

---

# Agribusiness – Research & Publishing Update

Agribusiness Association of Australia ABN 41407165846

PO Box N26, Grosvenor Place, NSW Australia 1220, [agri@agrifood.info](mailto:agri@agrifood.info) T +610418880046 F +61298691537

Volume 103

Tuesday, 10 December 2002

## Online Security – Member Only Access.

Over the last 6 months feedback to the Association has indicated that many individual and commercial organisations are using Agribusiness Online as a primary information source without feeling they have to make any contribution to the Association or the resource they are using for free.

So in the new year the Association is going to introduce restriction on accessing much of the information contained in the web site – to members or those who pay for specific access to the site.

Our original intention was to have all the information on the web site open to the public, with the aim of encouraging participation and new membership, however 'free loading' has reached such a level that we have to take this action.

Membership renewals will be forwarded to members soon, when your membership is renewed you will be provided with a very easy to recall username / password that will grant access to the Members Only areas of the web – including the weekly commodity report and the research and publishing sections.

---

## New Papers In Agribusiness Perspectives.

The Perspectives section of the Association's research and publishing activities has now grown to 56 papers with the recent addition of 2 works detailed below.

Both Perspectives and the Agribusiness Review offer a wealth of research and knowledge to members. The Association is very proud to be able to present this information to you, as it is indicative of the quality and depth of research and inquiry in the Australian agri-food sector.

The Association is in the process of developing a compendium of the research that we have published over the last 5 years, with the aim of making the information easier to access.

---

## Perspectives 55

### Rotations, Risk and Reward: Farming system choice on the Eyre Peninsula of South Australia

Jon Hancock - Farming Systems Research Officer with SARDI at the Minnipa Agricultural Centre,  
Ian Cooper - Senior Lecturer in Farm Management at the Roseworthy Campus of The University of Adelaide and  
Nam Nguyen - Masters student from Vietnam studying at The University of Adelaide.

#### Abstract

The choice of farming system and rotation by farmers is a matter of balancing short and long-term agronomic and economic factors. Economic factors in particular need careful interpretation. Simple gross margins can be misleading. Between 1995 and 2001 an experiment was conducted which aimed to evaluate the long-term impact of rotation, tillage and stubble on the profitability and sustainability of farming on Upper Eyre Peninsula.

<http://www.agrifood.info/Review/Perspectives/Hancock.htm>

---

#### Comment

This paper provides an interesting case study into the balance that needs to be achieved between short-term economic decisions and long-term profitability – or the continued economic sustainability of a farming enterprise.

The results of the work carried out in SA are of relevance to cropping enterprises in other areas, as the *general principals* derived from the study are transferable to other contexts. The paper should be of interest to those in an advisory capacity or to professionals in the finance sector who must consider long-term economic impacts alongside short-term economic returns.

---

## Perspectives 56

### Building an internationally competitive Australian olive industry: lessons from the wine industry

Kym Anderson - School of Economics and Centre for International Economic Studies, University of Adelaide

#### Abstract

What can be drawn from the wine industry's experience of relevance to the burgeoning olive industry? First, there has been no dramatic increase in export demand for Australian olive products in the way there has for premium wine. There has, however, been a steady increase in domestic demand for olive products, which is projected to continue. Since imports have been supplying up to 95 per cent of domestic sales, the presumption by some investors is that Australian olive producers have a large local market ripe for capture. This could be so *if but only if* those producers -- who face very different factor prices than Mediterranean producers (and no government subsidies) -- are able to lower their production costs sufficiently to be able to compete with imports. Certainly land prices are relatively low in Australia, but water is becoming more expensive and labour costs are very high by Southern European rural standards.

<http://www.agrifood.info/Review/Perspectives/Anderson.htm>

---

### Comment

Kym Anderson is one of Australia's leading wine industry researchers. The application of experience earned in the development of Australia's wine industry to other developing industries in the agri-food sector is something of a specialisation for Anderson.

