

**Ensuring a profitable and sustainable agriculture and food sector  
in Australia**

**SUBMISSION**

**To**

**Agriculture and Food Policy Reference Group**

**Prepared by:-**

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(Inc)**

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## Background

The Western Australian Farmers Federation (Inc) (WAFarmers) is WA's largest and most influential rural lobby and service organisation.

WAFarmers represents West Australian farmers from a range of primary industries including grain growers, meat and wool producers, horticulturalists, dairy farmers and beekeepers. WAFarmers membership base also incorporates rural small business owners.

It is estimated that collectively our members are major contributors to the \$5.5 billion gross value of production (ABS March 2003) that agriculture in its various forms contributes to Western Australia's economy.

Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental well being of that land.

## Introduction

WAFarmers welcomes the opportunity to provide comment on Issues for consideration raised in the discussion paper *Ensuring a profitable and sustainable agriculture and food sector in Australia*.

WAFarmers has discussed the paper and the associated *Australian Agriculture and Food Sector Stocktake* document at Executive level, sought input from members and met with Agriculture and Food Policy Reference Group member, Dr Bill Ryan to seek advice on the preparation of this submission.

WAFarmers believes that the aforementioned documents provide an accurate "snapshot" of current state of agricultural industries in Australia and pose challenges to be addressed to ensure the continued sustainability and profitability of agriculture in Australia.

There are however, shortcomings in the documents in that the issues for consideration raised are largely restricted to the Government's Agriculture portfolio and should not be addressed in isolation. It is noted that the discussion paper comments:-

*"It is worth noting that the agriculture and food sector will also be affected by wider developments in the Australian economy. These can be expected to include:*

- *interest rates and inflation*
- *the microeconomic reform agenda*
- *the regulatory environment*
- *the taxation regime*
- *industrial relations settings and*
- *interactions between the Australian and state/territory governments"*

WAFarmers commends the former Minister for Agriculture, Fisheries and Forestry for this initiative, however, trusts that the support of his Cabinet colleagues will be forthcoming to address these microeconomic issues and their impacts on agriculture, particularly in relation to costs. Failure to do so will severely hamper the ability of agriculture to maintain pace with an ever-changing international trading environment.

In this regard, WAFarmers launched its *Vision for Agriculture* at its 2004 annual conference as a platform for future internal policy making. A Copy is attached at **Annexure 1**.

In addition, over the past two years, WAFarmers has contributed numerous submissions and participated in Federal and State Government inquiries addressing many of the issues raised in the discussion paper. Examples of these submissions are attached at **Annexures 2 and 3** to provide detail in support of comments made under the headings contained within the discussion document.

- WAFarmers submission to the Australian Senate Economics Committee Inquiry into the structure and distributive effects of the Australian taxation system
- WAFarmers submission to the National Drought Review Panel for the National Review of Drought Policy

## **Markets for agriculture and food**

### International markets

More so than any other State, Western Australia is heavily reliant on international markets for the bulk of its agricultural product output.

Western Australian grain growers are the nation's strongest supporters of statutory marketing arrangements for wheat and prescribed grains.

WAFarmers has followed the negotiation and implementation of bilateral Free Trade Agreements, particularly the US/Australian FTA and is not convinced of the value of Free Trade Agreements, believing that benefits derived from the FTAs in relation to agriculture favour the trading partner.

Nevertheless, with the agreements in place, future developments will be closely monitored and in need, lobbying activities undertaken to increase the benefits to Australian farmers

### Domestic markets

As previously stated, WA is predominantly export focussed, however, is currently in the midst of a debate on supermarket power, truth in labelling and country of origin labelling.

The WA Legislative Assembly has directed its Economics and Industry Standing Committee to conduct an Inquiry into Production and Marketing of Foodstuffs.

WAFarmers is participating in this inquiry and working with other bodies to convene a major industry and public information seminar focussing on these issues in early September.

## **Competitiveness of Australian agriculture and food businesses**

WAFarmers policy on National Competition Policy seeks agricultural exemption from NCP principles on the basis that NCP discriminates against agriculture. The labour market is exempted from NCP, being recognised as price takers in the supply chain. Farmers are no different, they accept what the market will pay for their commodity yet are unable to pass on input costs.

Further information on the impacts of NCP on agricultural industries is contained in WAFarmers submission to the Productivity Commission Inquiry into National Competition Policy Arrangements which is attached at **Annexure 4**.

### Supply chains

Australian farmers are further disadvantaged by the fact that Australia has high interest rates by world standards. A financial impost that has recently been exacerbated by the high value of the Australian dollar in comparison to competitor's currencies.

Imported agricultural goods should have to jump the same hurdles as Australian agricultural exports i.e. testing regimes, both on and off shore, and country of origin production systems must match Australian standards.

