



Agricultural Competitiveness White Paper

Public Comment Submission: The Agricultural Bureau of South Australia

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Department of the Prime Minister and Cabinet
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The Agricultural Bureau of South Australia has been representing the interests of farmers for 125 years and has 1400 members and 80 branches state wide. We welcome the opportunity to comment on the Agricultural Competitiveness White Paper and offer the following information for consideration.

Summary of Recommendations

Page 4 Information, Communication Technology Infrastructure

- As an absolute priority, funding for major communication improvements in rural/remote agricultural communities and allow the 'bush' to access what has become a 'given' in cities and larger regional centres

Page 4 Infrastructure

- More funding for local councils to maintain and improve their roads
- An expansion of road train routes, even if that needs to be 'seasonal HML access' for certain industry clusters where unsealed roads are used. We recognise the extensive cost to seal a road, but surely there can be some support funding for local councils to repair unsealed roads after the major seasonal freight period, which is often only 2-3 months of the year
- The equation is simple - the greater the GCM allowed, the less trips to the silos, which means fewer trucks on the roads. This will result in improved profitability for farmers and reduce the probability of safety risks for all road users

Page 5 Education

- Point 1 – Extensive improvements to ICT access
- Continued flexible business education for agriculture sector
- School curriculum with compulsory food origin studies
- Agriculture career pathways matrix

Page 6 Rural Communities & the Next Generation

- Point 1 – Extensive improvements to ICT access
- Point 3 – Education changes
- Essential mental health and medical services to be maintained
- Tax concessions for workers to choose agriculture over mining
- Incentives to remain or return to the farm after studies or gap year
- Reduced interest rates to encourage succession and ownership of assets to next generation
- Government funding priority to community projects that are trying to maintain or upgrade current facilities
- Profitable commodity prices would encourage a return to casual labour being used on farming properties
- Overseas investment is required due to lack of Australian investment in agriculture but strict government legislation would be required to ensure adequate value and benefits to Australia.
- Possibilities of collaborative farming models e.g. plant is operated to its fullest potential working larger areas, where owners combine assets to operate as a single entity resulting in shared risk/shared gains.
- To increase competitiveness, commodity prices offered by duopolies require regulation to ensure fair returns to producers
- Increased commodity prices would lift profitability and encourage next generation to continue farming

Page 7 **Regulations**

- Review of the Work, Health & Safety Laws & regulations with Agriculture at the forefront, considering the logistical impediments for agriculture to comply with the regulations
- Timely response from government departments when we are offering to work together to achieve a mutually acceptable outcome
- National rules for Licensing levels to be incorporated into the NHVR
- Coordination and rollout of the NHVR must improve as soon as possible

Page 8 **Drought**

- A National declaration policy on drought is required with the same rules and eligibility requirements for each state.
- A National drought insurance scheme is desirable but is too costly at this point
- Household support and livestock feed subsidies need to be implemented in a timely manner
- Farm Management Deposits need promoting and changing to be able to act more like insurance
- Tax concessions to accompany drought affected farmers
- More incentives for farmers to be able to plan and possibly draw back on tax paid in previous good years

Page 8 **Biosecurity**

- Farmers need to have faith in Biosecurity staff to handle a large outbreak
- Biosecurity staff need to be available immediately
- The Fruit Fly outbreak in Pyap, South Australia has recently caused a great deal of stress to those farmers involved
- Varroa Mite in Bees is a great concern to Agriculture at the moment
- Insurance scheme for farmers in the affected zones to protect against losses they may suffer from a biological event

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Answers to Specific Questions from the Agriculture White Paper

1. Information, Communication Technology Infrastructure

'Mobility Drives Productivity' – this is the recent message (3/4/14) from Communications Minister Malcolm Turnbull, and we couldn't agree more.

He also writes *"Productivity is driven by 2 important factors – the rate of technological progress and the speed with which a particular economy takes up, integrates and adapts new technologies."*

Although farmers are very good at taking up new machinery technologies, many rural areas have been left so far behind in mobile phone and internet access that it will take years to catch up to the rest of society. The 'immediacy' of communication has become an involuntary act for most Australians; hence business expects an immediate answer or an immediate confirmation on a price for example. Those who have not yet established this immediate communication habit are lagging behind in all levels of business and are at great risk for retarded profitability and growth.

One of our Board members recently compared her NBN Satellite internet speed with the rest of the world. The speed they received on Eyre Peninsula was only 'marginally' better than that of 3rd world countries like Indonesia and India.

