

**“The businesses and the people that make up
Australian agriculture: Some overlooked factors in the
quest for efficient natural resource management.”**

Fenner Conference on the Environment, 2006.

Mick Keogh
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Australian Farm Institute.

**The businesses and the people that make up
Australian agriculture: Some overlooked factors in the
quest for efficient natural resource management.**

Global developments in agricultural markets

Changes in Australian agriculture

The future for Australian farm businesses

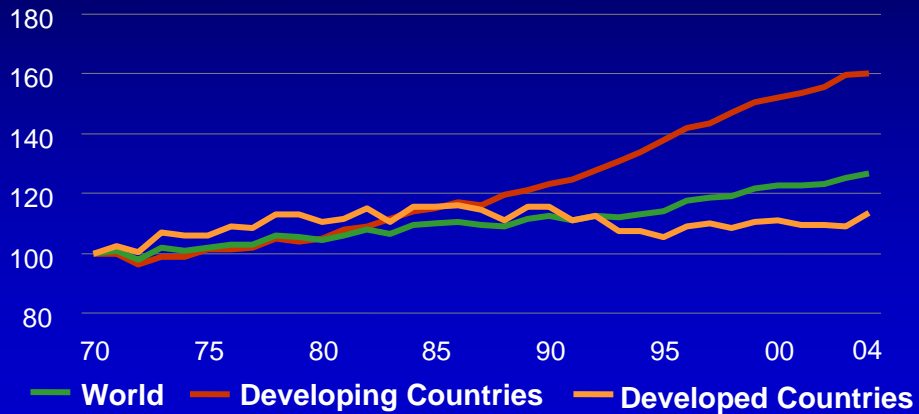
Future on-farm natural resource policies

Some concluding comments

Per capita food production has increased steadily

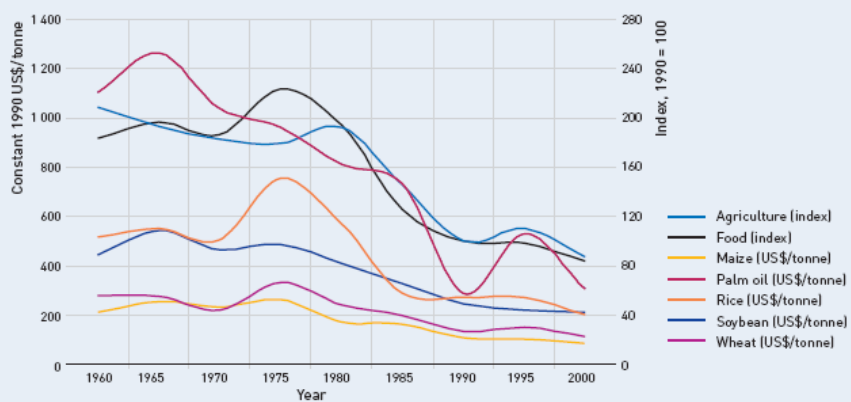
Per capita food production

Index (1970 = 100)



While real commodity prices trend downwards

World market prices for agricultural commodities, 1960 to 2000



OECD/FAO 10 Year Outlook

“.. Competition in global commodity markets will intensify in the medium term. Coupled with marked productivity gains at the world level, this will result in a further drop in real prices for most agricultural commodities” OECD/FAO - 2005

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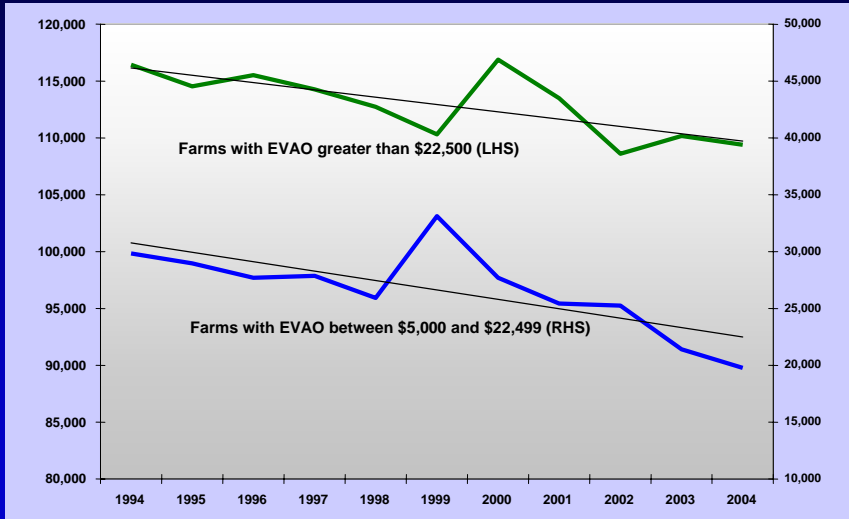
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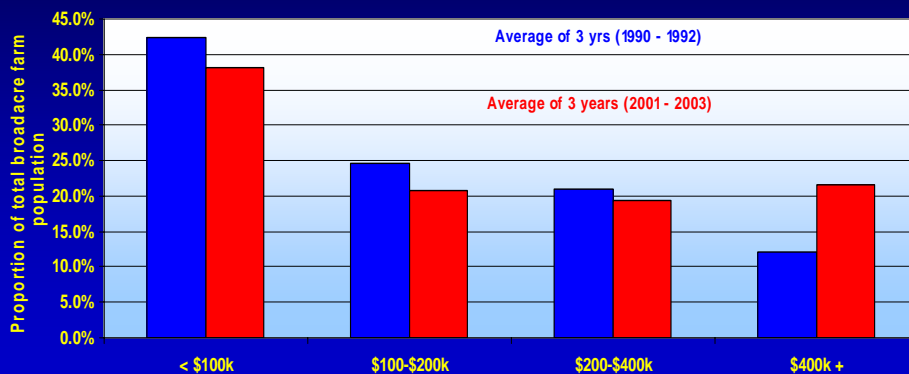
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Farm numbers are declining.