The protection afforded Australia's motor vehicle industry which addresses these issues should also be applied to agricultural industries.

Australian farmers face continued competition and downward pressure on supply chain. WAFarmers believes that this pressure should be shared along the supply chain.

### Education, skills and labour supply

WAFarmers recently prepared a submission to an Inquiry into Rural Skills Training and Research conducted by the House of Representatives Standing Committee on Agriculture Fisheries and Forestry. The submission addresses the issues raised in the Reference Group's discussion paper and is attached at **Annexure 5**.

### Research, development, innovation and technology

To avoid duplication of resources and achieve maximum value for grower investment in their Agricultural Research & Development corporations, better linkages need to be developed to like organisations managing food safety, value chains, natural resource management, biosecurity and capacity building issues.

Evaluation processes can always be improved and ground-proofing R & D outcomes is the best method to ensure investor (farmer) satisfaction with value for money investment. Farmer involvement in R & D corporations is fundamental to the investment planning of R & D activities.

An issue yet to be addressed by R & D corporations is analysis of why competitors are able to compete. General acceptance that Australia can't compete in certain markets is becoming increasingly more unacceptable as world markets become more competitive.

In relation to biotechnology, WAFarmers takes an active interest in developments in this area and convenes an annual policy workshop to discuss the GMO issue.

WAFarmers recently participated in the review of the *Gene Technology Act 2000*. A copy of WAFarmers submission is attached at **Annexure 6**.

### Infrastructure in the agriculture and food sector

In line with the rest of rural Australia, WA's road and rail infrastructure is deteriorating. WA's problems in this area are magnified by the State's land mass and sparse population.

WAFarmers has contributed to numerous inquiries on this issue and WAFarmers submission to the Department of Transport and Regional Services Auslink Green Paper – *Towards the National Land Transport Plan 2002* which is attached at **Annexure 7**.

WAFarmers believes that rural and regional residents of the State have a justified expectation that essential communications services be the equivalent of metropolitan services. In relation to the proposed sale of Telstra, WAFarmers policy position as communicated to the Federal Government is:-

*“That we request as part of our agreement to the full privatisation of Telstra that 25% of the net sale price be placed in a Trust and the income be used to ensure technological advances in telecommunications are advanced to rural and remote Australia in perpetuity and at an affordable cost.” and*

*“That the full privatisation of Telstra be conditional upon the implementation of a robust legislative framework for the universal service guarantee to be funded by Government regardless of who may be the future carrier.”*

Further information on proposed privatisation of Telstra is contained in WAFarmers submission to The Standing Committee on Communications, IT and the Arts Telstra (Transition to Full Private Ownership Bill 2003 Inquiry) which is attached at **Annexure 8**.

WAFarmers sees the National Water Initiative as a twin edged sword.

Whilst welcoming the proposal for perpetual water licenses, the delay in implementation until 2014 and the apparent immediate introduction of NCP principles of full cost recovery and allocation to highest value use will severely hamper farmers.

WAFarmers supports a position of simultaneous “rights and responsibilities” in relation to water licensing and management charges and is awaiting the release of the outcomes of a State Irrigation Review, including the State Government’s response to the review panels recommendations.

The WA State Government’s position on the NWI is well publicised and WAFarmers has some empathy with it. WAFarmers is optimistic that the State Irrigation Review will deliver recommendations that will be of more benefit to WA’s irrigators than those evident in the NWI. The challenge the State Government faces is to implement these recommendations.

Further details on WAFarmers position on water issues can be found in the following submissions at **Annexures 9 and 10**.

- Economic Regulation Authority *Inquiry on Urban Water and Wastewater Pricing*.
- State Water Strategy Irrigation Review

### Biosecurity and quarantine

WAFarmers believes that the current science based quarantine regime is fundamental to the protection of Australian agriculture. Any attempt to remove or water down current quarantine protocols must be crushed.

However, the establishment of ratios of acceptable risk of disease spread in exporting countries often do not take into account Australia’s unique isolation and the intrinsic value placed on Australia’s status as a supplier of “clean and green” product across the board having never had pests and diseases considered manageable in other countries.

The recent detection of the presence of (imported) GM canola in a consignment of Victorian export canola indicates that existing protocols do however, have room for improvement and reinforces the comment made under “supply chains” that imported agricultural goods should have to jump the same hurdles as Australian agricultural exports i.e. testing regimes, both on and off shore, and country of origin production systems must match Australian standards.

There is also an urgent need for provisions for compensation for eradication of plant and animal disease quarantine where voluntary notification of infestation/infection is undertaken resulting in severe financial hardship for the farming operation.

