

## **2010 NTCA Conference - Presidents Report**

Ladies and Gentlemen, it gives me great pleasure to welcome you all to the 2010 NTCA Conference and to deliver my first report as the NT Cattlemen's Association President. I would particularly like to acknowledge the attendance of international delegates from Indonesia this morning.

### **Indonesia**

Anyone who knows anything about the live export trade from the Territory, and Australia for that matter, would know that around 50% of the annual turnoff of cattle from the Northern Territory goes to the live export trade, and over 90% of these cattle go to Indonesia. The synergies between our industries mean that this trade plays to the strengths of both the NT and Indonesia.

In early February Northern Territory Primary Industry Minister Kon Vatskalis visited Indonesia and extended an invitation to His Excellency Minister Suswono, the Minister for Agriculture, to visit the Northern Territory. I am very pleased to inform you this morning that the invitation has been accepted and the Minister and his delegation will join us here today. The Minister is being accompanied by Senior Officials from the Ministry of Agriculture, Provincial Governors and Respected Industry Leaders.

I am also pleased to announce that this afternoon; Minister Suswono, along with our Minister for Primary Industry Kon Vatskalis, will announce the winners of our inaugural International Award. This award, generously sponsored by Meat and Livestock Australia will see 2 people; one Indonesian, one Australian, each awarded a \$15,000 bursary to research and implement actions to improve on ground aspects of the live export trade in Indonesia including animal welfare. Minister Suswono will also be delivering the closing address for the conference this afternoon.

### **State of the industry**

Ladies and gentlemen, the Pastoral Industry enters 2010 with a sense of cautious optimism. I say cautious, because our industry faces a number of challenges, some of which are long standing, others are more recent and hopefully short-lived. The optimism comes about because ours is an industry with a long history of contribution

to the economic and social development of the Territory, an ability to deal with adversity, and the knowledge that our product; beef cattle; is part of the world food production sector. We live in an era when the feeding of a world population approaching 9 billion by 2050 will occupy more and more of the focus of governments around the globe. As a producer of a clean, high quality, low environmental impact product we are well placed to contribute to the task. I might also add that rain in Central Australia has done wonders for the outlook of producers in the region.

However, our industry at the moment is being squeezed between relentlessly rising costs and the playing out of the global financial crisis. This has impacted on interest rates and availability of finance, as well as depressing overseas beef markets leading to pressure on cattle prices in QLD and hence in our markets too. This affected our industry throughout 2009.

The Pastoral Industry is at a critical stage; the overconfidence of two years ago with cheap money and rising property values, has been replaced by the reality of generating cash flow to meet costs, service debt and achieve profitability. Analysis of information collected by ABARE show that from 1979 to 2006 the industry in the Territory generated an average return on capital invested of 2.2% per annum.

I'm telling you this because there is a perception among some other sections of the community that the industry is highly profitable and has the capacity to pay a lot more towards the provision of infrastructure and services. I can state categorically that this is not the case. Our industry occupies a unique role as the custodian and manager of nearly 50% of the Territory's land mass, it generates economic activity and employment, it earns export dollars, it provides land and environmental management services; and it does all these year after year.

Our industry is actively involved in the push to re-engage indigenous Territorians in the pastoral sector and NTCA currently has 2 staff engaged full time in recruiting, supporting and mentoring 65 indigenous employees on pastoral properties. Our industry can help indigenous Territorians to take their place in the workforce and contribute to the wider economic development of rural and remote areas. What our industry cannot do is provide a new source of taxation revenue for government at any level.

### **Roads? What roads?**

The state of the Territory's remote road network continues to be the biggest issue facing our industry. The frustration felt by cattle producers is hard to describe adequately, but I can tell you that peoples whole lives are adversely affected by poor access. This includes transport operators refusing to travel along certain roads or charging above market rates because of the damage done to their trucks and trailers; extra costs associated with spelling and feeding cattle to overcome fatigue and an inability to adequately plan and carry out station operations. It restricts the ability of producers to market their cattle in a timely manner, respond to adverse seasonal conditions such as drought and to access the everyday services that urban Australians take for granted such as health and education.

