

A rural journalist's view

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They say that the one thing we learn from reading history is how little we learn from reading history.

The agricultural policy-arena has been saturated with studies and documents highlighting the inadequacies of Australian agriculture, pinpointing present and future problems. Current deliberations by the rural policy group come on the heels of the National Farmers' Federation's Farm Focus paper, which followed the previous magnum opus, the Green Paper. If only we'd had shares in paper mills we would have been rich men. We certainly would not have accumulated our fortunes waiting for solutions to the problems identified and regurgitated over the years.

Where does one start on the problems facing Australian agriculture? With the stinginess of Australian wheatgrowers who pay a miserly and totally inadequate 20 cents a tonne wheat research levy? With our sincere but crass and gauche attempts to set up trade and political lobbies in the EEC? With the appalling industrial relations record in the grain handling and shipping industries? With the lip service that is paid to upgrading the status of the shearing profession? With our abysmal record as crop forecasters? With our continual whingeing about the Japanese and the Americans refusing to guarantee us a share of their beef markets? Or with the catastrophic impact of Senate committee enquiries on the calibre of farm and industry businessmen offering their services to the rural sector?

I make no pretence at priority in the order of my discussions, but let me begin with a broadside at Government.

Governments

Governments are one of Australian agriculture's greatest problems. How on earth can we grow grains, with the enormous personal and financial long-term commitments that grain-growing entails, when we have a Federal Government which is willing to scratch our consistently best grain trading partner by the implementation of spasmodic embargoes? The puncture that this puts in the wheels of the supply/demand cycle is incredible. If we become too pregnant with political piousness this agricultural baby is likely to have a miscarriage. And with the Government driving the engine through the marketplace the risk of accidental damage is much greater, (a) because the Government doesn't know how to care for the motor, and (b) because it has no qualifications or licence to drive in that area anyway.

When Government enters the farmer's business the only guaranteed result is a painful commercial hangover. It sometimes amazes me how farmers allow this hangover to become so severe. I know of no private enterprise on this earth which can survive by protecting and sheltering its least efficient operations, yet as a country Australia currently has the same policy. I venture to conclude that the country will end up in the same shape as private enterprise if the protection racket is continued.

Marketing

Marketing is now the catchcry of the "Save Australian Agriculture" devotees. Agriculture has an unhappy record in understanding consumers and their patterns of consumption. The automotive industry is a good example of how not to deal with today's consumers and today's economy. By refusing to believe reality and changing public attitudes towards the size and price of cars, vehicle manufacturers have reaped a dismal harvest. I think the beef industry could benefit from studying the case history of the automobile industry.

As a prominent United States economist asked recently, is the beef industry missing the bus? Is it speaking with consumers or to consumers? Are consumers gradually and permanently turning away from

beef? Were recent decades of high beef consumption an aberration produced by the post-war baby boom?

In the United States, for example, the fastest growing segment of the population is the age group from 25-44. They may have been nurtured on beef, but there's been an overwhelming enticement to experiment with natural foods, fish, poultry and analogues. Yet we seem to be planning beef production and marketing meat as if nothing has happened, as if we can still count on the same kind of consumer being out there as was there 10-20 years ago.

Brother, has the market place got news for us: The days of low, single-digit interest rates are now nostalgic memories. Low land prices have also slipped into reverse gear and faded from view, as has cheap energy.

The commercial "fat" available for producers to trim in times of economic uncertainty and consumption aberrations no longer exists, but have we faced up to these problems, have we made some supreme adjustment sacrifices? I think not.

We must have different farm management philosophies, policies, action and advice when inflation hovers around 10-12%, interest rates caress 18-20% over extended periods, and rail freights, road transport and utility charges rise 15-25% annually as the norm. But how many primary producers have adjusted their business procedures to cater for these developments? How many farmers have substantial investments in their own bank - The Primary Industry Bank of Australia? How many farmers are earning 18.25% overnight on their spare cash via the Australian Bank Minimum Deposit System? The AB electronically scans all accounts operated on this system each evening and automatically deposits excess funds overnight in safe Government securities and company-inscribed stock. I venture to say that most farmers would still be holding the majority of their deposits with the traditional banks - with substantial portions of those funds earning no interest at all - not good enough!!

If there is a marketing problem confronting the Australian beef industry, it's of the industry's own making. We are still trying to sell what we produce rather than produce what the customer requires. Where's the research on specific markets, on the market segments which offer most potential? Where is the identification of those products and product forms which might be used to exploit this potential?

We need to know where our target markets are, what product is required and what price parameters are involved, before we can attempt to exploit the situation. How many specialist meat-selling representatives have we got overseas? The Australian Meat & Livestock Corporation has five, but you wouldn't call any of them crash-hot, experienced commercial meat traders. How many overseas marketing representatives does the Australian Wheat Board have? - the big 0. But it has half-a-dozen personnel in its Public Relations Department, back home. How's that for priorities?

