

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

Dear Secretary

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

We are 6th generation graziers, operating 4 cattle properties in Northern & Western Qld.

The cattle industry in Northern Australia is in crisis & will remain so until there are changes to Government policies which will enable farm gate prices to improve. We strongly urge you to support the establishment of an **Australian Reconstruction & Development Board**. We see this as the only way to stabilize the situation, while policies are formulated & implemented to enable a return to profitability. Current returns can no longer sustain the industry & without some government intervention, it will surely collapse, with massive repercussions for all the businesses that depend on it. The current drought is simply the final nail in the coffin, following years of poor returns exacerbated by the live cattle export ban imposed by the Federal Labor Government. While we all pray for rain to save our cattle, if returns do not improve, there will be no saving of the northern cattle industry. Many of the affected businesses were viable & their operators very astute managers. However, with costs continuing to soar (e.g. 22% increase in electricity last year to be followed by a 13% increase this year,) there is no way that a primary production business can survive. We are price takers, with no way to pass these costs on, but they will be built in to all our input costs. How can an industry survive on third world returns while paying developed world costs? There is so much publicity about record meat exports in 2013, & yet farm gate returns were dismal. In 2005, we received \$2.79 / kg live weight for weaners on property. Now we are battling to get half that, if indeed we can sell our animals. We all know that if the primary production (food) sector isn't stable, then the whole economy suffers. This seems to be the case in Australia, with various businesses collapsing daily.

On a personal note, we reiterate that we are 6th generation graziers, & our grandchildren are 8th generation. Over the past 12 years, we have steadily increased the size of our operation to try to benefit from economy of scale. However, this strategy has seen our debt increase & returns diminish, to the point where we now question the point of continuing in this industry, that is, if we survive. For the first time in our lives, we feel that our business is being seriously threatened. Unlike many, we have 2 young families involved with us in the business – they have committed substantially to the industry, but now wonder about their future involvement. If the Federal Government does not make some major changes very soon, who is going to be left to produce our food in the future? There is going to be a massive exodus from the industry when the drought breaks, with so many farmers nearing retirement age & the next generation not keen to take on the burden. The physical work load & mental anguish associated with the struggle to keep our cattle alive & our businesses afloat through this drought, are huge.

As for the white paper on Agriculture & the 12 months to contribute to it, this will be all too late for the northern cattle industry. In fact, every sector of agriculture is struggling for survival. We do not need another "talk fest." The time to act is NOW & changes need to be implemented immediately.

Yours faithfully,

Wayne & Sandra Birchmore