

# Ag needs sensible investment thrust



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**A**GRICULTURE and horticulture should be recognised as national priorities.

Australia's primary producers supply more than 90 per cent of its daily domestic food with the least amount of government financial assistance compared to any agricultural sector in the developed world.

The farming sector is as important as education and healthcare and key to the Australian community, economy and environment. But strategic policies and decisions to enable its strength and sustainability are lacking.

We need sensible investment in farm productivity, infrastructure, education, training, skills development, and resource management.

The creation of a platform for future investment in our food and fibre sectors is essential.

Regrettably, the recent Federal Budget does not demonstrate a long-term strategic view, particularly in terms of increasing total government spend on agricultural research and development.

Innovation to increase productivi-

ty and efficiencies is critical to face major challenges in this sector but it is simply not being funded. Assistance provided to industries affected by the carbon tax, including agricultural and horticultural processors, has also been severely cut.

Australian primary producers have never been more productive or efficient, the food price index has been rising in the past decade and yet, farm debt is at record highs.

There are four broad options for farmers struggling with profitability - get bigger, create a niche market, collaborate, or value-add.

The global food value chain is changing, with fewer companies between the primary producer and the consumer. The 'paddock to plate' journey is effectively becoming shorter and less complex, with multi-nationals and global traders occupying key controlling positions.

Many small farmers will not be able to meet the auditing and quality standards of this new trading environment. The usual path is to



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increase in size to improve economies of scale or focus on higher profitability by selling niche or value-added products instead of commodities.

This is where the cooperative model could be a dynamic business and marketing tool for Australian primary production. In the past, cooperatives have been hampered by unfavourable regulations and were largely seen as an anachronism in the deregulated open marketplace.

That is no longer the case as successful cooperatives are re-emerging.

In the European Union, there are very profitable agricultural cooperatives including in the chicken meat and pork industries. Primary producers have aggregated or accumulated product to a meaningful scale, invested in relevant R&D, and created desirable brands which have successfully competed with multinational imports.

Primary production is not just about producing food, it's about rural communities. Cooperatives can have a valuable role. They can generate economic and social capital in the communities in which they operate for the long term.

On a global scale, Australia's chances of becoming Asia's food bowl are being jeopardised by political disinterest in agriculture, especially in terms of farm R&D, and failing free trade agreements.

Attention must turn to yield improvements in food production by incentivising innovation, accompanied by serious investment in farm and service infrastructure and technological skills.

On top of this, government inaction and general disinterest in the farming sector, is emerging as a greater adversary than extreme weather events.

This must change, else primary producers will go out of business and we will lose far more than we anticipated,