

JOCK LAURIE

NFF PRESIDENT
ADDRESS TO NFF NATIONAL CONGRESS, CANBERRA
23 OCTOBER 2012

ACKNOWLEDGEMENTS OMITTED

I will just start off by making a few remarks about where we are at before I introduce the Minister. The Minister is obviously sitting in Cabinet today so he has some work he's got to do and will be in and out very quickly.

The Food and Fibre Boom is the theme of the Congress.

I think we can all sit down and say yes we know there are opportunities and it's fantastic – but it's how we get there and how we take advantage of those opportunities that is the big thing. Everywhere I go, everyone is pointing to the fact that that statement of a food and fibre boom is correct – often more so with food than with fibre, however in a community where people are looking for all things natural then natural fibre should be in a strong position also. Unfortunately some of the hypocrisy and the argument about the food and fibre world not necessarily being green and clean is pretty frustrating, particularly as a wool grower.

From my point of view, everywhere I go there are very strong messages about food and fibre. I talk to economists from around the world and I think if half the things these economists are telling me are right then we are in a tremendously strong position to take advantage of the demand, the growing demand, for our products and increasingly, a higher quality protein product. It doesn't matter whether it's the economists from local banks in Australia or economists from the USDA, they're all sending exactly the same message: and, as I say, if half of that is right then things are looking absolutely fantastic.

There's all the discussion about soft commodities around the world – we've got people looking at investing in soft commodities and people looking at investing in agricultural land in Australia. All of that based on the fact that they see the soft commodities as being the next boom area around the world. Foreign investment and some of the activity happening in foreign investment in Australia gives confidence to the argument that we have people who are seriously looking at how they can engage.

They see opportunities there, they want to know how they can take the best opportunities they can out of that. So I think that's another example of where we are seeing some very, very, strong interest. When you go to countries overseas that have to actually import food to survive - Japan is a very good example, and we're seeing some of this mentality from the Chinese Government also - what their politicians are worried about is sourcing food, sourcing supply, wondering about how they are going to source supply well into the future.

For us, it's about building confidence around those communities, about recognising what part Australia can play. Now when you sit down and think about it, Australia only feeds about 60 million people around the world: 20 million domestically and 40 million overseas. We are never going to solve the food shortages, but what we are going to see is some great opportunities for Australian farmers because we can get access into those markets, which is going to provide those opportunities for us down the track. As we know, the need for seventy percent more food by 2050 just to be able to feed the population is a challenge that has been set for us. The question is how we are going to do it?

People regularly ask me the question 'can we do it?' and I think history shows, we can. If you have a look at what's been happening in the last fifty or sixty years in Australia - how production has increased with less water, with less arable land and fewer people, and how we are getting better at what we are doing, I don't think there is any doubt that we can do it.

But there is going to be a combination of things that we have to do. Without any doubt, dealing with the wastage of food that is out there at the moment is one of the things that needs to be addressed. Putting far better distribution systems in place, getting to the stage where there is refrigeration in areas where there is none now, and making sure there are better transport systems so that we can minimise wastage. Being a big bugger, I can say that obesity is obviously an issue. There's a lot of tucker going into people that do not need it. Managing this is part of the process, and is going to be a very important way of making sure that we can feed the world.

So if you have a look at all those things and then you sit down and have a look at Australian agriculture - which has grown about 2.8 percent over the last 30 years - it just shows what we can do. If you go back thirty years and have a look at where agriculture was then, compared to now, and then try and project that another thirty years ahead, I don't think we have any idea about what we are actually going to be capable of doing. So there is tremendous opportunity there, but that is going to be very dependent on our ability to take advantage of these opportunities.

This is where it gets back to some of the things that the Government needs to do. Now, we are not asking in agriculture for government financial support - what we're asking for is sensible Government policies that take into consideration some long-term views and long-term vision.

First of all, we need to make sure we continue to get access into our markets. Growing our produce is one thing, but if we can't get access into markets around the world then we have a problem. We've got many farmers across the world that are getting enormous subsidies, we understand that, but in the end reality - and experience, having just been on a trip with Craig Emerson in Europe - tells me that when there've got a capped program of fifty five billion dollars going back into the farming sector, and five hundred and fifty million people in Europe, when a country like Australia with twenty million people comes along and tells them "we really don't think that cap programs are fair on the world stage," I don't think they give a bugger.

So they'll continue with their programs - what we've got to do now is identify the areas in which we can work, and obviously getting trade access into those markets is going to be crucial. We get into those markets by being able to compete and making sure we are competitive both on international and domestic markets. We are very much on the world

stage now and we have to compete in domestic markets as well. So the cost of production is a very important component, managing the economy is a very important component and making sure we can get access to interest rates that are comparable to other farmers around the world is a very important component for our farmers.

