

FUTURE PROOFING AGRICULTURE

We have a great country, a well-educated workforce and potential to burn – everywhere you look new crops are being grown, genetics are improving and emerging technologies such as GM are unlocking a future beyond the wildest dreams of just a few decades ago.

China is gradually opening up as a market for almost everything we produce, closely followed by Vietnam.

The growing demand for domestic dairy in China is generating a whole new market for hay at prices comparable with the well-priced Japanese market.

The Red Sea, the Gulf and even Turkey are markets for our sheep and beef – markets that we will possibly struggle to fill.

Niche markets are everywhere for our grain, wine, fruit, dairy, beef and lamb.

In every field of agriculture our scientists are unrelenting in their quest for genetic improvement.

Fruit gets bigger sweeter and more resistant to disease.

Livestock is faster growing, leaner, bigger and resistant to tick and internal parasites.

Our cropping systems are providing the capacity to achieve astonishing yields on one of the world's driest continents.

The equipment we use is the best in the World as are our logistics and quality assurance programmes.

Our reputation as a reliable supplier of high quality, safe and residue free food, classes us amongst the best in the World.

Our clean and green image opens markets for our produce globally – all excellent for the future of agriculture.

Which is why we must continue to invest, innovate and look for efficiencies wherever they can be found.

To future proof we must address the headwinds confronting us as individuals, as an industry and as an Association.

Our primary industries and the export income they bring are pivotal to Australia's prosperity.

Without the \$300 billion of export income these industries generate our economy would collapse overnight.

The withering of our manufacturing industry and the flood of imports replacing goods we previously produced, has resulted in our Nation being totally reliant upon a profitable and sustainable export industry.

With this in mind, why do State and Federal governments do so much to damage our competitive capacity??

Red tape, compliance, regulation and bureaucratic interference in our business is unrelenting and adding massive costs.

Future proofing Agriculture is firstly about convincing Governments that export industries have a totally different dynamic to the domestic economy and they need to be treated accordingly.

The costs imposed on our industries are not recoverable, as we are price takers, we cannot name our price.

The publicly stated Policy of the Reserve Bank to support greater wages growth and higher inflation is damaging our ability to compete globally. INCREDIBLE

Despite annual CPI wage increases, workers are demanding even higher wages. The Australian workforce has largely priced itself out of the market. It now requires Government Legislation to force employers, under the threat of fines and gaol, to pay a level of wages that makes Australia a VERY high cost of production nation.

The end result of this has been the destruction of our manufacturing base. Industry instead, is prepared to spend massive amounts of capital to minimize the amount of labour they use – autonomous trucks in mines and automation appearing everywhere, including abattoirs.

In many cases, our flagship Agricultural industries are reduced to utilising backpackers – the mandated wage for this inexperienced workforce is \$23/hour plus.

Whereas Texas, one of our major world competitors in beef and wheat and the 10th largest economy in the World mandates \$7.25/hour. The market rules and the economy booms.

Our State government seems totally unable to rein in spending and flatly refuses to give up two of the most

regressive taxes - Payroll Tax and Stamp Duty in spite of the damage they cause.

Of the \$4 billion plus royalties collected from the regions only one quarter is begrudgingly returned to rural and regional WA.

AND, despite most of our export income being produced in Regional WA, the State government continues to reduce the funding for the provision of services to rural areas, including crucial investment in roads, education and health.

Country people have limited access to the services that are available 24/7 in metropolitan areas, which is why many of our young families leave in order to provide for a better future for their children.

And with families leaving, many of our country towns cannot maintain the standard of schools or health found in the metro areas.

The massive disadvantage that country kids suffer must be addressed.

Government cannot be expected to fund the costs experienced by parents forced to board their children however the issue of tax paid on those expenses should be negotiable - this would be of great assistance to hard pressed families.

A well-educated, dynamic, young and committed workforce that will future proof WA into the next century is essential for a successful agricultural sector.

Our children are our future farmers, graziers and pastoralists - we must keep them in the country and encourage others to join them.

Secondly, agriculture must continue to be financially self-reliant, resilient, robust and open to opportunity.

We need to provide a clear, profitable roadmap and supportive infrastructure for the next generation, to allow for easy generational change, and to future proof our farms and stations from drought and any other crisis that may arise.

