

Submission to the Senate Enquiry into the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013.

I am not a farmer nor have I ever worked on a farm. My wife, three children and I live in Townsville North Queensland. I am an ex-soldier and for twenty five years I have been a Trade Instructor Correctional Officer at Townsville Correctional Centre.

My submission comes from the perspective of an average working class Australian driven by concern for the future of Australia's Agricultural industries.

For many years now I have been able to take the food I eat for granted. I go to the fridge or pantry and it is all there at a cost I can afford. It's in abundance and my family enjoy the variety.

I fear this this may be about to change.

In 2011 Analysts predicted food inflation would surge as high as 5 per cent and predicted it would continue to rise over the following 18 months, pushing the average household's weekly food bill dangerously close to the \$200 mark. A brief look at my own bill was \$200.00–\$300.00.

The surge of food prices will be the latest in a long line of rising costs helping to erode the savings of Australian families.

In 2009-10, Australia exported \$24.3 billion worth of food compared to food imports of \$10.1 billion. A substantial proportion of these food imports were highly processed foods not produced in Australia.

An increase in global food prices focused attention on the affordability of global food supplies as well abundance and the critical challenge has certainly become Australia's role as a net food exporter.

In 2009, Australian farms produced 93% of the total volume of food consumed in Australia. After the needs of the Australian population, 60% of Australia's farm produce was exported, helping feed some 40 million people outside Australia each day.

The gap has been steadily widening and more and more of what we buy is imported. We are competing with an ever growing global population and prices will rise as the developing countries and their appetites grow.

Predictions of food production having to double by the middle of the century are very real. In 2008 the rising cost of food led to riots and protests in at least 30 countries.

As the then Foreign Minister rightfully stated in the speech he delivered on 29 September 2011 "A hallmark of foreign policy is to look beyond the horizon to analyse the new great global challenges facing us in the future".

He went on to say “Population growth means that by 2050 the world will need to feed approximately 9 billion people, over 2 billion more than today when we already have 1 billion people suffering chronic hunger”.

Even stronger growth in exports of non-agricultural goods and services (by an average of 10% per year) has seen the proportion of Australia’s exports coming from the farm sector fall from 36% in 1980-81 to 11% in 2010-11.

Further the US analyst and author Lester Brown said “The world is adding 80 more million people a year and that means there's an extra 219,000 people at the dinner table tonight who weren't there last night”.

Does this means Australia’s food surplus is reducing by 30% per year and within 4 years will we be a net importer of food”, evidence suggest we are running out of time?

Australia is the 13th largest economy in the world but it faces a crisis as will the rest of the world if governments don’t get policy right. Climate change, declining water supply and a rising population may very well result in food being the new oil & land the new gold.

Agriculture is one of Australia’s most valuable industries. It has allowed us to construct because modern agriculture is super technical and dynamic.

Like other Australian industries agriculture is not just limited to farming but plays a significant role in supporting local communities.

It is about trade, commerce, agribusinesses, processing, transport, medicines, and public health.

Where someone has to produce, collect, research, process, pack, teach, finance, consolidate and advertise. With all these activities come employment and wealth creation for the community and nation.

Of the total value of farm exports in 2010-11, 54% came from crop exports including wheat (17%) and wine (6%), while 46% came from livestock exports such as beef and veal (13%) and wool (9%).The majority of Australia’s farm exports go to countries in Asia.

In 2010-11, 14% of the total value of agricultural exports went to China (up from 7% a decade earlier). A further 13% went to Japan and 8% to Indonesia. Australian farmers also exported to countries beyond our immediate region such as those in the Middle East (10% of agricultural exports), the European Union (8%), and the United States (7%). The question is - given the current drought and market forces, is it sustainable?

A walk down memory lane to the year 2000 – and the Queensland University of Technology economist figures showed the declining value of net farm production, {the total sum of all the profits of Australian farmers}.

The reality of those figures have certainly been asserted today, showing that farm incomes would approach zero by about 2017 and there appears to be no real communication or

commitment of the serious crisis unfolding that is without doubt confronting not just farmers but the entire country.

In 2011, there was only 157,000 farmers in Australia (source ABS). Around half of these were mixed crop and livestock farmers (22%), beef cattle farmers (20%) or dairy farmers (8%). Sugar cane growers (2%), flower growers (1%) and apiarists (i.e. bee keepers) (less than 1%). There were also 223 goat farmers and 56 deer farmers.

The number of farmers in Australia is declining and small farmers are selling up to large-scale farming operations, and fewer young people take over family farms. In fact, there were 19,700 fewer farmers in Australia in 2011 than in 2006, a fall of 11% over five years.

Over 30 years to 2011, the number of farmers declined by 106,200 (40%), equating to an average of 294 fewer farmers every month over that period.

Evidence suggests that events such as major droughts have a big impact on the farming workforce. For example, there was a decline of 15% in just 12 months in the midst of the 2002-03 drought- source ABS.

From what I have researched some of the major issues facing Australian agriculture are drought, water security/prices, cost of power, low soil fertility, weeds, biosecurity (the potential of biological threats from imported foods and livestock), tariffs on Australian exports in the importing country (particularly in Europe and Japan), and subsidies to farmers in other countries, currency fluctuations and price volatility.

All needed to be addressed yesterday. The agricultural industry is one of the most trade-exposed sectors of the Australian economy. One percent change in the value of Australian dollar is equivalent to a change of \$220 million in export earnings.

Indeed, wealth and sustainability is particularly crucial for farming families given that farming income is often at the mercy of climatic conditions and market forces.

My fear is we stand on the cusp of one of the bleakest periods of Australian history when the bright lights of Australian agriculture blink out and we will descend for decades, if not centuries, into a nation that cannot feed itself let alone other countries of the world.

Modern Australian industrial agriculture is not, and cannot be, sustainable on a planet feeding 7 billion people unless governments are committed and serious reconstruction of policy takes place.

Not only is it not sustainable at present, industrial agriculture should be the driving force of the economy yet even small farmers who attempt to maintain sustainable practices are often shut down by large corporations, drought with little or no government assistance. All this while our trading partners embrace protectionism.

Clearly we need commitment. Governments with long term vision for a real sustainable future and the courage to move on nation building objectives.

Leaders that refuse popular short term gain in favour of long term benefits and with the first process – “Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013” beginning are we not standing on the threshold of achieving such significant change in the agricultural Industry. We have the potential to become world leaders in agriculture all we have to do is embrace it.

Ron Wadforth
Townsville
Queensland