

# THE CONVERSATION

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## Old MacDonald sold the farm: so what's the future for agriculture?

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Often called "Australia's most valuable farm", Cubbie Station in southwest Queensland is now majority foreign-owned. AAP/Cubbie Group

When most Australians think about farmers, one image still springs to mind: a family in Akubras and Blundstones, battling the elements with a Blue Heeler by their side. That's still the image invoked by politicians when calling for more financial support for farmers, including for a new drought package discussed inside the Coalition party room yesterday.

Yet that traditional farmer family is fast being replaced by corporate agriculture, as Deloitte recently explained in their report *Positioning for Prosperity*. It described "agribusiness" as a forgotten hero of Australia's economy.

So it is timely that the Abbott government is developing a new agricultural competitiveness policy, with an issues paper now available for public comment until 17 April.

Whether you work in agriculture or you're simply a taxpayer interested in where your food comes from or how to best support Australian-made production, there are big debates happening right now about drought aid and agriculture policy. These include the future of family farming, to how much more foreign investment we want, to how we handle the risks of climate change.

But we need to start by being clear about who we're helping when we talk about "farmers".

### From small farms to big businesses

Many years of bipartisan political support for industry deregulation has been literally changing

the face of agriculture.

Investments in improving productivity to remain competitive have not seen gains returning increased profits, particularly for smaller farm businesses. As a result, the family farm is in decline and foreign investment is on the rise, as agriculture seeks even more capital to compete globally.

The trend towards larger, more corporate agribusinesses was highlighted almost a decade ago by the Productivity Commission. They reported in 2005 that within the beef industry 30% of businesses account for 80% of production, while in the dairy and grains industry 30% of businesses account for 60% of the production.

This trend has only accelerated as farmers age and retire.

Kids just aren't returning to the land as many farmers struggle to make a living.

Farm debt has increased by 75% over the past decade. While many struggling farmers need to be supported, there are also those who should exit the industry. Some industry leaders will acknowledge that there are businesses that just aren't financially or environmentally sustainable.

However, it is politically very difficult to remove marginal land from agricultural production, or to say no to calls for more farm-aid.



Some farmers are making the difficult choice to say goodbye.

Flickr/StephenMitchell, CC BY-NC-ND

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Foreign investment also needs to be managed but there are many benefits, not least the opportunity to access new overseas markets and supply chains.

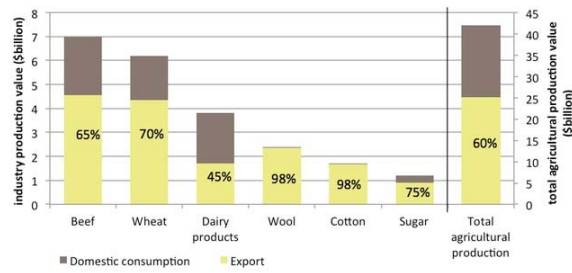
So with Australia trying to re-establish the Indonesian live export market, it was surprising to see some disquiet around the recent Indonesian purchase of two Northern Territory properties.

## Turning “clean and green” into gold

If Australia's new agriculture policy is to achieve its goal of improving “agricultural competitiveness”, we need to look for new ways to support emerging models of production that put more emphasis on environmental sustainability, as well as the contribution that agriculture can make to rural and regional development.

Australia is in a strong position to sell itself as a supplier of safe, environmentally sustainable food, which fetches a premium price on global markets.

Figure 4: Share of agricultural production exported



Note: Values averaged from 2009–10 to 2011–12. Exports valued at the farm gate.  
Source: ABARES pers. comm.

What Australia produces, consumes locally and exports.

Agricultural Competitiveness issues paper, Australian government, CC BY

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As Professor Robert Henry recently explained in *The Conversation*, the emerging Asian middle class isn't so much looking for cheap food, but safe, high-quality products.

Similarly, Australian consumers are increasingly interested in how their food is produced, as demonstrated by Woolworths and Coles phasing out caged eggs and adopting RSPCA branding.

The Regional Food Network in north Queensland is a good example of what can be achieved by focusing on quality over quantity.

The network is made up of mostly family-owned businesses that have set themselves apart through value adding, niche marketing and diversification. It has developed its own Taste Paradise brand, making the most of tropical north Queensland's clean green image and its tourism industry to generate additional value for farm products.

## The real face of modern farming

Good policy is generally reflected in good politics, but it takes time and needs to be explained. That's something the Labor government that I was a part of never grasped.

Only time will tell whether Agriculture Minister Barnaby Joyce can move beyond populism and tackle some of the many difficult issues in his portfolio.

My hope is that the new agriculture policy will bring real change and tackle many of the difficult issues the industry faces. While sections of government and industry do understand the challenges and opportunities, many will resist change.

The Akubra-topped family farmer is a powerful political image, which is hard to resist. But the truth is that modern Australian agriculture has many faces: from smart family farmers, like those in Queensland's Regional Food Network, right through to the major agribusinesses, partly owned and run from overseas.

The new agriculture policy needs to maximise the contribution this range of businesses can make to Australia and that requires looking beyond the old stereotypes.