

**Submission
No 44**

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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**Briefing Notes for
Legislative Council Standing Committee on State Development – NSW Parliament
Visit to "Dinyah" and "Amaroo" Cootamundra
On 13th September 2007**

Who?

Peter and Monica McClintock are the current owners of Dinyah & Amaroo. We have three daughters Claire, Grace and Anna. Peter has a Bachelor of Commerce (UNSW), an Advanced Diploma in Farm Management (USYD) and was a qualified member of The Institute of Chartered Accountants in Australia prior to returning to the farm. Monica has a Bachelor of Economics and Diploma in Education (UNewcastle), she currently teaches at the local Catholic Central School. We are fifth generation farmers in the Cootamundra district.

The McClintock family settled here in 1878. Amaroo encompasses a large part of the original McClintock holding. Dinyah was acquired by Peter's Grandfather in 1935. Both properties have been added to by successive generations.

These properties have allowed for a comfortable but challenging lifestyle for five generations. What you see before you today is the result of significant investment, reinvestment and development by every generation whilst having provided for the needs of siblings choosing not to pursue a career on the land.

Interestingly, the area encompassed by these farms has formerly (less than 50 years ago) supported at least ten farmers, their families and workers.

What?

Dinyah and Amaroo together comprise approximately 2,200 hectares (5,400 acres) of mixed farming/grazing land in the (usually) safe Cootamundra area. We utilise modern and innovative farming and grazing techniques to produce low-cost, high-quality product in an environmentally sustainable environment. We have developed (1994) and revised (latest 2005) a Business Plan which guides our long term activities. Our current enterprise mix includes:

- 800 hectares of crop including Wheat, Canola, Triticale and Oats produced for sale into the domestic and international markets.
- 7,000 first cross ewes (Border Leicester / Merino) from which we breed Prime Lambs for sale predominantly to the domestic (Woolworths) market.

Where?

Refer attached map for location of Dinyah and Amaroo in relation to Cootamundra. We have 36 neighbours, with 7 houses virtually on our boundary fence.

We are ideally located for our current mix of enterprises.

- There are bulk grain handling facilities at both Cootamundra (Graincorp / 6km) and Stockinbingal (AWB Grainflow / 25km) as well as having Cootamundra Oilseeds (Canola) and MC Croker Grains (Triticale) located in town.
- The local abattior (GM Scott) services Woolworths' southern NSW lamb supply. Over 90% of our lambs are delivered direct to these works for sale on an "over the hooks" basis.

Why?

The mix of cropping and grazing enterprises are suited to the Cootamundra area.

We produce prime lamb, not because the four generations of McClintocks before us have, but because we believe in the industry, we believe it has a strong and vibrant future in both the domestic and export markets.

We believe we can produce both gain and lambs cost-effectively, environmentally sustainably and to the high standard demanded by our customers. We are always seeking to improve productivity, knowing that minimizing our per-unit costs is the key to our future prosperity.

How?

The following is an extract from the Executive Summary of our Business Plan (2005):

1.1. OUR BUSINESS MISSION IS:

- 1.1.1. To sustainably produce low cost, high quality wheat, canola, tritcale and prime lambs**

1.2. OUR MAJOR OBJECTIVE IS:

- 1.2.1. In the next 7 years, we will focus on improving productivity at "Amaroo".**

