

Susan Brighenti
Sumar Produce Pty Ltd

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

6TH February 2014

ATTN: Senate Economics legislation Committee

RE: Inquiry into Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013

My name is Susan Brighenti along with my husband Mario, son Bart, daughter Johanna, son in law Phillip and their families we farm 1500 acres of land in the Murrumbidgee Irrigation Area. We grow 500 acres of citrus and that is our main commodity but we also grow rice and wheat on a smaller scale.

In 1987 my husband and I farmed 50acres of citrus and that year we started a citrus packhouse to pack our own small farms produce. To achieve economies of scale we expanded and now in 2014 we employ 8 full time people, part time 2 people and seasonal workers approx. 50, have 500 acres of citrus trees, have an export packhouse that packs in excess of 5000tonnes of fruit and markets it to many destinations across the world. This expansion was self funded over a 27 year period and I can't tell you how many long hard days have been spent by my family to make it work. We had to survive the deregulation of our industry, without any compensation as in the dairy industry, then came the high interest rates of the early nineties when only the low rate dollar saved us. We have continued to operate due to working extremely hard and efficiently, we are world best in plant, equipment and management but the last four years with the high dollar, sky rocketing production costs we could not find further productivity gains to offset the trading losses. Today I face the prospect of losing my farm because the terms of trade that I must cope with make it impossible for me to make a profit and I am borrowing money that I have little likelihood of paying back. In four years my debt has increased fourfold.

Let me quote a very important phrase that Ben Rees (who has sent in a submission) "For each industry, there is a particular catalyst that triggered crisis. Widespread national drought has compounded underlying policy failure. The problem with the Australian agricultural sector is that Government policy is preventing it from being internationally competitive". With citrus it was a two fold effect of the drought coupled with the high Australian dollar. Two of the three main growing regions of citrus had little water, had to purchase water at unsustainable prices (further debt & loss of production). The

other area had water and sold its water as it was more profitable to sell the water then to grow the orange trees (short term gain to pay off debts in turn lowered production and productivity). The high Australian dollar has compounded underlying policy failure with imports of Orange juice concentrate dumped in this period of time and completely devaluing domestic pricing and export returns lower than cost of production and in turn devalued domestic pricing.

The continued support of free trade both domestically and internationally when it has proven to be flawed and rejected by all our trading partners is criminal. Our trading partners continue to protect their economies eg. The Australian Government has just signed a free trade agreement with South Korea, the terms of this so called free trade for my oranges is a 49% tariff on my already highly costed produce and South Korea will only consider reducing the tariff in 5years time! Domestically we face marketing to only two major buyers. The result of years of free unregulated marketing, a duopoly that the largest shareholders of both companies just happen to be the same people. See the graph below taken from an article on 27th February 2013, Murray Hunter, Independantaustralia.net

Note: 12. Westfarmers (Coles) & 13. Woolworths

Table 2. Major shareholder of Australia's largest public companies:

	Company	Combined HSBC (Nominees)	JP Morgan Nominees	Combined Citicorp
1	AMP	19.23%	13.88%	4.6%
2	BHP Billiton	17.36%	13.29	10.75
3	Brambles	25.85%	21.73%	8.77%
4	CSL	24.39%	17.43%	6.1%
5	Fosters Group	23.29%	21.23%	6.31%
6	Macquarie bank	19.06%	19.96%	6.08%
7	Newcrest Mining	37.83%	16.57%	4.94%
8	Origin Energy	15.83%	14.10%	5.17%
9	Rio Tinto	19.59%	16.68%	4.89%
10	Suncorp	20.23%	17.09%	7.1%
11	Telstra	18.49%	12.5%	1.36%
12	Westfield	31.44%	25.0%	7.03%
12	Westfarmers	16.31%	13.77%	6.43%
13	Woolworths	16.50%	11.34%	4.025
14	Woodside	16.19%	11.97%	2.25%

These two companies have squeezed the Australian suppliers with the threat of cheaper imported goods and we have recently seen the last food manufacturer about to go SPC. A countries economy is more complicated than a free trade policy. For a country to meet and finance its social obligations there needs to be some regulations that create and safeguard a profitable market place. Australian agriculture will not survive under the present conditions it has to trade with.