Ah, but you say we sell most of our grain on a Government-to-Government, institution-to-institution basis and seem to do so effectively. I say hogwash. Do you think Continental Grain or Cargill maintain marketing expertise only at headquarters? Not on your Nellie. They have branches and marketing spies everywhere. God helps those who help themselves is particularly pertinent to the grain marketing industry.

But back to livestock and wool where vested interests have kept the pigeon hole and the snail as the epitome of progress.

The main avenues for improving livestock marketing efficiency are those which improve the operation of lower-cost direct selling methods, such as sight-unseen trading, with only a minor place for saleyard auctions in the scenario. Yet in Victoria recently we saw plans for the relocation of a prominent country saleyards at a cost of \$4.4 million. And we still regard Newmarket saleyards, virtually in the centre of the city of Melbourne, as a sacred industry monument which would cause price-setting confusion and livestock marketing catastrophe if moved or disbanded altogether. I say poppy-cock. The insularity and

naivete of such thinking and prognostication defies explanation. It is verbal garbage and I challenge anyone in the livestock marketing industry to prove otherwise.

A similar example of cobweb wisdom is the wool industry's attitude to computerised wool-marketing techniques. There's a plethora of reports explaining why it can't be done, including emphasis on impediments and disadvantages. The first network-based computerised transfer-of-ownership system for the Australian wool clip was developed nearly a decade ago, but never tested or utilised. EWP also began its telex-orientated system 10 years ago, but had insufficient market share to promote its growth and acceptance. Five years ago, Computer Sciences of Australia developed its WOOLNET system to computerise the wool marketing function. In all this time, the industry has obstructed even a trial of computerised selling systems.

When the market is rising, buyers will run the phone wires hot buying sight- unseen from the Wool Corporation's stockpile, but mention computer selling systems and buyers insist on retaining the feel and smell of wool visually assessed, and the archaic practice of shouting and gesticulating at each other across the auction room floor. Yet the Australian Objective Measurement Project almost a decade ago proved that we can objectively measure characters which are responsible for 95% of the value of a lot of wool.

Research

Research is a subject dear to all our hearts, but I wonder how much research expenditure is wasted or fails to yield benefits equal to its cost. I'm not saying it's easy to pick winners in the research stakes, but I am saying that our tipping record is abysmal. For example, where's the economic evidence that biological control methods are a viable alternative to routine spraying with pesticides?

I know there have been some outstanding research successes, such as biological control of prickly pear and skeleton weed, and myxomatosis and blowfly control, but what about the failures where the benefit:cost ratio was poor or less than one? I understand a recent IAC-CSIRO study of 12 CSIRO pest management projects showed that no fewer than five of the 12 projects failed to cover their costs, raising serious questions in relation to choosing worthwhile projects. What disturbs me most is that two of the programmes cost more than five times the likely benefits. Enough said about the necessity for better homework, and the curious mix of politics and economics, which is obviously an impediment to progressive problem-solving research.

Another fault which is endemic in agricultural policy and decision-making is our propensity to drop the hard ball, to put off or even to ignore problems which are either too hard, too costly or can be camouflaged from the populace for extended periods. Salinity problems, water resource problems and soil conservation spring immediately to mind.

I don't believe that the problem of land degradation can be beaten, but it can be slowed down. For an insidious problem, degradation is an emotive issue for as well as eroding our environment it is also said to erode our heritage. But I wonder if we don't encourage some of this emotive drive by our own misuse and misinterpretation of statistics.

For example, it is said that half the total land area of Australia has been degraded to varying degrees under past and present agricultural and pastoral land use. Half compared to what? It's said that in the arid zone alone 55% of land is degraded. What is the norm? What would you expect in an arid zone? How do we compare with other arid zones in other countries with similar land use techniques and similar climatic patterns?

Another area which concerns me is the question of legislation for commodity marketing boards and statutory authorities. Current Australian wheat marketing legislation is barely three years old but already the industry is seeking substantial amendments. In its anxiety to keep a tight hold on the activities of statutory bodies various Parliaments have rendered them commercially inflexible and administratively

hamstrung. The Australian Wheat Board can't even put aside funds to build a new headquarters. Except in case of emergency, before any contract exceeding \$5,000 is entered into by the Grain Elevators Board of Victoria, it must give 7 days notice in two newspapers inviting tenders. It must accept the contract which appears to be the most advantageous, which can be interpreted to mean the lowest quote. Any contract exceeding \$50,000, or a contract extending beyond a year, doesn't have any force unless sanctioned by the Minister. Last year the Board let 112 contracts, over half of them exceeding \$5,000. Can you guess the delays and rigmarole involved in advertising and waiting for tenders to close? Can you imagine how much more efficient it might have been to maintain a register of interested parties and phone them? And what about the Minister's valuable time?

Another subject close to my heart is grain trading embargoes. As someone said recently, grain embargoes are like shooting yourself in the foot. Grain embargoes defy comprehension. They show an amazing lack of perception of the human race.

