of soybean from the USA and Brazil (value \$US 2 billion). In addition, Indonesia imports 340,000 ton of peanuts from China and imports one-million ton of feed maize. As a large textile producer Indonesia imports one-million ton of cotton of which 100,000 ton is from Australia.
- Focussing on AusAid and ACIAR spending in developing countries on joint benefits, developing Northern Australia. This concept could focus on issues such as common research and food security in Indonesia.
- Securing greater cooperation and support from the Mining sector to drive joint development opportunities, using waste mine water and good mine infrastructure to assist agricultural development.

- Seeking opportunities to utilise off river water catchment, capturing large wet season rainfall in geographically suitable pockets rather than developing stream dams.

Farmer decisions for improving farm gate returns

- The NT Farmers Association works with its members to encourage, foster and develop business structures, innovations and practices aimed at improving farm-gate returns. The missing piece for our organisation is our capacity to provide Extension. Where we can be on the ground with farmers we see success and uptake of improvement concepts.
- Capacity building is required for farmers to adapt and respond to the varied risks in their industry. Training opportunities and innovative training tools need to be developed to better support capacity building.
- Technology is the key driver for improved performance at farm gate amongst many commodities. Shifts from low yielding horticultural crops and embracing cropping systems which provide ongoing returns will be imperative.

Enhancing access to finance

- Attracting private capital into farm investment requires a quantum shift in thinking. Development must be seen from the perspective of markets and economics and not resource availability.
- Greater consideration must be given to co investment; that is to say that existing farmers look to increase their capacity and sustainability by encouraging partnered investment. This approach may assist in retaining ownership for farm families.

Enhancing agriculture's contribution to regional communities

- The Northern Territory Farmers Association has as a key component of its Strategic Plan, a focus on reaching into regional communities. Working with member organisations such as Centrefarm, (<http://centrefarm.com/10-who-are-centrefarm-.html>) our goal is to see improvements in economic development, employment opportunities and improvements in the social fabric of regions as farming develops.
- In areas such as the Douglas Daly and Mataranka for example, agriculture has brought an increase in population, increases in employment, a visionary community, and ever increasing business opportunities derived through irrigated and non-irrigated agriculture. It is these mile-posts on the road to sustainability that will encourage the next generation of farmers and build on the industry.

Improving the competitiveness of inputs to the supply chain

- In the Northern Territory, quantity of land is not an issue. Land tenure, on the other hand offers up a myriad of challenges. Government must work to flatten this barrier to agricultural investment, while at the same time, reflecting on and protecting the rights of Traditional Owners. Pastoral Land diversity is needed to allow farmers in the Northern Territory the opportunity to expand and increase the capacity of their business.
- The Northern Territory's farm base has its greatest conundrum in the management of the Water Resource. The NT Farmers Association, along with other stakeholders, is in discussion with the Northern Territory Government with the view to install sensible and workable policy around water. However, vital to the future of Northern Agriculture will be our ability to capture water during the wet season. There is of course a question of environmental impact which needs to be considered in this space.
- Within the horticulture sector, a major concern exists for seasonal crops. Finding and housing seasonal workers remains a major issue for this sector. What is needed is improvements to the relevant visas and flexibility around particular conditions of employment.
- Rural industries and governments must better identify, prioritise and fund research, development and extension through a more collaborative approach and greater levy fund access for organisations. A request in 2012 to increase the Mango Levy, supported by a majority of growers, was refused by the then Minister. This lost opportunity ensured that research and extension support in the Mango Industry in the Northern Territory has been limited.

Enhancing agricultural exports

- Access to markets is an obvious target for increasing and enhancing exports. However, the NT Farmers Association position remains that all focus should be on identifying the market opportunity in association with the economic restraints. We know that there is a market for produce. But the questions that must drive strategy should be 1) What crop; and 2) What price.
- A primary concern for Australian farming, especially in the context of Northern Development is the increased biosecurity risk increased development brings. Governments that have been decreasing plant health resources must reconsider their position and through greater partnership with industry, ensure that biosecurity remains a high priority.

Conclusion

In our submission, we have touched on some key elements that resonate with our membership base. Our goal is, of course, to ensure these ideas get carriage in the roll out of the Agricultural Competitiveness White Paper process. It is important that the Northern Territory Farmers Association connect with the taskforce and bring the industry's view and 30 years of learning in the Northern Territory to the table. We look forward to engaging with the taskforce and other stakeholders on this initiative.

NOTE: *The Northern Territory Farmers Association is conducting its inaugural Northern Australia Food Futures Conference from 3 to 5 November 2014. This will be the first in a series of conferences on northern agriculture and will bring business, government agencies and politicians to discuss development pathways. The conference involves the Federal, Western Australian, Queensland, Northern Territory jurisdictions. This is the first major conference on northern agriculture since 1982.*

A series of road show events will follow on from the conference in early 2015, focussing the discussion of what Northern Development means to regions. Each of the jurisdictions will host an event, along with forums in several key international destinations such as Indonesia, Singapore and China.

**For more information on this submission, please contact
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