Grain Producers SA CEO, Darren Arney, recently reported some farmers on Eyre Peninsula are putting grain into pools because of limitations to obtaining prices, selling and transferring on-line. He estimates *'with 500 000t of grain put into pools a year at \$7/tonne, poor telecommunications could be costing growers \$3.5 million a year.'*

Society's expectations of safety have changed dramatically in the past 10-20 years. Where society once accepted the limitations of communication during an emergency, we now expect to be able to call for help immediately, on the spot. Even some of our laws now reflect this 'immediate communication' assumption, which is unfair to those who are still unable to participate.

Solutions/Suggestions:

- As an absolute priority, funding for major communication improvements in rural/remote agricultural communities and allow the 'bush' to access what has become a 'given' in cities and larger regional centres

2. Infrastructure

Road Infrastructure standards are a major issue for heavy transport in rural areas. Years of neglect and continued inability of local councils to afford any major upgrades have left our South Australian freight routes in a substandard condition. Limited access to Road Train and B-Double routes continues to be an inefficient scenario for transporting commodities for both owner drivers and freight contractors. These difficulties are particularly evident in the northern and western areas of our state and include unapproved 'last mile' road train routes to access grain silos.

Solutions/Suggestions:

- More funding for local councils to maintain and improve their roads
- An expansion of road train routes, even if that needs to be 'seasonal HML access' for certain industry clusters where unsealed roads are used. We recognise the extensive cost to seal a road, but surely there can be some support funding for local councils to repair unsealed roads after the major seasonal freight period, which is often only 2-3 months of the year
- The equation is simple - the greater the GCM allowed, the less trips to the silos, which means fewer trucks on the roads. This will result in improved profitability for farmers and reduce the probability of safety risks for all road users

3. Education

A major obstacle to further education in agricultural areas is clearly the retarded information, communication technology access as described in Point 1.

To adapt and respond to future risks and opportunities, farmers need to embrace communication technology. Uptake is driven by need and the availability of information. Flexible learning environments teaching business management and technology skills will continue to be required by farmers.

Education for agriculture as a career path must be implemented into school curriculums and must include food origin studies.

Agriculture as a career path would benefit from a career pathways matrix, much like Samara Miller established for the tuna fishing industry in Port Lincoln, South Australia.

Solutions/Suggestions:

- Point 1 – Extensive improvements to ICT access
- Continued flexible business education for agriculture sector
- School curriculum with compulsory food origin studies
- Agriculture career pathways matrix

4. Rural Communities & the Next Generation

Attracting and retaining workers to agriculture, particularly in remote areas, requires some modern day comforts. Unfortunately, most Australians have become accustomed to the 'immediate' communication available to them in cities and regional centres. To state the obvious, this makes some agricultural areas very unattractive to potential employees.

Attracting workers to the 'farming lifestyle' can be supported by:

- Communication/technology access
- Good family accommodation
- Access to schools, medical facilities
- Retention of sporting/social facilities within the district

Population decline in rural areas exacerbates the decline in services and facilities, from medical, to shopping, to the availability of machinery mechanics, it's a vicious circle.

Unfortunately, agriculture is in competition for workers with mining in many parts of South Australia and this scenario looks likely to increase in the future. Agriculture cannot compete with the wages on offer in the mining sector; we need alternative tools to encourage careers in Agriculture.

As with retaining agricultural workers, retaining young people to continue with the 'family farm' also faces the same issues and constraints. Costs to buy land and machinery is currently prohibitive to attracting new farmers into the industry, but the rates at which young people remain within the family farming business has decreased considerably over the last few decades and has contributed to our ageing agricultural workforce.

Another blow to some agricultural communities has been the purchase of agricultural land by foreign companies at greatly inflated prices. Confidentiality clauses, failure to give neighbours a bid on the land and the loss of valuable family members to the community have caused a great deal of angst within these communities.

Solutions/Suggestions:

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- Tax concessions for workers to choose agriculture over mining
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- Government funding priority to community projects that are trying to maintain or upgrade current facilities
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- Possibilities of collaborative farming models e.g. plant is operated to its fullest potential working larger areas, where owners combine assets to operate as a single entity resulting in shared risk/shared gains.
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5. Regulations

The Agricultural Bureau board members have made several attempts over the past 18 months to establish changes to our Agricultural Machinery Code of Practice (SA Oversize & Overmass Code of Practice). We have been regularly told by state bodies that 'something is happening', but we are still waiting. Now with the National Heavy Vehicle Regulator debacle, we wonder how much longer we will have to wait.

Inappropriate regulations hamper time management, logistical decisions and insurance validity and ultimately, the profitability of a farming enterprise.