1.3. WE WILL ACHIEVE THESE GOALS BY:

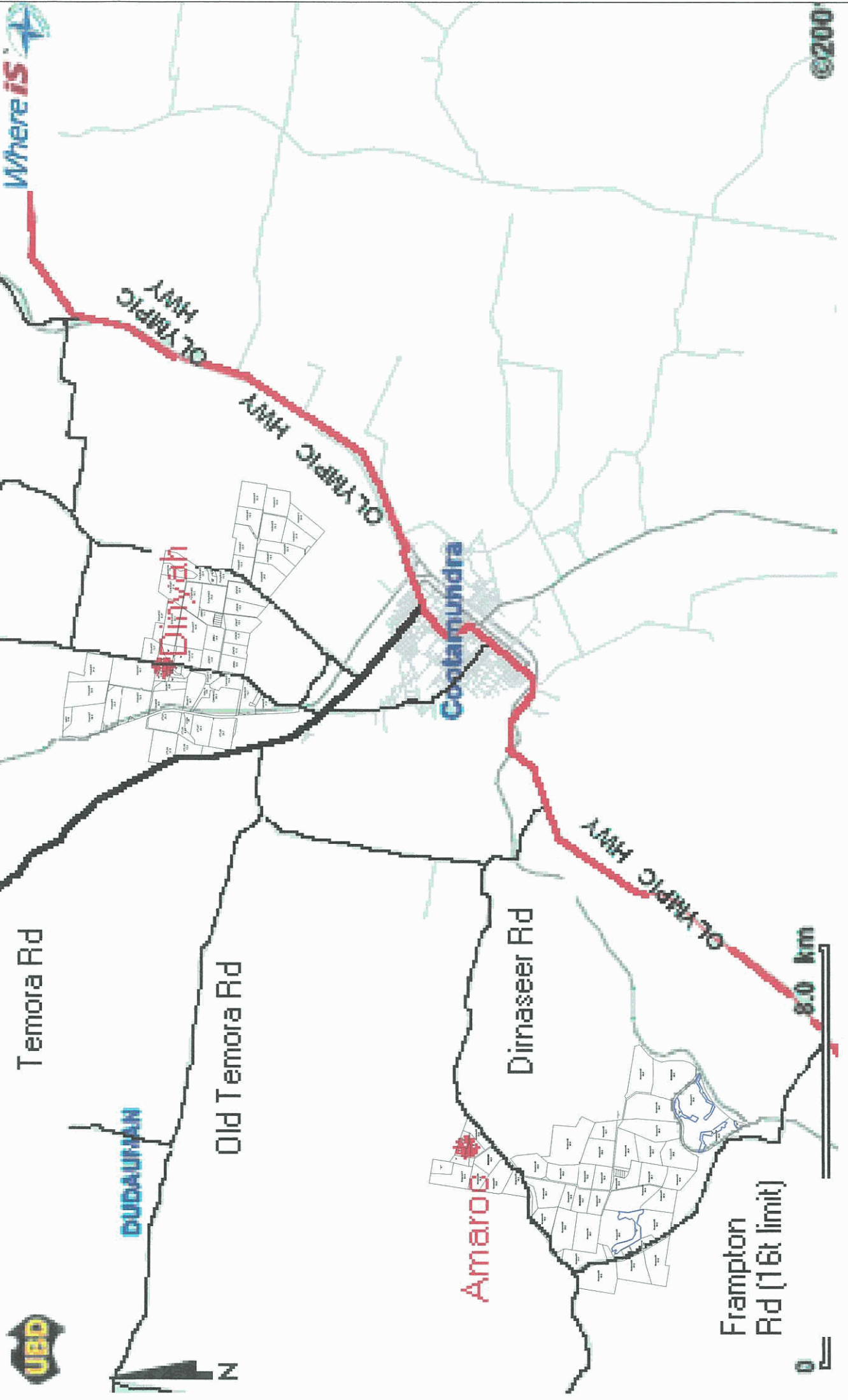
- 1.3.1. reducing per unit costs by cost-effectively increasing production of grain (tonnes/ha) and lamb (kilograms/ha)**
 - 1.3.2. developing the farm and utilising contractors to a level where only two full-time labour units are required**
 - 1.3.3. replacing machinery on a timely and cost-effective basis**
 - 1.3.4. applying these extra profits to (in order of importance):**
 - 1.3.4.1. investment in further productivity improvements and asset growth.
 - 1.3.4.2. meeting the educational needs of our children
 - 1.3.4.3. seek out further investment opportunities.
 - 1.3.4.4. reducing unproductive debt
 - 1.3.4.5. funding our retirement
 - 1.3.4.6. reducing productive debt.
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We utilise the services of a local Agricultural consultancy firm (Rural Management Strategies) for our cropping programme and have developed an annual calendar of events to ensure the most timely and efficient management practices.

We judiciously use chemicals for weed and pest control and have been practicing minimum-tillage cropping systems for 12 years.

The livestock enterprise is centred around a lucerne based pasture system which maximizes feed production and provides significant environmental (reduced salinity) and cropping (nitrogen) benefits as well.

We do all this with two full-time staff (Peter and our highly capable stationhand) and the assistance of Peter's father for a large part of the year. As you can well imagine, with such a lean staff level, labour efficiency and productivity improvement are vital to our enterprise.