But this situation doesn't only affect the pastoral industry; governments are pouring billions of dollars into remote aboriginal communities in an effort to improve a whole range of outcomes for their residents, but you have to wonder about the effectiveness of such expenditure when communities are cut off for long periods due to inadequate or non-existent access. For instance, when Prime Minister Rudd visited Darwin to host Australia Day celebrations this January, 50% of the Territory's road network was either closed or had restrictions in place.

The NTCA has provided budget submissions at both NT and Federal Government level identifying that \$2b is required to adequately address the upgrading of the Territory's remote and regional road network. Now \$2b is a large figure and we know the NT government doesn't have that kind of money, but we have been working closely with the Treasurer and Minister for Infrastructure to take the case to Canberra. I don't expect to see a cheque for \$2b appear overnight, but how about \$200m a year for 10 years! Just imagine what could have been done with the \$2.5b home insulation scheme money.

### **Tough seasons**

Much of the Territory experienced another tough dry season in 2009. The promising start to the 2008/9 summer in Central Australia was not followed up to any significant extent, and Alice Springs recorded its lowest rainfall on record in 2009. It seems perverse then that the Federal Agriculture Minister would withdraw Exceptional

Circumstances Drought Status for parts of Central Australia on the advice of the National Rural Advisory Committee just as the region was entering another drought year. An appeal was lodged but the decision was confirmed, and no further avenue of appeal was available to us.

Fortunately, Central Australia received widespread rain over the 2009/10 summer. This has relieved many properties from desperately dry conditions and set them up to start the recovery from a long run of below average and drought years.

### **Climate Change**

The climate change debate has become bogged down in recent times as the reality of proposed emissions trading legislation and its implications began to sink in both in Australia and Internationally.

Throughout last year the NTCA maintained a stance that whatever scheme was passed through parliament, agricultural emissions should be excluded. This was because there is plenty of information around the amount of CO<sub>2</sub> generated by agriculture but precious little hard science on the potential offsets by uptake of carbon in soils, by perennial crops and pastures, and the natural thickening of vegetation to name just a few. In fact recent work from QLD suggests that when such factors are taken into account then a cattle grazing operation may be very close to being carbon neutral. However under the Kyoto protocol, none of these potential offsets are recognised. The only offset recognised is the planting of trees.

The agricultural sector has a vital role to play in the quest to stabilise greenhouse gas levels in the atmosphere. Our management of soils and vegetation both natural and cultivated provides the scope for a major contribution to this task. But until such time as accurate, verifiable carbon accounting is available at individual property level, no system can be applied fairly.

### **Aero-medical services**

The NTCA welcomed the NT Governments decision to re-tender the delivery of Aero-medical services for the Top End of the Territory. With this, and the imminent resolution of the wallaby issue at Tindal RAAF base, people living in remote areas on cattle stations and other communities should be able to have far more confidence in the systems for emergency medical retrievals. The new system will deliver an

integrated service with both fixed and rotary wing capability, provision of medical staff and centralised coordination and communications. We continue to monitor the tender process to ensure in particular, that issues surrounding the initial point of contact, communications and the capability of fixed-wing aircraft to operate into and out of station airstrips are addressed.

### **Local Government**

The local government issue remains a core concern to our members. At present the focus of the new super-shires is on delivery of services to their constituent communities funded by Commonwealth and Territory Governments. There is currently a cap on pastoral lease rates and no service delivery to the pastoral sector. I believe most in our industry would prefer it stayed that way. The only issue we want to see some action on is roads, which the shires don't have responsibility for anyway. Calls by some within the local government sector for the pastoral and mining industry to pay more rates in order to leverage more grants commission money are based on wishful thinking. Such calls are premature and lack an appreciation of the scale or cost of the task of bringing our road network up to scratch. They also ignore the fact that the rates base of the new super-shires is extremely narrow and not representative of the population as a whole. Shifting the burden onto the cattle industry is not the answer. The local government sector would be far better off to turn around and face Canberra and help us lobby for a long term program of upgrading the Territory's bush road network.

