



Limestone - Bringing Our Environment to Life

LIMESTONE ASSOCIATION OF AUSTRALIA INC.

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Submission to Productivity Commission re: Regulation of Australian Agriculture (post Draft Report submission)

The Limestone Association of Australia (LAA) represents the interests of producers of limestone products, particularly agricultural lime, in northern, eastern and southern Australia. The industry is also significant in Western Australia. Agricultural lime is an important naturally derived agricultural input used to combat acidity and improve soil productivity.

The LAA wishes to submit the following in relation to the future competitiveness of Australian agriculture.

- Mining and quarrying is a small footprint on the landmass of the continent. Limestone, used in the supply chain as agricultural lime and in construction of economic infrastructure is an important component of the agricultural sector.
- Imports of competing agricultural produce should be cut especially where imports threaten the ongoing viability of a sector and the social and economic structure of regions. Where imported, or potentially imported products have quarantine issues around them, those products should be excluded until it is clearly proven that there would be no potential harm to the population or the agricultural production environment in Australia. The recent case which has involved restriction of imported tomatoes from Italy is a useful precedent in the current era.
- It is misleading in terms of Australia's food security to assert that "around two thirds of Australia's agricultural production is exported." (1). That figure might represent value added up the supply chain at export price, but farm gate value is the true indicator and several studies have demonstrated actual agricultural exports measured at farm gate represent a bit over 20% of farm production.(2)

This demonstrates that Australia doesn't feed the equivalent of multiples of its population overseas. Hence food security is an issue and barriers to sustainable and expanded production need to be addressed eg.

- Irrigation water needs to be available at affordable prices especially in times of drought. Water authorities should be responsible for setting prices at "normal profit" prices, not at prices where rents are sourced and cost of water is greater than cost of agricultural output. We understand such practices have occurred in the lower Murray Basin where water cost has been in the vicinity of \$300 per megalitre. It is important for productive capacity to be maintained during drought times for when normal agricultural seasons occur. If water market forces push capacity out of farming and alternative operators eventually move in paying rent prices both supply chain costs increase demand reduces depending on its elasticity and total production is reduced. Governments have traditionally recognized the need to maintain capacity at costs the market will bear by provision of drought relief. Hence maintenance of water market regulation provides net economic and social worth to the community.
 - Proposals for new and expanded mines and quarries which service agriculture such as limestone and gypsum need to be expedited and not held up indefinitely over environmental and native title issues. Shortcomings in native vegetation and cultural heritage assessment are recognized in the Productivity Commission's draft report, especially the "lexicographic" assessment approach. A pragmatic socio-economic and regional approach rather than drawn out re-referrals back to agencies is required. Governments need to make decision timelines and enforce them. An absurd example of hard-line approach we are aware of was where a farmer was proceeded against for gathering up sporadic rocks surface on his property without a permit when planning to change from grazing to cropping/pasture.
- Pastoral leases need to be flexible to allow ready adaptation to changes in market demand and environment and even move to freehold as raised in the Draft Report.
 - The Draft Report notes no clear evidence that the former Road Safety Remuneration Tribunal's (RSRT) orders in relation to increased remuneration was linked to improved safety outcomes. The LAA supports this view and believes the RSRT's role should not be re-introduced as such measures push up costs especially for back loading, make owner-drivers less competitive and adversely affect the quick response and trust built up between owner-drivers and their regular customers.
 - Power price service charge increases to industry need to be regulated to reflect movements in the CPI and cost of power production/distribution. Where there are opportunities for utilities to display monopolistic pricing practices without commensurate improvements in product, this adds costs to agricultural industries' supply chains and ultimately affects demand.

(1) Issues Paper p.1

(2) Aust. Journal of Regional Studies vol.8, no, 2, 2002, p. 143-164

Should you require further information please contact the undersigned. It is expected the LAA will be represented at the Productivity Commission's Townsville hearing.

Yours sincerely,

Peter McCluskey

Public Affairs Manager

Limestone Association of Australia Inc.

