VISIONS FOR AGRICULTURE - OUR ROAD TO THE FUTURE

by

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INTRODUCTION

The National Farmers' Federation represents a substantial proportion of Australia's 120,000 farming operations around the country, and those farmers represent just about every sector of the rural industry.

Our members include hop growers in Tasmania, cattle breeders in the Northern Territory, macadamia nut growers from northern New South Wales, wheat producers from Western Australia and, of course, cotton growers.

Each group has its own discrete set of problems, targets and environments, and it would be impossible for NFF to attempt to deal specifically with each of them.

Through its structure, NFF receives feedback on every major commodity through their representative bodies and State organisations, and policy is formulated to cover the entire industry.

Over-riding all of our decisions and action is a vision for Australian agriculture as profitable, environmentally sustainable and competitive.

To achieve that vision, our operations are both pro-active and reactive.

THE "BIG PICTURE"

Over the years we have become a significant force for change in the national arena, and one of our primary responsibilities is to drive change in areas crucial to the success of agriculture, such as industrial relations, native title, negotiations for trade liberalisation, tax reform, the removal of impediments to growth in the rural sector, and continuing efforts to urge the Federal Government to provide an overall Budgetary environment favourable to the rural sector and its capacity to export.

In other areas, NFF *reacts* to events. A recent example has been our response at a national level to the new gun control laws - previously the responsibility of State governments and state farm organisations.

NFF's vision for agriculture is underpinned by philosophies outlined in three of our publications - "New Horizons", "Beating the Commodity Price Cycle", and "Beating the Trend - a path to rural prosperity".

"NEW HORIZONS"

In "New Horizons", NFF argues that farmers must seize the opportunity to maximise their share of the consumer dollar, domestically and internationally, by establishing closer links with processors of farm products - in other words, looking beyond the farm gate to the processors, and beyond them to consumers both here and overseas.

NFF, and its members, have put aside the concept of the farm sector as a relatively closed community (the historical result of physical isolation), and is addressing the dearth of knowledge of the international marketplace on farms around the country.

We argue that commercial structures along the food chain must reflect the integration of production, processing and marketing - with a common purpose to win the loyalty of customers here and overseas.

"New Horizons" also argued strongly that the farm sector could no longer afford to take the risk of relying on a turnaround in commodity prices, and NFF reinforced that argument in "Beating the Commodity Price Cycle".

"BEATING THE COMMODITY PRICE CYCLE"

That document pointed out that the largest fluctuations in commodity prices had applied to the agricultural sector, and their underlying trend over the past 20 years had been deteriorating.

Farmers had experienced low levels of underlying profitability, and the subsequent poor returns had been compounded by drought.

NFF advised farmers that they could no longer rely solely on booms in commodity prices to be sustainable in the long term, and urged them that they could best contribute to Australia's export performance and wealth by reducing costs and focussing on production opportunities which offered higher value for their investments.

Farmers were urged to continually improve farm performance and seek out new markets for their products - and the most recent figures from ABARE are witness to the fact that they have heeded that message.

ABARE shows that total factor productivity in the broadacre sector has grown by around 2.7 per cent a year over the 17 years to 1993/94.

Cotton production has been increasing, with a projected 422,000 hectares expected to be harvested in the year 2001 - nearly 50 per cent higher than record plantings of 282,000 hectares in 1991/92.

Those productivity improvements stemmed from efficiency gains, associated with better production methods and new technologies.

Cotton has been among our most successful agricultural industries, and this looks likely to continue, with the use of transgenic varieties genetically engineered to resist insects and be unaffected by chemical weedkillers, improved cotton varieties and the increasing use of drip irrigation.

"BEATING THE TREND"

Our most recent analysis of the rural sector is called "Beating the Trend - a path to rural prosperity", and it contains some very good messages, based on farmers' continuing productivity and efficiency.

