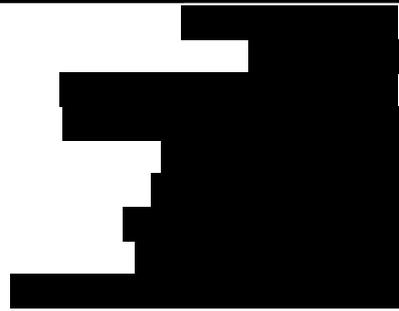


AM & CG GADSBY



25th February 2014

Agricultural Competitiveness Taskforce,
Department of Prime Minister and Cabinet,
PO Box 6500,
CANBERRA ACT 2600.

To Whom it May Concern,

Agricultural Competitiveness White Paper

After a lifetime in agriculture in NSW and Queensland and thirty five years of private business in Australia, I see this time to be as a very critical point for all concerned in our industry.

We have seen a severe and gradual decline in infrastructure and services in New South Wales over the last forty years and I am speaking from one end of the state to the other. Our western towns are now a shell of their former state and the population of these towns are declining. It is only the mining in a few sectors that is making progress achievable.

We are also seeing the rural debt levels escalate to very high proportions, reaching approximately 66 billion dollars. We are told that we have very acceptable equity levels, these are based on very inflated bank valuations and it would be interesting to see if the valuations could be achieved if farmers are forced to sell. It is only these inflated land values, which gives producers the ability to borrow further. It is virtually impossible to repay debt with droughts and low commodity prices, competing on an unequal playing field with the worlds markets and world subsidies.

Within the small rural towns such as Bourke, Brewarrina, Walgett, Coonamble, Narromine, Nyngan, Wellington, to name a few it is now a minority population of rural businesses that support these towns. Approximately 8 to 15 percent of rate payers in these towns or areas are rural ratepayers respectively, and they are now paying 65 to 78 percent of the local rates for these towns, this cannot be sustained. We cannot be expected to support these towns on such an unbalanced basis without long term assistance or plans for infrastructure to help employment and increase the population in these regions. (A survey was completed by Wellington NSW Farmers in January 2014 to produce these figures.)

Farmers are now desperately in need of help from our governments due unfortunately to the previous leaders and policy makers who let agriculture down when they totally abandoned the previous policy for drought assistance. This has left everyone in limbo with no other strategy or plan in place for drought. All government bodies from Local Land Services, Local Government, State Government and Federal are all scrambling to put policy in place because of the lack of organisation and foresight of our previous Labour Government.

The recent decision by the new Liberal Government to reject the offer of Archer Daniels Midland to purchase GrainCorp, was a huge injustice to Australian Agriculture. Here was the perfect opportunity for a massive injection of funding into infrastructure in all the cropping a rural areas and it was rejected. Instead it will fall back to the ratepayers to fund and try and rebuild our declining communities. This decision also sent the unfortunate message that we do not want foreign investment.

Decentralisation is a necessary process which is needed for long term viability of rural communities and towns, we need to move the businesses to the bush and people also need to have a reason to live in the more remote areas rather than on the coast. The populations will not move unless they have facilities and the conveniences of transport, schools and medical and these basic necessities.

The regulation of livestock welfare when they leave Australia is a disastrous and crippling legislation to producers. This needs to be completely abandoned, we cannot be the only country in the world to self-regulate and place such restrictions or responsibilities on producers, which are totally out of their control.

The following points I believe are areas that would help agriculture in Australia for the long term as we need to get strength and progress back to our rural towns and communities.

- From previous government assistance policies, the help towards interest payments were extremely beneficial. We still have our banks burdening their customers with very high margins and making record profits. We are not seeing the benefit of the record low interest rates at all. Most rural banks clients are still paying between 6 and 7 percent on average and some as high as 9 percent depending on their debt levels. Home loan borrowers can access loans at rates between 4.75% and 5.5 %, why is this not possible for people in agriculture. Assistance with interest rates should be reinstated or a new scheme implemented.

This would help all aspects of agriculture in Australia making them viable and sustainable for the long term.

- The other assistance that would benefit all farmers, graziers and every other sector of agriculture is a Farm Insurance Cover Policy, backed by the Federal Government. Multi-peril cover for all crops, which will cover hail, excessive rain and drought events. Or in the case of graziers and all the other agricultural sectors, a Revenue Insurance System that covers loss of income when it is less than the average of their area. This would give farmers security in those draught or flood years and it can be obtained through a company called Latevo International and has an underwriter of Allianz, or there are several other International companies available. The policy would need government assistance by way of payments of up to 50 percent when a disaster is apparent and claims made and not at any other stage. With government support this would reduce the premium by up to 75 percent. From approximately \$30 per hectare to \$7 per hectare annually. This would make farming less susceptible to the elements and give farmers the ability to recover planting, spraying and input costs when normally they would make extensive losses. **America introduced such a scheme in 1938 due to severe droughts. We are now nearly eighty years behind the event. India also has a compulsory insurance scheme for agriculture backed by the government.**

- For young people in agriculture a HECS type scheme, to give them an initial start and the ability to purchase a farm. This would increase the number of people in agriculture rather than seeing a decline. As we all know a huge percentage of our younger generation seek university degrees and employment within the city areas as they cannot afford to purchase land or buy out family partners. A system such as this would give an alternative and encourage the younger population back to agriculture.
- In recent years Australian Agriculture has had to battle with higher wages for employees and also meet strict OHS rules. The mining industry has set a higher level for wages paid, within rural areas and this is difficult to compete with. To keep our employees on the pay roll, perhaps Centrelink assistance could be added to the employees wage to keep these families working and living in rural areas and prevent further population decline.
- Permanent Government assistance for water infrastructure and fodder conservation and storage. Low interest loans need to be available at all times to achieve the necessary development for drought. It is too late when the drought is already upon us and everyone is at their debt limit. The money needs to be available in average seasons when development and progress is achievable. Also immediate tax benefits of one hundred percent should be implemented to support and encourage this development.
- Unfortunately we have had ever increasing input costs and our commodity prices have remained stagnant over the past twenty years, this is due to the influence of world markets and worldwide subsidies within agriculture. It is time that our Governments valued our Industry and put appropriate policy in place, so that we can work on a more even playing field! If this huge disparity amongst the agricultural world is not addressed there will be a massive exodus from Australian agriculture and the food bowl for Asia will be owned by those who have the foresight and the appreciation of such a wonderful industry.

It is time to support those who have contributed to this country for generations and look at the long term sustainable and economic future of such a crucial Australian enterprise.

Yours faithfully,

Kate Gadsby

AM & CG Gadsby