## **Using and managing natural resources**

### Natural resource management (NRM)

Of the many and varied issues that WAFarmers represents its members on, NRM and property rights demand the highest level of organisational resources. Over recent years, numerous submissions have been prepared and Parliamentary inquiries attended yet resolution of the issue remains beyond grasp, bound up in political rhetoric and red tape between Federal and State Governments.

WAFarmers position is best summarised in our submissions to the Productivity Commission’s *Inquiry into the impacts of native vegetation & biodiversity regulations* which are attached at **Annexures 11 and 12**.

The submission at Annexure 11 makes reference to NFF’s 2002 Property Rights position paper, which has not been attached as stated in the submission. The NFF position, has been updated but remains consistent with WAFarmers position on this issue and WAFarmers was disappointed that COAG chose not to address native vegetation and biodiversity management at its most recent meeting.

Natural Resource Management groups have a major role to play in addressing NRM issues across Australia, however, it is WAFarmers belief that these groups won’t achieve the NHT/NAP required salinity outcomes with unbalanced memberships focussing on biodiversity outcomes at the expense of sustainable farming systems. It is extremely difficult to attract committed farming representatives to NRM and similar groups in the first instance. When they are faced with groups dominated with bureaucrats with priorities at odds with the objectives of NHT/NAP programs it is impossible to stop them walking away. And who can blame them?

WAFarmers has been lobbying for Federal and State reviews of the NRM groups and a Western Australian review has recently been announced.

Environmental Management Systems (EMS) also have a role to play in NRM outcomes. Following some robust discussion with Senator Troeth and her staff, WAFarmers was successful in obtaining funding under Phase 1 on the EMS Pathways program, however, our most recent application under Phase 3, has been approved at 60% of the sought funding to continue on the Pathways project.

Whilst a final (internal) decision has not yet been taken on continuation of WAFarmers project, the Federal decision highlights the “vegemite” approach taken to the allocation of funding in Western Australia. WAFarmers is unlikely to commit itself to continuing a project doomed to failure by a lack of Federal Government commitment.

Serious consideration should be given to EMS funding being allocated to a State pool managed by committed parties that are already in the mix. The current process of having projects literally running in competition with each other will not deliver outcomes that meet industry requirements for the future.

**Rural and regional communities**

Rural businesses and communities

In recent times, the diminishing political power in rural Western Australia has become very evident. The city centric approach of the current State Government is compounding this problem and encourages a population exodus to the city and widens the city/country divide.

WAFarmers submission to the Inquiry into Rural Skills Training and Research conducted by the House of Representatives Standing Committee on Agriculture Fisheries and Forestry (**Annexure 5**) also addresses these issues.

**Summary**

This submission and the attached documents contain examples of the depth of WAFarmers commitment to improving the viability and sustainability of the State’s agricultural industries.

Western Australia regularly falls victim to the Federal dogma of “one hat fits all” policy making. Quite simply, it doesn’t. Western Australia faces unique challenges through land mass size & population spread. The broadacre agricultural area in the South West corner of Western Australia can accommodate the land mass of Victoria, yet the population is many times less. This inequity can only be addressed through Federal and State Government co-operation. Leadership starts at top of political tree.

The solution to fast tracking processes to ensure that the objectives of the *Agriculture and Food Policy Reference Group* are met are encapsulated in the following comment from a WAFarmers Executive member during a discussion on the Agricultural Stocktake document and associated Issues Paper.

***“The wealth to make agriculture competitive exists. The Government will to enable it to happen doesn’t.”***

WAFarmers trusts that the deliberations and recommendations of the Agriculture and Food Policy Reference Group will go a long way towards addressing this issue.

WAFarmers will be pleased to meet with the Reference Group to expand on the information contained within this submission.

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## ANNEXURES

1. WAFarmers Vision for Agriculture
2. WAFarmers submission to the Australian Senate Economics Committee Inquiry into the structure and distributive effects of the Australian taxation system
3. WAFarmers submission to the National Drought Review Panel for the National review of Drought Policy
4. WAFarmers submission to the Productivity Commission Inquiry into National Competition Policy arrangements
5. WAFarmers submission to the Federal Inquiry into Rural Skills Training and Research
6. WAFarmers submission to the Review of the Gene Technology Act
7. WA Grains Logistics Committee submission to the Department of Transport & Regional Services on the Auslink Green Paper – Towards the National Land Transport Plan 2002
8. WAFarmers submission to the Standing Committee on Communications, IT and the Arts on the Telstra (Transition to full private ownership Bill 2003 Inquiry)
9. WAFarmers Submission to Economic Regulation Authority into Urban and Wastewater Pricing
10. WAFarmers Submission to the State Water Strategy Irrigation Review
11. WAFarmers Submission to the Productivity Commission Inquiry into the impacts of native vegetation & biodiversity regulations
12. As above – supplementary submission