Despite the slow decline in commodity prices, recession, drought and high interest rates, the rural sector has boosted exports by around $2 billion, or 13 per cent in 1995/96. The agri-food and fibre sector continues to contribute around 8 per cent of Australia's total output, and almost 25 per cent of all exports.

But our analysis shows that, given the right economic framework, the farm sector can do even better.

It shows that net farm income can be increased two and a half times to $9.7 billion, compared with ABARE's forecast of $4.9 billion, over the next four years, on the basis of indirect tax reform, lower interest rates, lower tariffs on inputs, and more efficient infrastructure and labour markets.

The projection also takes into account some of the benefits of trade liberalisation, and further value adding by farmers.

"Beating the Trend" is not a wish list - many of the measures outlined for such phenomenal growth are in the process of being legislated, or are naturally occurring as the economy settles down.

"NFF's STRATEGIC PLAN"

NFF's Strategic Plan sets us on our own, clear-cut path to help Australian farmers achieve the vision, by putting the philosophies into practice.

Our plan outlines strategies over the next 3 to 5 years for the integration of the production, processing and marketing sectors, and economic, social and environmental sustainability on Australian farms.

The plan gives us goals and guides us in working towards them. As an example, it sets out specific methods of fostering links between producers, processors and retailers, by developing proposals through the Agri-food Council and the Australian Food Council.

The strategic plan also tackles issues crucial to the future of farming, such as the increasing adoption of Property Management Plans, and lobbying the Government for quality telecommunications infrastructure and services at affordable prices for rural Australians.

Specifically , in recent times, the plan has seen NFF actively being consulted on the Government's new Workplace Relations Bill, taking part in the implementation of the "Supermarket to Asia" strategy, lobbying for the partial sale of Telstra and the establishment of the Natural Heritage Trust, and the establishment of a unique project - the "Farmwide" on-line pilot, which links 1,000 farmers to the Internet.

The "Farmwide" venture has provided us with the results of a recent survey on the partial sale of Telstra.

Farmers who responded to our invitation to become part of the project were asked whether they approved the partial sale of Telstra, whether they thought telecommunications services provided by Telstra could be improved, and whether the revenue from the sale to fund the Natural Heritage Trust was a good idea.

From a massive 65 per cent response rate, the survey showed that 66 per cent of farmers approved the sale, 71 per cent felt Telstra service could be improved, and 74 per cent agreed funding the Heritage Trust through the sale was a good idea.

The sale of Telstra and the establishment of the Heritage Trust are two of the most crucial issues to affect the rural sector since the election of the Howard Government.

Given the current economic environment, NFF is convinced that the Government will provide no other funding source for the essential work provided for in the Trust - $318 over five years for the National Vegetation Initiative, $163 million over five years for the $300 million Murray Darling 2001 project, $100 million over four years for the Coasts and Seas Initiative, and $32 million for Australia's

first Land and Water Audit - every project of vital importance to environmentally sustainable rural production.

NFF has received so much feedback in response to our statements on both these issues that we are convinced the community as a whole, and not just the farm sector, supports our policy.

REALISING THE VISION.

Most of our policies, as I mentioned earlier, concentrate on getting the "Big Picture" issues right, so that Australia's farmers can go on being more productive, more competitive, and more environmentally sustainable in their practices.

In many ways, the purpose of this Conference - technology transfer to growers - reflects one of biggest of the "Big Picture" issues - the provision of quality telecommunications to rural communities at reasonable rates.

Farmers cannot operate efficiently and competitively without knowing their markets overseas and at home. They need a huge variety of information at their fingertips - from the latest market figures to up-to-date weather projections, news from Asia, the United States and the EU and recent developments in farm machinery.

NFF has taken a step to helping farmers access that kind of information through the "Farmwide" project.

But it's only a small step, and a great deal of will, negotiation and expenditure is going to be required before the entire rural community has the same technology at their fingertips, as their counterparts in the cities.

A truly competitive telecommunications network - one of NFF's dominant current issues - will be the first step towards that goal.

When the goal is reached, a small part of NFF's vision for Australian agriculture will be complete.