

4 February 2014

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**Ref: Enquiry into Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013**

We write in the hope that you will consider our views on the need for the proposed Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013. We are a family owned broad-acre cropping and cattle enterprise. We do not have all of the answers for what is required to reconstruct Australia's agricultural sector but we are certain that a board established within the Australian Reserve Bank and tasked with ascertaining the Australian agricultural sectors' specific needs could achieve this.

The Australian Agricultural industry is made up of many very unique businesses, each facing a diverse array of challenges. In this we are like many other industry sectors however we differ in that we face uncertainties and vagaries that no other industry sector need cope with. The proposed ARDB also needs to include in its scope the industries associated with agriculture and the private and government owned infrastructure we need to operate and deliver our goods.

We regard the current commercial financing arrangements as unsuitable to the requirements of Australian farmers. We do not want quasi home loans but products that fit our needs. For our business, that means low interest loans lent on the basis of ability to repay – not the value of our property assets or on the chance of property values rising. As we well know there are many vagaries associated with running a profitable farm. Our financing arrangements require a lot more flexibility than the current products on offer.

Currently within the farming community there is a very strong feeling of abandonment. Does Australia want farmers anymore? When our industry is discussed in the media one often feels like a pariah, we are accused of being poor stewards of the land, cruel to our livestock and hopeless "Ma and Pa" hicks, constantly whingeing. In every industry there are top and bottom extremes, in ours you can see it in the large corporate style farms at the top, down to the lifestyle blocks where farm

income is not the main source. The ARDB needs to deal with the vast majority in the middle. We are the best in the world at what we do. The advancements in Australian agriculture far outstrip our international competitors; we have had to be innovative right from the very beginning given the lack of farm subsidies in this country.

We are in the middle of a financial fire storm brought about by:

- continual erosion of farm gate prices;
- increased cost of doing business; and
- lending practices more suited to investment housing.

As farming is at the very beginning of the food supply chain we have nowhere to pass our costs on as other business models do. We can all freely acknowledge that costs have grown dramatically. We would love to employ a workforce, we simply cannot afford to. This results in family members working themselves literally into the ground with no time off farm at all. This is not healthy or sustainable. Buildings and infrastructure are let go as money is only allocated to the bare essentials of growing a crop and raising livestock, further eroding property worth. Being a farmer means living in a regional and often remote area. We have watched our once strong local communities die as the money in farming has dried up. Not everyone is happy to live “in the bush” but we are, please support our need to live and work here. There are not many current farmers who would advise their children to return to farming as a business, this is of incredible concern for our industry and our whole nation.

The impending risk of mass fire sales will have a dire impact on the whole Australian economy, not just the agricultural sector, as property values are driven ever downward. The ARDB’s most urgent task should be to arrest the current disaster so that we do not lose one more farmer. We are watching highly skilled people being forced to leave what they do best. These people could have done a number of things with their lives, and God knows they would have been easier choices, but they love farming so they entered the agricultural industry. Are we to let all of this knowledge and experience go to waste? The ARDB is required for the future safety, wealth and prosperity of all Australians not just farmers.

The pace of international markets has grown dramatically in recent years. Australian farmers lack an “early warning system” to keep ahead of changing market threats and opportunities. We see an important function of the ARDB as being to swiftly advise farmers of impending market

developments and to assist in initiating the changes required to meet new challenges. As an industry we have learnt to adapt quickly to these changes but currently lack the forward knowledge.

We are extremely proud of what we do, as the world clamours for more protein we are ready to deliver and not at any cost but in an ethical and sustainable manner. We view the proposed Bill as a start to Government helping us to achieve this. We can feed our nation safely and deliver the rest to the world's hungry. In the main I believe Australian farmers want Government to largely leave us alone to get on with the job. We certainly don't want handouts, we ask you to provide us with a workable legislative framework and to assist in shoring up our international markets – we can do the rest.

Kind regards

Gillian & Bill Mott