Temora Rd

DUBAUNAN

Old Temora Rd

Amaros

Conlamundra

Dinaseer Rd

OLYMPIC HWY

Frampton Rd (16t limit)

8.0 km



ISSUES OF IMPORTANCE TO US

Effect of the current Drought on our business:

- Our ambitious property development plans have been delayed due to time consuming stock feeding/watering and a lack of profit and sheep feeding costs creating working capital shortfalls. We have basically spent the last five years in survival mode when we should be focused on productivity and sustainability improvements
- It costs us in the vicinity of \$300 / hectare to grow our crops (direct costs), without a harvest we have spent approximately \$240,000 for no return
- We were fortunate enough last year to have retained grain from the 2005 harvest for stock feeding purposes. Whilst NSW government fodder transport subsidies aid those who have to transport grain, we through good management and good luck had our own grain but received no benefit from the NSW Government even though we have made significant drought-proofing investment in storage at our own cost.
- The opportunity cost (and real cost) of feeding our sheep when all stock are on full rations amounts to approximately \$17,000 per week, or about \$100 per hour 24/7.
- The mental stress of ongoing drought is a real issue. We can cope with the usual one year event but after five years the strain of dealing with hungry sheep, lack of working capital, spiralling debt and delayed development plans is starting to bite.

State Government/Development issues of importance to us personally:

One of the key drivers of development in regional NSW is the success of farms like ours. A few of the State Government issues that restrict our development are:

- **NLIS Tagging of Lambs:**

99% of our lambs are delivered direct to abattoirs for sale on an "over the hooks" basis. There is no possible advantage to us or our customers from individual lamb identification as part of a livestock ID scheme. The lambs are delivered by us with the necessary documentation as a mob and can be identified as a mob through the slaughter chain. Once in the chillers the lambs are mixed with other lambs awaiting further processing, an ear tag system would still not provide ID at this point in the supply chain.

- **Railway access issues:**

We own a portion of land (98 hectares) located in the middle of a railway deviation (ie. Between the north and south rail lines). We have no alternative but to access this land by crossing the railway line. ARTC maintains a bridge for us however it is of inadequate width to cross with modern wide farm machinery. We formerly utilised a historical crossing for machinery access, however ARTC had determined that this historical crossing was never approved and we have been banned from using it. We recognise the uniqueness of our situation in having no alternative access, but ARTC refuses to budge on their stand of "no new crossings" even though the crossing in question has been used for 100 years.

- **Sub-division / Right to Farm**

We feel the NSW Government is showing blatant disregard for the future development of country NSW by attempting to control the size of potential land sub-divisions through State Government powers.

For example, if we had the opportunity sell off 5 acres to invest the money in developing the 100 acres next door to achieve higher agricultural productivity overall then the decision should be ours, or at least made at a local government level. Likewise, if in the course of succession planning an opportunity arises to sell off a small portion of land so that the remainder of the farm can provide a viable and productive living for the farming sibling then how can this be contrary to the needs of the community?

Alternatively, farmers have run into issues with new owners of small blocks taking legal action to prevent the farmer carrying out his normal activities. We have 36 neighbours, quite a number of whom are on small blocks, yet we have not had any major problems in this regard.

Land planning rules should come under the power of Local Government, where local issues can be taken into account when determinations are to be made. There is a real need for State Government intervention to guarantee the farmer's "right to farm", not a need to restrict his ability to deal with HIS assets as HE sees fit.

- **Workcover**

Horrendous workers compensation premiums are placing us at an economic disadvantage to farmers in other States. The on-costs of employing extra staff are a real issue when we consider our staffing requirements.

- **RTA / Truck Loading**

We have serious issues with the very restrictive nature of laws and enforcement of truck loading weights. There is no consideration by the RTA of the difficulties of correctly loading a truck in the paddock with machinery that can unload a up to 12 tonnes per minute of product with highly variable bulk densities. A grain harvest management scheme similar to that in force in Queensland would be far fairer in this regard.

- **Red Tape**

I'm guessing you are constantly reminded of the burden of red tape upon small business, it is an issue for us which I guess will only be resolved by bureaucrats in Sydney offices actually understanding the effect of every additional impost they place upon us. I don't appreciate the extra time spent working in the office to satisfy some legal requirement when the end result of the paperwork is unproductive and just ends up filling cupboard space with boxes of archives