### **Environmental Legislation**

Last month saw the expiry of the clearing moratorium in the Daly region after 8 years of politically motivated obstructionism by the NT Government dressed up as science. The result on the ground has been the stifling of development, placing people's lives on hold and affecting property values. The new land clearing guidelines are still cumbersome and place undue burdens on landholders wishing to develop their land. They are symptomatic of an attitude which is pervading the territory and turning it from a "can do" into a "can't do" place.

Our members have shown what can be done in the way of land care and environmentally sound management. You don't see too many National Awards for sustainability in farming coming out of Nightcliff or Fannie Bay.

## **Pastoral Lands Act**

The Pastoral Lands Act underpins our industry and has been extremely successful in providing a legislative framework for the continued development of the pastoral industry while protecting the natural resource on which it is based. A review process to modernise and update the act was commenced in 2004 and completed in 2006. The government then sat on the review until last year when it revived the process in order to clear the way for the introduction of Native Vegetation Management Legislation. It is quite clear that this Territory government has little regard for the Pastoral Lands Act or the Board which is charged with providing advice to the Minister responsible. Since the 2008 Territory election, neither of the two ministers who have held the portfolio has met with the Pastoral Lands Board and the board has been marginalised and excluded from having input into recommendations for changes to the act. Remember that this act oversees the management and administration of some 44% of the territory's land mass. The government has also failed to provide the NTCA with written advice on proposed changes to the act despite a number of requests to do so.

## **Native Vegetation Act**

Consultation for the new Native Vegetation Act has not been carried out in an open and transparent manner. The government has bypassed the normal processes and is proceeding directly towards exposure draft legislation. The department responsible has hidden behind the façade of giving equal access to the NTCA and the NT Environment Centre while completely ignoring aboriginal landholders under the mistaken assumption that they're not interested in developing their land. The department has accepted written submissions from the NT Environment Centre and the Environmental Defenders Office but has not extended the same opportunity to any other stakeholder group. This is not consultation! This is not due process for development of new legislation. The government is walking into a minefield, and one only needs to look to Canberra where a senate enquiry is commencing into native vegetation laws in southern Australia and their impact on the property rights of farmers. The NT Government would do well to take heed of what's going on.

## **Prime Stakeholders**

This brings me to my final point, we often hear the term stakeholders when governments talk about consultation. I always think, “are they having a barbeque or something”?

Stakeholders are those people who have a direct stake in the issue at hand. The people who live there; who put their own money, toil, sweat and tears on the line.

Whichever way you look at it the people in our great industry are Prime Stakeholders. Whether it is the 620,000sq km under stewardship; \$400m in direct industry income plus the multiplier effect, and \$36m in reinvestment every year as an economic contribution; regional development, history, land and environmental management, or indigenous engagement and employment.

Have a look at a map of the Territory, and you’ll see what I’m talking about. If you have a look in your conference bags you will find a sticker. I’d ask you to put it on your car or esky and next time someone starts talking about stakeholders you’ll have something else to think about.

In closing, I would like to thank my executive committee for their support and commitment throughout the year and acknowledge the contribution of retiring members Ross Peatling, Benny Hayes and Dan Thompson. I would like to acknowledge the effort, dedication and enthusiasm of our Executive Director Luke Bowen and his team; Jo Shearn, Portia Peterkin, Tony Freshwater, Mick Armstrong and Steve Turner; and to the members; you are the lifeblood of this organisation and the reason for its existence, thank you for your support.

And I would now like to call on the Minister for Primary Industry Mr. Kon Vatskalis to open the 2010 Conference.