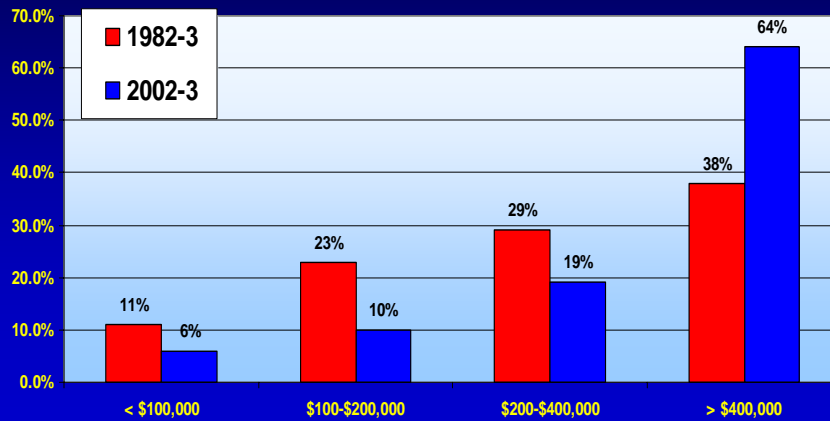
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Distribution of Australian broadacre farms by turnover categories



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Share of the total value of farm output produced by categories of broadacre farms.



Farmers are getting older ...

Year	Age of Self Employed Sole Operators and Employees in Agriculture Years	Total Workforce % 45 years and older
1991	48	41.3
1996	50	
2001	51 (68% are 45 yrs and older)	44.7

... but so is everyone else !

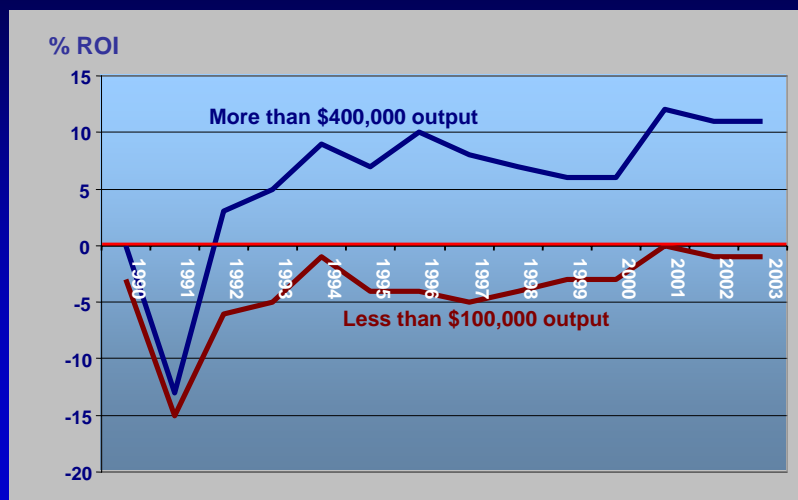
Off-farm income essential for smaller farms.

EVAO	Four years to 1993-94		Four years to 2002-2003	
	%Farms	%OFI	%Farms	%OFI
<\$100k	42	85	39	91
\$100k-200k	25	47	21	50
\$200k-400k	21	24	20	26
>\$400k	12	11	20	10

* Net income

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Rates of Return – Australian Broadacre Farms



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The future for Australian farm businesses ?

- Continuing growth in global output, and intensifying competition.
- Global warming and biofuels have some potential to influence trends.
- Likely trends –
 - Production focus dependent on scale, technology
 - Consumer-focus dependent on specialisation, flexibility, system

Wealthy consumers are getting fussy...



The power of ~~consumers~~ retailers



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A ten-point plan for on-farm natural resource policy.

1. Clear objectives	6. Monitor outcomes
2. Rigorous Cost/Benefit and impact analysis.	7. Flexibility and iterative development.
3. Regulation as a last resort	8. Recognise temporal constraints
4. Harness motivations of farmers	9. Recognise expertise requirements
5. Minimise regulatory cost	10. Coordination between governments.

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Successfully integrating more sustainable natural resource management requires ...

- Recognition of increasing farm diversity
- Creating incentives and amplifying farmer motivation
- Long-term commitment, and
- A focus on measuring and monitoring outcomes.




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