For example, could you imagine an embargo forcing the Russians to reduce their spending on arms? Can you imagine the Russians submitting to our will or the combined will of Australia and the United States. Not likely! Recently the EEC, as its token contribution to an embargo against the Russians, agreed to limit imports of pianos and caviar! Boy, are we going to give that big Russian bear hell! He's really going to bleed and constipate with an embargo like that! I know of no country - no matter how poor - that can't find funds for defence, and Russia is no exception.

Let's look at some facts. Russia and China are two of the world's largest grain importers. Together they account for one-third of the world's wheat imports and one-fifth of the world's feedgrain imports. Their imports in 1981 were equivalent to 15% of the entire record United States crop. These countries are going to buy grain from the world market whether we supply it or not. It's not a matter of whether trade will take place, but rather on what terms. World markets work around restrictions, no matter how forcefully they are applied.

Many of you will have recently been exposed to the AGROW Australia campaign initiated by the National Farmers' Federation, with de facto support from commercial enterprise. I say de facto support because commercial enterprise has always been invited to participate in joint ventures of this kind, but has seldom given any lasting encouragement. The joint publicity rarely makes the financial commitment by private enterprise worthwhile. Yet there are ample opportunities for a co-ordinated approach for joint publicity and public relations in the rural sector. In fact, I wonder how many opportunities are being lost by the fragmented approach of several industry organisations.

Take AGROW Australia, for example. Every statutory body and commodity marketing board could justify an expenditure in an exercise of this kind, yet all act independently, at tremendous cost to the industry, and substantial waste of meagre resources. It's a bit like the RACV in Victoria and the RAA in NSW both producing separate accommodation guides for distribution to members.

Why should the National Farmers' Federation have to carry the ball anyway? In terms of industry public relations, the Department of Primary Industry does nothing, the Departments of Agriculture zilch, the Australian Agri-cultural Council zero, the BAE nought, CSIRO nix, etc. In the United States, taxpayers' funds are used to publish an annual agricultural year book and the same funds are used for postage and distribution. Politicians are allocated thousands of free copies to pass on to selected recipients in their constituencies.

While on the subject of primary producer organisations, the negative attitude of some rural industry leaders is to be deplored. Only recently, NFF president Michael Davidson was reported as saying: "Agriculture has the capacity to double production, provided the economic climate is suitable." Stone the crows, I could double my income if the "economic climate was suitable". If we all waited for the economic climate to be suitable, about the only thing that would double would be the size of our ulcers, the size of our overdrafts, plus the bald patch on some of our heads, where what was once a footpath would become an aerodrome. For God's sake, let's be positive, otherwise we're only masquerading as entrepreneurs.

Productivity must double in the next 20 years or we're all goners, not only farmers. If our leaders are couching comments in negative terms, what kind of a mentality must this generate in the rank and file?

If we want to improve rural public relations, let's start with our own attitudes. Farmers are in business to increase profitability, otherwise they are not in business. It's as simple as that. You can forget that crap about farming being a way of life, an escape valve from the perils of a polluted society, or a sociological body-builder. 98% of farmers are in it for the money and the other 2% are either liars, millionaires, beneficiaries of legacies, or enjoying a brief, pleasant interlude on a hobby basis.

Suitable economic climates are piffle. They don't exist. We make our own climates and we compete with others playing the same game. If we let the economic climate syndrome dominate our thinking the climate then dictates to us and we lose control of our destiny. If you don't go forwards, you stand still or go backwards. One way leads into the garden of prosperity, the other to the graveyard of despair. If farmers begin believing the economic climate is crook, they'll start clutching at straws and screaming for additional support - usually from Government and the bureaucracy, the very antithesis of entrepreneurial freedom and private enterprise. They then expect things to happen for them on demand. Recipes are hatched, policies ordered, and if not delivered in the right package at the right time in the right way, the farming empire disintegrates further into the negative mire, eventually risking becoming solely dependent on Government.

Let's be frank. If we told Governments to get stuffed more often it might be just the tonic for both parties, but how can you do that when stricken with a malignant cancerous growth of negativeness? If you're being towed, how much control do you have at the wheel of the second vehicle? Let's become people of vision, let's generate opportunities and not get bogged down in problems. But how many agricultural visionaries are there? There must be some. Let's go find them. It's never too late.

Summary

- We concentrate too much on problems in Australian agriculture and too little on opportunities. As my tax man says: The object is not to minimise tax, but create wealth.
- We rely too much on Government, bureaucratic and political support.
- Our farming organisations - with minor exceptions - have never reached their full potential. And no wonder with the miserly monetary support they receive from farmers.
- Our statutory authorities all suffer from legislative straitjackets.
- Our industry public relations is abysmal compared to other industries, but shows signs of developing beyond the embryo stage.
- Our farm management and farm finance attitudes and techniques leave a lot to be desired.
- And we whinge too much!