Farm Management Deposits are a means of building this self-reliance and resilience essential for agriculture to combat hard times when they inevitably come. **They need a thorough review.**

As properties expand through aggregation the cap on deposits needs to increase and greater incentive to use this invaluable tool initiated.

As most farmers and pastoralists are self-employed business managers, they do not have compulsory superannuation paid on their behalf. Often there is limited funds to contribute to

self managed superannuation or it is not seen as a priority. Consequently, many farmers have not made proper provision for their future in retirement.

Thus, the PGA has been lobbying for changes to enable farmers to convert, upon retirement, their FMD's to superannuation. Thereby providing greater financial security and independence of both the individual and the enterprise.

Long term sustainability and future proofing is also being made increasingly difficult through Government indifference and the continual increase in the cost of utilities, local government rates, licence fees and RENTS, to name a few.

For example, our Pastoral industry has been recently hit with one of the largest rent increases in history, in some cases over 500%.

These increases are not reflective of increased margins in our beef and sheep industries, they are a direct assault on the profitability of the pastoral estate.

Pastoralists are NOT able to pass on this massive cost increase by simply raising the prices of their stock or by relocating their enterprise down the road to a cheaper lease.

Nor are they able to increase the amount of stock they run, this is limited by the government's new potential carrying capacity assessment. They are in a dire position and have little autonomy.

There is no doubt that the development of the North is an opportunity to future proof not only agriculture but the Australian economy.

Future proofing the North is about investment and development.

There is capital waiting to be invested, there are people, especially within the indigenous communities, that could be employed.

Yet we have a State Minister who is focusing more on protecting the past than embracing the future.

The future of our north is being crippled by a myriad of constraints designed around appeasing a small group of environmental protestors dedicated to stopping any progress in the north. What is happening on Yakamunga is a classic case and now Yeelirrie.

There is currently a proposal to create a National Park on the Fitzroy and Margaret Rivers with a clear caveat of no dams

on the Rivers or tributaries. This proposal will be a waste of what is an incredibly valuable asset to Western Australia.

The perceived benefits of locking up this land, including banning any future development to utilise one of our largest water resources are questionable.

The hope that it will increase both employment and tourist numbers is optimistic, somewhat naïve and unsupported by fact or history.

What the government should be focusing on is supporting our cattle industry and further development by encouraging the proper utilisation of the water, including dams. This could provide much greater and enduring employment rather than just jobs for a few rangers.

Environmentally there is no evidence that cattle are causing any damage to the gorges on the Fitzroy or Margaret Rivers and in fact having stock is a great way of mitigating fire risk. Efficient water management can benefit communities and business alike, both socially and economically. Also be aware that the taxpayer will bear the cost of fencing and maintaining any prospective Park.

If the Fitzroy Basin existed in any other country, it would be regarded as an essential asset to be developed to the benefit of ALL.

If we are truly committed to ensuring our country remains great, we need to ensure that our farmers, graziers and pastoralists are able to cope with the demands of the future – they are our engine. Most importantly we cannot rely on governments to provide the solution, they are more likely to be the problem.

Recent calls by both the Federal and State Agriculture Ministers for “one voice” deny the benefit of diversity which has always been the province and strength of the PGA.

For we all know it is easier to ignore one voice than a chorus.

The call for the face of agriculture to be funded by a compulsory levy to support a Government appointed Commission, the APC, should be dismissed. With GRDC, MLA and AWI levies we contribute well and truly enough already.

As I come to the conclusion of my presentation, I would like to reflect on the magnificent contributions of previous keynote speakers – of note Maurice Newman, Cory Benardi, Warren Mundine. All of whom stated the truth as they saw it. They offered alternatives – a better way forward, a way to allow Australia to reach full potential. I will leave you to judge which path we have taken.

The PGA remains proud of its history and is committed to supporting our members and our industry now and into the future.

I welcome you all to the PGA 2019 Annual Convention.

It is with great disappointment that I announce that the Minister for Agriculture, late last week, tendered her apologies for today as a keynote speaker.

I would like to welcome in her place, the Hon Darren West, Parliament Secretary to the Minister for Agriculture.