

**Submission
No 6**

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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Agriculture in NSW

**Submission by
Wakool Shire Council**

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AGRICULTURE IN NSW – Submission by Wakool Shire Council

Agriculture in NSW is a vital contributor to the state economy and boasts the most productive agricultural state in Australia.

The Agricultural Industry therefore, has a large impact on the rest of the economy in such circumstances as drought. The economy that is generated and dispersed back through the small communities located amongst these agricultural regions are the ones mostly affected along with farmers.

An example of this is with the current drought, seeing many small communities witnessing closure of businesses, suicides and an increase in mental health issues. Our communities can never be prepared for such events and the devastating outcomes that echo through 'the locals'.

Normal issues that rural communities face such as; doctor retention, hospital downgrades, school closures, suitable housing and teacher shortages are magnified through events such as drought. These services and facilities are always much easier to lose than to keep, making rural life much harder to sustain.

Regional NSW communities are *heavily reliant* on the agriculture industry to provide a crucial link in the economic chain to assist in the survival of these smaller rural communities and organisations.

As a Local Government, we have identified key issues that may contribute to the impediment of the agricultural industry.

Within the Wakool Shire Council, the agricultural sector produces 214 different products: rice, wheat, dairy, potatoes and wool are the main products with strong growth in horticulture, viticulture and nuts.

Our region has been devastated by the effects of drought and severe water restrictions, with many farming businesses being:

1. Sold (many forcibly)
2. Subdivided to create revenue
3. Water transfers/sales made

These are just a few examples of action taken by businesses in the agricultural industry to generate short term income to avoid issues such as mortgagee auctions.

Our society and environment is constantly changing with the effects of these external environments hugely impacting on the agricultural and related industries particularly in our region.

Various factors influence the effectiveness of the agriculture industry and directly impact the surrounding communities. Although single issues such as drought affect the entire industry and have devastating results, many small impediments combined can also have similar outcomes.

The Agriculture Industry is unlike other industries where resources available for success of production have no alternatives. For example where the manufacturing industry needs to resource various products and the regular supplier is not able to meet requirements; the option is to source from another supplier; whereas the Agriculture Industry cannot access sun, water and weather conditions from any other source.

Small impediments combined with minimal training and/or education in the industry can and does have a negative impact on the industry and the community.

Education and training is a crucial factor in any farming business, elevated when farms are handed through generations of families. The education, training and management skills needed are rarely accessible or acknowledged as useful in this industry. However, this industry is much like small business where there is a huge scope of skills needed to ensure a successful business overall, not just in production or turnover alone. The importance of manual handling and chemical use is just as important as management and financial skills. The impediment being; the mass of information and skills needed to innovate, develop and maintain a successful agricultural business is an added issue to the regulations by the regulatory bodies. Key components are having the wide range of skills needed to manage a farming business and to constantly develop and sustain all other inputs such as environmental, finance and technology whilst being isolated from accessing these facilities and services needed.

Rurality is a major impediment and is fast becoming one that widens the gap between the country and our city counterparts.

The current regulatory requirements for Agriculture have numerous authorities that need to be consulted depending on the issue and in some cases have multiple layers of organisations. These individual organisations then govern actions of farmers through layers of regulations and paperwork.

Other regulatory bodies allocate resources such as water depending on rainfall and yet regardless of allocation are committed to paying for 100% of the entitlement. In a normal business environment, this would not be acceptable practice to charge for goods not received, again another exception. These regulations are just one example of a small impediment that combined with other small impediments can contribute to the rapid deterioration of an industry.

Intensive farming has Local Government restrictions for our area and farmers are required to understand and complete the application and approval process to adhere with Council regulations. Even after this process, there is little or no support to these farmers towards promotion of products or access to markets. Success of marketing produce can be determined through integration with the food industry and their requirements. This type of networking can improve and develop many intensive farming or niche markets. Another Local Government issue is the 50% reduction in rates to farmers in EC declared areas in other states. This should be a Federal decision for assistance to any farmers in an EC declared area regardless of state. We are based on the NSW/Victorian border and the media coverage this issue has had via the Victorian government leaves our Local

Government being asked to answer political questions. This does not reflect favorably on the NSW State Government or the assistance it offers in an environment that should be seen as a national issue.

The major impediment to the Agriculture Industry can be seen through the lack of control that faces the Industry with resources and also the regulation of various resources and procedures.

The Agricultural Industry lacks control of their business and as one farmer describes 'You're just along for the ride'. Meaning that between the resources being dependent on the climate and the state regulating many aspects of the Agricultural Industry, there is little left to the property owners to manage.

Effective management does however contribute to the success of the business with the degree of success usually a combination of effective management and luck.

Another area of concern is the access to produce markets. Unlike other industries where they can assess and base themselves in the most suitable location to access facilities, the Agricultural Industry is unable to do this and is always going to be isolated from facilities and services that enhance other businesses.

The table below shows a decrease in the number of establishments in the Agricultural Industry between 1997 and 2004(BOS, 2004). This indicates the reduction of properties farming their land and also indicates amalgamation of properties for financial, water transfers or nil agricultural activity reasons is very prominent.

ESTABLISHMENTS WITH AGRICULTURAL ACTIVITY(a), NSW, at 30 June

	Number
1997(b)	42,758
2001	41,951
2002	41,651
2003	41,093
2004	40,827

A resolution that may assist in educating, networking and general management issues is to use a similar model for the Agricultural Industry as they now have in place for Small Business. This model uses field officers that deliver free general advisory services to small businesses and could be implemented in the Agricultural Industry for advice on diversification, exporting, taxation, finance and e-commerce. This information service can assist in providing a conduit to access information through various forms such as in person, phone, email, district seminars, newsletters etc.

This will provide a basis for networks and relationships to be built and act as a preventative tool where these networks can be linked so that vital information and issues can be communicated directly from the affected parties.

Regional viability or feasibility studies would also provide information to landholders advising of soil test results, water access and climate studies to produce recommendations for most suitable products to farm in their region. This would provide many benefits to farmers in diversification and innovation.

The Agricultural Industry should be one that state and federal governments try to maintain and ensure sufficient measures are in place to assist when times are tough. Our government contributes to many other areas of need such as floods, fires and other natural disasters but does not feel the same needs are evident in Agriculture.

Agriculture does not have the luxury of making decisions to vary the input of resources or regulatory requirements, location or isolation, hence making it so much harder to earn a living or make a profit. This will result in the Agricultural Industry becoming less attractive to today's society with less Australian's opting to make a career out of Agriculture.

- Other impediments emanating from State Government comprise:-
The need for a major change, in how funding allocations are distributed, by the State Government, in funding major infrastructure requirements in the rural areas.
- The over regulation the industry is required to adhere with in performing the major product supply to metropolitan markets: ie: O.H.&S, drought guidelines and criteria.
- The lack of agricultural industry services and the understaffing of important regional offices.
- Water allocation and having to pay for water not received.
- Red Tape
- The failure of the system to keep pace with the speed agriculture is changing with R & D practices particularly with transportation and workplace laws.
- The failure by Government to understand that the land through primary production, resources and associated service industries are still the major industries creating the economic growth of regions, state and federal Governments.

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