For example, in Britain at the moment, you can borrow money at 1.5 percent. Meanwhile I did my own banking the other day at a bit over 6 percent, so there's a huge difference between what we are doing and what the Brits get access to. The Aussie dollar, and the importance of the Aussie dollar, being able to get out and compete against those international markets, is another very important part.

Long-term vision is absolutely crucial. Agriculture is a long-term industry. A lot of people in this room are generational farmers and will continue to be generational farmers. We are not in the position where we make a change every three years when somebody else – a new Government – comes in. We have to have long-term investment, we have to have confidence to invest in the market and we have to have confidence to invest in the industry. So therefore we need Governments with long-term vision, and we also need to have a bit of bipartisanship in some of this stuff, because without it, it makes it very, very difficult.

We also need to give confidence around the world that our systems are working. I know that live export is a very contentious issue, but the work the Minister and the industry have done in introducing the ESCAS (Exporter Supply Chain Assurance System) is a way of trying to give long-term stability into those markets to make sure we can have confidence – and the Australian community can have confidence – that we can actually deliver exactly what we have been asked to deliver.

And there's a whole range of issues like that on our agenda – foreign investment and mining and coal seam gas, for instance – where Governments have to have a good look at how they are going to deal with those issues.

A long-term vision also applies to increasing agricultural productivity. Continuing investment in R&D is what has delivered the increased productivity in agriculture of 2.8 percent over the last 30 years. And continued investment in R&D is what we are going to need to make sure we continue to increase our productivity well and truly into the future. Without a commitment to this from both sides of politics, we are going to run into problems. We can't have R&D programs that get cut short half way through simply because there's a change in direction for one reason or another – that is a total waste of money.

Consider also infrastructure: road, rail and port infrastructure. I regularly hear politicians tell me that they're investing in regional areas. That's rubbish. Rail infrastructure is a disaster in many parts of regional Australia, which is pushing freight off rail onto roads built for cars, not b-doubles, and as a result, the roads are falling to pieces and no one is paying for them.

Then, when freight reaches port, we're getting a complete lack of efficiency in our ports. I realise this is getting into areas that people say we shouldn't. But we need efficiencies right throughout the system. Australian farmers should not be in a position where they can't compete because of the cost of transport and the cost of murrage. So right throughout, the Government can actually address a lot of the issues affecting the system, to make sure that we do realise the efficiencies.

Now a lot of the issues I have spoken about are contained within the National Food Plan that Minister Ludwig has introduced. Now we might get another four years out of this Government, but if this Government finishes in 12 months, then what do we do with the Food Plan? Does it get shelved, or do we actually go through and have a look at that? This Plan has been put together by a lot of good people within the industry – so do you then turn around and see whether you can get that to have some longevity?

In conclusion, before I introduce the Minister, I think there are tremendous prospects in agriculture in Australia. I don't think there is any doubt about that. I wouldn't be doing this job if I thought anything different, and I wouldn't be encouraging my kids to go back onto the land if I thought any different.

I think there are tremendous opportunities – everyone in the world needs to eat. They don't need to have new cars, they don't need to have a whole range of things – but they do need to eat and as farmers, we produce food. And I don't expect that there will be a single day when people are going to turn around and say, we don't need you anymore.

In saying that, I did an interview at Parliament House one day during the carbon tax days and a journalist said to me: “we all know agriculture is a sunset industry – how much longer do you think you can last for?” My difficulty with that is that this question came out of the Parliament House press gallery. If that question was fair dinkum then it's a big problem.

However, I really think there are great prospects for agriculture. But in order to take advantage of them we have to make sure that we get our Government policy and our Government settings right. And one of the reasons for this very forum, of course, is to bring people together to give us all a greater understanding of the issues and to outline how we can work together.

There is also a very important role for us, as an industry. I know we can all sit down and say the good old days were fantastic. But we, and the wider industry, need to understand that the world has changed and we need to change with it. We are going to have to make some hard decisions in some commodities within the industry about how we are going to drive that change. And I know it causes frustration with many people, but the fact is, what we did 10, 20, 30 years ago is not what we're going to be doing in the next 10, 20, 30 years. If we can't get our heads around that change then I think we are going to be continually on the back foot. So let's have a look and see how we can actually drive that forward to be part of the change, rather than resisting it.

As I said, in conclusion, I think there are great prospects for Australian agriculture. All we have to do now is take advantage of them, and have Government's who are supportive of these decisions.

Thank you.