

Professional Contract Harvesting and CTF for the Australian Grains Industry – Where to from here?

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As a member and National Treasurer of the Australian Grain Harvesters Association (AGHA), I thank you for inviting us to participate in the Controlled Traffic Farming Conference.

AGHA has been around and representing the interests of professional contract harvesters since 1973. Our main objectives can be summarized in a few short statements:

- To bring a unity of standards to the industry
- To lobby governments and industry for the betterment of the industry
- And to work in cooperation with the grains industry for the benefit of all, whilst keeping at the forefront, that our industry must be profitable and financially sustainable, both in the short & long term.

Why are we all here? In a nutshell, to find commonality of standards for CTF.

Over the last 20 years, machines have got a lot bigger and a lot heavier. They have gone from a 12' cut and weighing 5 or 6 tonnes, to well over a 30' cut and near 30 tonnes loaded. We have gained some efficiencies, and it's a lot more comfortable, but it has come at huge capital cost and a cost to soil structure.

Machines are now a lot more expensive. The current model harvester, no matter what breed or colour, is at least four and a half times the price of an IH 1480 model of the middle 1980s. Are they 4 & ½ times more efficient than the largest capacity machine of the middle 1980s? Can we gain 4 & ½ times more return on investment?

Technology is forever changing and will continue to change but the cost benefit ratio is simply not there for contract harvesters. Machines cost in excess of \$500,000 and with operational expenses approaching \$500/hr. We simply cannot pay it off, make a living, and gain any sort of return on the investment. Like growers, contract harvesters must exceed a minimum of 20% over and above all operational expenses to be viable.

Technology, toys and modifications undoubtedly make life easier and increase efficiency, but are they profitable? A grower just recently said to me that: 'Australian farmers have been so successful at efficiency gains that we've made ourselves unviable'. If CTF is another new means of efficiency gains to increase profit for growers, all well and good. But that benefit must be extended to contract harvesters who provide a service so the benefit can be gained. Everyone should be well aware of the extremely difficult times and difficult environment, Australian growers and the service providers to those growers, have endured and are still enduring. Just because it has rained in some areas, the financial drought hasn't finished, as a myopic coastal dominated media would like to claim. Growers and contract harvesters must be profitable to remain viable.

There are substantial set-up expenses to owners for machines embarking on the CTF road and these costs have to be recouped. Machines need pricey 'modifications' for CTF:

- Axle extensions are \$3-4,000.
- Extra heavy duty tyres and rims \$3,500-\$4,000/machine and with that we also need our tyre repair blokes' number punched into the phone – we'll be calling him. OFTEN.
- 'Centre mount' fronts – what width?
- Differential corrected auto steer - \$18-\$20,000.
- Unloading auger extensions – the list goes on.

Tyres already have problems with the weight and speed of operation of large modern machines, putting them on narrower tyres will only exacerbate the problem. Narrow tyres are very painful in wet/soft soil. Are tracks the answer? They may be in some circumstances, but for contractors they are way too expensive, we don't gain any return on the extra investment and we can't drive them on the road from property to property. So they are not really the answer for the modern professional contract harvesting business.

Pick-up bins and axles need modifications, at least \$35,000 for a bin. Heavy-duty, narrow tyres and rims are essential. Again, one day it will rain again and narrow tyres are very painful in soft soil.

New ideas and technologies do create a lot of interest. We're definitely not saying that ideas and technology should be ignored. We are saying we require a reasonable return on investment when we incur additional expenditure.

Just over 10 years ago Precision Ag promised – or should I say - was sold, as the new panacea to the problems in agriculture. Vast quantities of promises and predictions were thrown about the agriculture market, as if they were confetti at a wedding. It created a lot of heat in the market. Multitudes of millions of dollars were spent in the pursuit of the rainbow.

What did we as contract harvesters gain out of this? Well we definitely got depleted bank accounts – that's for sure. We also gained massive amounts of data that no-one wanted to pay for. We have heaps of hardware that software won't 'talk' to. We also received an expensive education on spending thousands of dollars on machinery modifications and on the newest and latest technology phenomenon that did not pay any return on the investment.

So what do we all want out of Controlled Traffic Farming? For a start, we all need to make a profit out of it. We all must receive a viable return on the investment and that includes contract harvesters. Contract Harvesters must be profitable so we can provide a vital service to Australian growers.

And there must be an absolute uniformity of standards with Controlled Traffic Farming because contractors and growers alike cannot afford to chop and change at the drop of a hat nor metamorphose machinery and businesses at the whim of the latest trend. Professional contract harvesters, growers, research bodies and machinery manufacturers working together and understanding each other's requirements as to the broad implementation and adoption of CTF will be of substantial benefit to all.

Thank you for your interest and we look forward to contributing to the discussions and practicalities of Controlled Traffic Farming.