

VOICES

newsletter from ALM Group



Number 19 December 2013

Time for reflection

VOICES is as much a commentary as it is a newsletter so I begin slowly while I struggle with what should be the spirit of the commentary. This is especially relevant at this time of the year, when many of us reflect on both the past and the possible future.

Now also is the time to extend greetings on behalf of the progressive landholders and their supporters who work to implement and extend Certified Land Management. We wish you a safe and reflective time with yourself, family and friends.

Australia's Groundhog Decades



Until the world population peaks in about 2050, the necessary rate of growth in food production is predicted to be about the same as the threefold rate of growth in world agricultural trade and in Australian agricultural production over the past 40 years or so.

If we do nothing differently we can be fairly sure the next 40 years will be a repeat of the last so it is time to ask if we want the same outcomes as we have experienced over the past 40 years.

Since the 1970s, productivity growth basically has been about producing more for the same total cost but at lower real prices. We have had virtually no growth in the real gross value of agricultural production, despite world agricultural trade and Australian production growing threefold.

Additionally, we have dramatically increased our dependence on fossil fuels and arguably we have reduced our environmental and social resilience. [More](#)

Avoiding the Groundhog

It may appear flippant but all we have to do to avoid a rerun of history is to focus on increasing profit at all points along the product chain. I will restrict myself to a few observations on how we might do that. We need to:

- Continue to invest in some of the things we do now including, for instance, in biosecurity, productivity and trade negotiations – but to do it more cost effectively.

- Develop strategies and tools that integrate and deliver on profitability, environmental performance and social resilience. With a little creativity these become mutually reinforcing goals, as they must do to be effective.
- Discard the very distracting idea, perpetuated by various surveys and statistical tables, that only some landholder activities/expenditures affect natural resource management outcomes, negatively or positively.
- Promote and enable transformational innovation, understanding the need for creative and skilled agricultural management and for informed capital investment; and that innovation arises not only from research and development but also from unstructured insight.
- Put more emphasis on increasing price through better meeting changing customer needs, including those related to environmental, animal welfare and related ethical considerations.
- Broaden the focus from improving soil health to improving farm ecology, particularly through improving photosynthesis and biodiversity.
- Enable diversity in the corporate and operational structures in agriculture.
- Move some of the support for improved environmental performance from high-transaction-cost, short-term projects into programs that deliver and verify continuous whole-of-farm improvement and that are likely to lead to increased competitiveness in food and fibre markets.

Most importantly, we need to bring innovative minds and organisations to the analytical and advisory spaces. We will not find the ways forward by listening only to those organisations and individuals who have dominated the analytical and advisory spaces for the last 40 years or to those gatekeepers of ideas who are beholden to politically or legislatively defined constituencies.

News

Biodiversity Fund Project. Progress with our Biodiversity Fund supported project in the Maranoa region of Queensland has been delayed by continuing poor seasonal conditions. On the bright side, this highlights the importance of this project in demonstrating how Certified Land Management (CLM) can more effectively integrate the needs of landholders, food and fibre markets and of all tiers of government in supporting and recognising improved environmental outcomes than what happens when each of these players operate separately with different processes and tools.

Innovation Program. I was excited back in July when we submitted our application for funding from the Innovation Program. Over just a few weeks we had mustered the support of nearly 20 private and public organisations to investigate how CLM could improve their operations. We understand from the minister's office that applications are still being considered.

Overseas Visitor. Arrangements are in place for a Californian financier/philanthropist to visit CLM properties in Victoria while he is in Australia in January 2014.

Dusty - the Tall Puppy



Dusty reckons the infamous Australian tall poppy syndrome pervades much agricultural policy thinking making it harder to avoid the agricultural groundhog.

Take, for instance, the perceived need to have an Australian brand for agriculture, presumably to improve competitiveness in overseas markets – a bit like 'Aussie' butter in butter boxes into the UK way back, or Aussie meat of

varying quality and presentation exported into Japan under the 'Aussie' campaign.

Dusty reckons we lead the world in plain packaging for tobacco so why not give it a go in agriculture? At which point he had to be dragged out of the back of his kennel having escaped there with his paws over his eyes, weeping silently.

When he gathered his composure the question to ask, he says, is whether an Australian exporter would want to depend on all other Australian exporters for protection of their brand or whether they would prefer to protect their own brand.

Dusty understands branding is a way of distinguishing one seller's product from those of others. So it is reasonable to assume that the purpose of the Aussie brand is to distinguish Australian products from non-Australian ones, and to lessen differences between Australian products.

There is much information about the need for Australian agriculture to provide differentiated products into high-end markets (read a sample in the quotes below). Yet is rarely translated into practice with the gatekeepers for Australian agricultural innovation preferring to rely on undifferentiating volume-based strategies.

Rather than rely on the advice of expert brand developers, Dusty prefers practical experience like that he got second hand about cattle hides in an Indonesian leather factory. Relatively high quality southern Australian hides were discounted because they were lumped in with poor quality, extensively damaged northern Australian hides. Ironically, much of the damage was caused by, yes you guessed it, cattle branding.

Providing differentiated products into high-end markets

Past President of the National Farmers' Federation David Crombie (November 2010)

'Our biggest task is to maintain the trust of the wider community. Trust in the quality of our food and fibre and trust in the ethics and the integrity of how we produce it. I see a future where our farmers will be valued for their production of food and respected for their environmental delivery.'

GrainCorp CEO Alison Watkins (August 2013)

'Our edge [in Asia] will be as a reliable supplier of high margin, safe, green and high quality food. Australia must strive to be the "developing world's delicatessen", deliberately avoiding competing in a low-margin supermarket role.'

Reserve Bank Deputy Governor Phillip Lowe (November 2013)

'We have tremendous opportunities in a range of specialised high value-added goods and services where it is the quality of our ideas and the quality of our execution that is the key.'

Small Business Minister Bruce Billson (December 2013)

'It's (the competition review) about whether we have created that ecosystem that supports enterprise and entrepreneurship.'

Freedom Foods' boss Rory Macleod (December 2013)

'Australia's niche in the (China food) market would be its ability to supply premium-end, value added products.'

General Manager NAB Agribusiness Khan Horne (December 2013)

'The Economist Intelligence Unit's (EIU) recent report, *A Healthy Future for All: Improving Food Quality for*

Asia, showed Australian agribusinesses need to look beyond simply volume and respond to the evolving market.'

You're receiving this because you are on the ALM Group database

[Edit your subscription](#) | [Unsubscribe](#)

Contact: Tony Gleeson, CEO
Australian Land Management
Group.

P: 07 4666 4112

M: 0402 099 884