For an example, Victoria allows 'Car' licence holders to drive Agricultural Machinery. But in South Australia, you need an MR truck licence for up to 15 tonne and over 15 tonne you need a HR truck licence. Although, you can request a restricted licence exemption to drive Ag Machinery for a specific farm business, it will cost you \$17 for the privilege and the application is not through 'normal channels' so has been an elusive option for those who are ill informed or not computer literate.

A major detractor for a farmer to 'employ' workers is the Work, Health & Safety Laws. Although a simpler interpretation can be promoted to farmers, it's hard not to notice the pedantic interpretation that mining companies employ and the vast amounts of money they can afford to put towards the safety of their workers.

A large degree of paperwork and recording is required to comply with the Work, Health & Safety laws and this is something that the farming culture has long been allergic to.

The laws also hinder the 'internal inventor' within a farmer, with the need to engage a certified engineer who may be several hundred kilometres away and insurance implications for the farmer that makes modifications to machinery himself.

Health monitoring that is required for certain chemicals is also a large commitment and basically unachievable for many agricultural businesses with some of these tests unavailable for several hundred kilometres from farming properties. The decision as to whether health monitoring is required is also hazy to the layman.

We recognise the need for most of these regulations but would like to assist our industry in not overcomplicating the process and putting some commonsense back into the equation.

Solutions/Suggestions:

- Review of the Work, Health & Safety Laws & regulations with Agriculture at the forefront, considering the logistical impediments for agriculture to comply with the regulations
- Timely response from government departments when we are offering to work together to achieve a mutually acceptable outcome
- National rules for Licensing levels to be incorporated into the NHVR
- Coordination and rollout of the NHVR must improve as soon as possible

6. Drought

Currently, areas of New South Wales and Queensland are drought declared, but for those farmers and pastoralists bordering these areas in South Australia, they are not under drought declaration. It seems ridiculous that an imaginary line separating the states is determining whether a farmer is drought declared and eligible for assistance or not.

Solution/Suggestion:

- A National declaration policy on drought is required with the same rules and eligibility requirements for each state.
- A National drought insurance scheme is desirable but is too costly at this point
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- Farm Management Deposits need promoting and changing to be able to act more like insurance
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7. Biosecurity

Solution/Suggestion:

- Farmers need to have faith in Biosecurity staff to handle a large outbreak
- Biosecurity staff need to be available immediately
- The Fruit Fly outbreak in Pyap, South Australia has recently caused a great deal of stress to those farmers involved
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8. Answers to Specific Questions from the Agriculture White Paper

In response to some specific questions raised within the Agriculture White paper, we offer the following suggestions and comments:

What are the drivers and constraints to farmers adopting alternative business structures, innovations or practices that will assist them in improving farm-gate returns?

Drivers

- Increased productivity and profitability
- Technology access in a timely manner
- An increase in tax incentives via higher depreciation rates on machinery

Constraints

- Computer literacy challenges
- Cost/risk of change
- Lack of infrastructure or deteriorating infrastructure
- Competition from imports
- Geographical position in relation to services/markets
- Government legislation for example, the ban on GM crops in SA

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

- There are incentives for more intensive farming but this is inhibited by labour costs
- No till machines, improving soil health and retention of organic matter
- GM crops - lifting the SA ban or getting SA growers a premium price for their non-GM grain
- R & D - Better tools to control Rhizoctonia and control of snails which is limiting current production in some areas

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?

- Farmers, manufacturers and retailers to work more closely together with possibilities to negotiate prices with duopolies prepared to pay a realistic price for the product

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

- Information is available for those who network and research effectively, however, in many areas, this is hampered by the lack of mobile and internet access

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?

- Implementing water use efficiency/improved soil protection, health and management, would improve agriculture sector productivity.

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

- Improvements in Government control over trading of imports that compete, to the detriment and sometimes failure/elimination, of Australian production.

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

- Effective communication with various advocacy groups
- Improved consultation with farmers/farmer groups and organisations to identify issues and needs
- Prioritise according to scale/location of issue
- RD&E be a shared funding responsibility of government and agribusiness sector

Chairman's Summary

Agricultural areas must have reliable mobile phone and internet services immediately. Without extensive improvements to information and communication technology, agricultural efficiency and profitability will continue to decline or stagnate.

R & D is an important link in the chain, but so is infrastructure, some areas are desperate for infrastructure upgrades.

We are pleased to have had the opportunity to comment on this White Paper, but also know we have been through this type of process before. Please utilise submissions effectively, we don't need any more studies; we just need action and change to ensure the sustainability of the Agricultural Industry.

Kind Regards



Mark Grossman
Chairman
The Advisory Board of Agriculture
the Agricultural Bureau of SA