

To remain globally competitive, farm consolidation is inescapable

In response to my comments Mal Peters has apparently ignored the fact that agriculture as an industry has a choice, as well as ignoring the implications of that choice.

We can attempt to hold back the tide and maintain the same number of farms, and farmers. The consequences would be that we would keep all existing farmers in business until our failure to remain globally competitive wipes out the sector and takes all the farmers with it. Is that desirable for farmers and the Australian economy?

Alternatively, we accept, and even embrace, the fact the future of agriculture, and the world that needs to be fed, is based on continuing productivity gains, some of which come from consolidation of farm businesses. This consolidation does not have to be sudden, nor lack compassion.

It does, however, have to happen if Australian agriculture is to remain globally competitive throughout the long-term. The alternative is to consign Australia's farmers to an inexorable slide toward 'peasantry'.

It is worthwhile looking at history: there were 254,000 farm establishments in Australia in 1938 and 140,000 in 2007 a reduction of about 1600 per annum in that period. Does Mr Peters seriously think agriculture would be better off having retained all those farms?

Should the benefits, for example, of larger, more efficient farm machinery, which reduces the need for labour, not be allowed to flow through to farm efficiency and profitability? Extend that argument and we will go back to ploughing (or direct drilling) with horses so we can employ more people.

The key issue is to ensure we have the appropriate policies in place to ensure any adjustment happens with minimal disruption to the sector and everybody in it, while not jeopardising the future of those who remain.

Getting the balance right will mean a dynamic, progressive industry that will go a long way toward attracting the best and brightest to agriculture.

This, in turn, will help underpin vibrant regional economies, albeit economies that might have fewer farm businesses and fewer people directly employed, but businesses that are highly successful and globally competitive. Which is the best option for the future?

– David Sackiett,

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