This obsession with free trade and no protection has to stop because it has been proven to be a failure and has been rejected by the rest of the world. I believe the Australian Government needs to acknowledge how unfair world trade for us is when other countries understand that farming is not just a business to be profitable but a socially and environmentally responsible industry. If Australians want a secure and safe food supply it is the responsibility of all Australians to support/protect/regulate/subsidies (call it what you like) Agriculture. Just like infrastructure, the Arts

and public transport Australians must have a farming industry, and to survive, must be able to compete with international markets and that requires regulation. Agriculture has the advantage of given the right conditions to operate in it can be profitable and therefore add to government revenue.

In Europe there is the Common Agricultural Policy CAP subsidy. Below are some brief summaries I have pulled out of their policy.

The CAP has three main aims:

- *viable food production*
- *sustainable management of natural resources*
- *climate action and balanced development of the EU's territory.*

All the EU countries share these objectives, none of which can be attained without providing financial support to farming and rural areas.

Beyond managing the single EU market, other objectives that must be addressed at trans-national level include: cohesion across countries and regions, cross-border environmental problems, and global challenges such as climate change, water management, biodiversity, animal health and welfare, food and feed safety, plant health and public health as well as consumer interests.

Why do farmers need public money?

*We cannot gamble with our food supply by stripping farming of all defence against crises. We cannot count on market forces alone to protect our landscapes against **climate change** or to help our farmers deal with **globalisation**.*

Research shows that withdrawing public support would lead to greater concentration of agricultural production in some areas with particularly favourable conditions, using more intensive farming practices, while the less competitive areas would face marginalisation and abandonment. Such developments would result in increased environmental pressures and the deterioration of valuable habitats with serious economic and social consequences including an irreversible deterioration of Europe's agricultural production capacity.

Contrary to popular belief in some countries, farming is not a money-spinner – far from it. And farmers' investments in time and money are always at the mercy of economic, health and weather conditions beyond their control. Farming requires heavy investment, both human and financial, that bears fruit only months, or even years, later and remains constantly vulnerable.

*Supporting farmers' incomes ensures that food continues to be produced throughout the EU and pays for the provision of **public services** which have no market value: environmental protection, animal welfare, safe, high-quality food, etc.*

These public services are all the more important because the EU's standards are among the highest in the world – this makes food production in Europe more expensive than in countries that don't impose such rigorous standards.

Without public support, Europe's farmers would be unable to compete with farmers elsewhere whilst still meeting the specific requirements of European consumers. Moreover, as climate change makes itself ever more felt, the cost of sustainable farming can only continue to rise.

Why has the word “subsidy” become such a dirty word with Agriculture and manufacturing? Subsidising city transport and infrastructure is widely accepted, I very rarely use this taxpayer funded service. We all eat and drink and wear clothes every single day but the primary producers of these products and their industries are not worthy of subsidising? The banking sector operates under regulations (protection and control) and is tax payer guaranteed. But why is this not reported as a subsidy when it clearly is? I don't mind paying to have a stable financial system, driving on good roads, being able to catch a ferry for a small sum and **eating safe, social & environmentally responsibly produced food & fibre**. What is wrong with a subsidy if it creates jobs, protects the health and well being of our Nation and collects revenue for the government to meet its social bill?

I would ask the committee to be mindful that farmers are reluctant to admit they have financial problems because of pride and not willing to admit to their peers that they are failing. They also are reluctant to admit it publicly because they are worried that their bank and local business (chemical companies, fuel suppliers, transport companies etc) will stop their credit. Also it is hard for a lot of older farmers (the average age of farmers is now I believe 60 years) to articulate their current position due to lack of current communication skills, severe depression and loss of faith in our system, our elected members of parliament who have the ability to make the difference.

I ask that you look at the facts on farm debt as presented in Ben Ree's submission.

I see the **Australian Reconstruction and Development Board bill** as not only the way to prevent a serious financial and social crisis occurring in the Australian Agriculture sector but of preventing the Australian citizens from losing their food security and the Australian economy losing an important revenue raising tool.