Core themes of Andersons thesis include;

- That the Australian wine industry has accumulated a great deal of experiential knowledge in developing international and domestic markets essentially from scratch and that these 'lessons' (experience) can be transferred to other non 'main stream' or developing primary industries.
- A sense of cooperation across the value chain is essential to maximise growth, Anderson stresses the division and mistrust existing between primary producer and value adder that is a characteristic of many sectors has to be minimised for potential to be reached – a lesson that all industries in the agri-food sector should take note of.
- The olive industry has to be aggressive in adopting technology and pursuing efficiency and competing for capital if it is to make anything of its self.

This is the second paper on this issue the Association has published – the first can be found in the Agribusiness Review – Vol. 8 2000 – Paper 6 – where Anderson take a broader view and includes specific reference to the dairy industry in his discourse.

Other Papers from Kym Anderson include –

- **International Developments and Sustainable Agriculture in Australia**  
Australian Agribusiness Review - Vol. 7 - 1999 - Paper 2.  
<http://www.agrifood.info/Review/1999V7/99SustainableAgriculture.htm>
- **Consumer and Import Taxes in the World Wine Market: Australia in International Perspective**  
Australian Agribusiness Review - Vol. 7 – 1999 – Paper 3.  
<http://www.agrifood.info/Review/1999V7/99winetax.htm>
- **Invigorating the Asian-Pacific Food Economy: APEC'S Role**  
Australian Agribusiness Review - Vol. 8 – 2000 - Paper 1  
<http://www.agrifood.info/Review/2000V8/2000AndersonAPEC.htm>
- **The Anatomy of Australia's Wine Boom: Lessons for Other Industries**  
Australian Agribusiness Review - Vol. 8 – 2000 – Paper 6  
[http://www.agrifood.info/Review/2000V8/2000\\_Anderson/2000\\_Anderson\\_Wine.html](http://www.agrifood.info/Review/2000V8/2000_Anderson/2000_Anderson_Wine.html)

---

### Spring 2002 Connections.

<http://www.agrifood.info/Connections/Spring2002/index.htm>

The new edition of Connections – a joint publication with the Australian Agricultural and Resource Economics Society – has been published and is now available on the web. Two of the papers are extremely topical.

The first is a commentary on the current drought by John Freebairn – appropriately titled “**Drought**” and is critical of federal and state governments approach to alleviating the social impact of drought in regional Australia. Freebairn rightly asserts that industry drought subsidies are ultimately destructive to the sectors to which they are applied and impact adversely on others by artificially inflating land values, raising the cost of feed, allowing unprepared or economically unsustainable enterprises to remain 'in business'.

---

The second Connections paper in this edition is titled, “**Anticipating The Next Level Of Sophistication In Water Markets**” by Tim Cummins and Charles Thompson. The paper discusses the primary drivers behind the emergence of water markets, finding that the management of risk on the part of irrigators will be a defining force shaping the form of water markets – how they will operate and who will participate.

The paper profiles the Rice, Dairy, Cotton and Perennial Horticultural industries from a return on investment / risk management perspective and goes on to outline applicable futures and derivatives mechanisms that may operate in water markets in the future.

---

“**Prospects for Feeding the World and for Rural Landscapes**” comes from the Australian Centre for International Research and examines world cereal demand up to 2020.

Far from painting the usual doom and gloom scenario favoured by some, ACIR maintain that, if current levels of R&D are maintained and if programs to improve infrastructure and alleviate poverty are continued / implemented, the worlds agri-food sector should be able to cope with increasing demands for nutrition – without having to dramatically expand land used for agriculture.

The paper reinforces the message that for food production to be environmentally sustainable, it has to be profitable, citing the highest levels of degradation of farming land as being in Africa and Latin America – two centres of poverty.

---

The final paper in the Spring 2002 Connections is titled “**Quantitative Measures And Performance Indicators In The Agri-Business Sector**” by Venton Cook from Primary Industries and Resources, SA.

This paper discusses the application of a 'scorecard' approach to evaluating enterprises in the 'agri-food' rather than the agriculture sector, neatly integrating the suggested approach to evaluating primary enterprises with other value chain related concepts.