

SCENARIOS FOR THE SOUTHERN GRAINS REGION

This is a preliminary report of the scenarios developed in the southern grains region. It is designed for the benefit of the workshop participants and as a resource for prompting discussions amongst growers, industry leaders and the wider community as to possible implications and impacts of various future events and strategic decisions. It will complement the full report of this project.

Introduction

In an increasingly complex and dynamic world, Australian grain growers face numerous challenges and opportunities. The choices that are made today will help to shape the future of the industry and of the people within it. This project was developed to assist growers in making sense of the numerous driving forces (international, national and regional) that will shape the future of the industry by grouping them into clusters of key drivers and exploring a range of plausible meaningful scenarios for how the industry future might unfold in a 20-year time horizon.

A series of scenario planning workshops were held across GRDC regions to develop a set of plausible scenarios, specific to each region. This was a highly participatory process, which drew upon national and international trends and forecasts as well as local knowledge and industry aspirations.

The workshop

In late October 2008, representatives from within and outside the grains industry gathered to develop plausible scenarios for southern grain farming enterprises in 2030.

Participants reviewed and discussed global, national and regional forces that potentially will shape the future direction of the grain industry in the southern region. Aspects such as global power and wealth, growth in Asia, peak oil, energy, climate change, water, food security, new technology, enterprise diversity and the capacity of rural communities were considered. With this background information in mind, the participants, working in groups, identified drivers that they considered likely to shape the future of farm enterprises in the southern grain farming region. These were then discussed by all of the participants and a list of twenty unique, key drivers was developed.



Australian Government
Grains Research and Development Corporation



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Development Corporation

Key Drivers Shaping the Future of the Industry

- Farm profitability
- Demand for grain, meat & fibre
- Government policy (local, state & national)
- Social pressure/community perceptions (e.g. GM)
- Producers attitude to risk
- Cost and availability of inputs
- Human capacity (numbers, skills, education, succession planning) within industry
- Labour availability & competition with other industries
- Competition for land with other industries
- Water (price, availability, quality)
- Climate variability
- Carbon trading (opportunity or threat)
- Consumer/market demands (quality, specifications, QA) and market specialisation
- Corporatisation (ownership, investment, speculation)
- Information and credibility of information (to industry)
- Investment in research
- New technology (availability and adoption)
- Multinational dominance in agriculture
- Infrastructure and transport (on-farm and industry)
- Community viability

Scenario shaping drivers

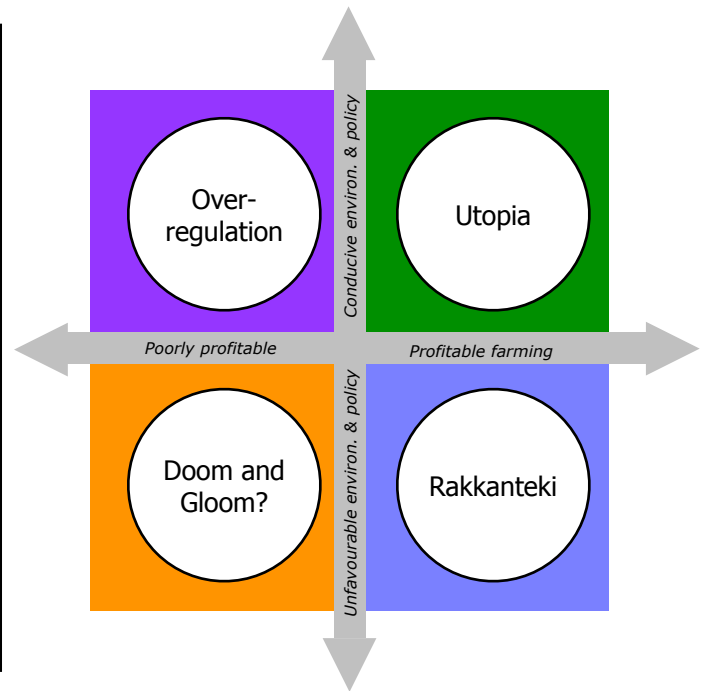
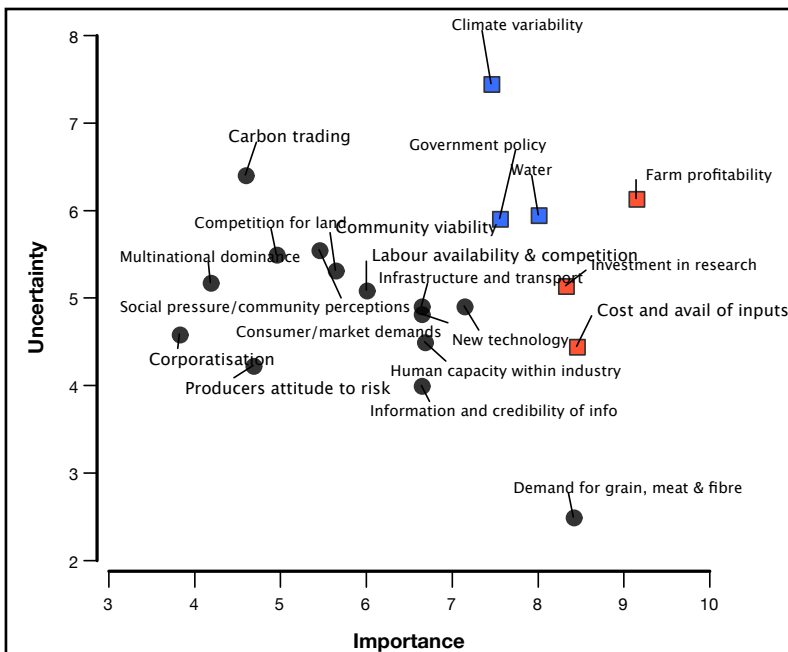
Drivers were rated out of 10 for their importance in shaping the future of the industry and the degree of uncertainty associated with the driver in terms of either its future level, impact, or both. A map of the importance and uncertainty of the drivers highlighted clusters of those considered to be important, but also highly uncertain:

Environment and Policy

Climate variability; Water; Government policy

Farm Profitability and Industry Capacity

Farm profitability; Input costs; Investment in research



Plausible Futures

The scenario shaping drivers were used to define four scenario 'spaces', with quadrants either towards or away from each driver cluster. These quadrants were used to formulate four plausible scenarios. A detailed narrative for each scenario explored economic, environmental and social implications for the farm, industry and region out to 2030.

Over-regulation: the coast's looking pretty cheery

The industry has a 'bi-modal' structure comprising large enterprises and a few smaller businesses. The typical broadacre enterprise today remains viable in the face of soaring input costs and volatile prices by implementing 'back to basics' farming combined with payments for carbon and environmental assets. Most farmers live on the coast, travelling to the farm on a seasonal basis. Smaller growers provide 'farm-sitting' services to supplement their income.

Timeline to Over-regulation

2010

After ten years of near constant drought, high input costs and fluctuating prices, many farmers left the land, assisted by government packages. Water licences were purchased at full value and use of water from irrigation schemes was restricted to 'high value' assets. Water harvesting for non-irrigation farm use was enshrined in legislation. Assistance provided to struggling growers maintained them in business.

2020

Growers who remain in the industry have been aided by government support and environmental payments. They produce raw food materials in a low-input industry with little R&D. Farm produce is traded on a global market which is increasingly free from trade restrictions after the WTO-DOHA agreement of 2010 was finally implemented in 2012.

Utopia: best of everything!

Developments over the last two decades have resulted in an industry that has the best of everything; profitable and viable production across all seasons, strong domestic and international markets and payments to manage ecosystem services. This came about through a combination of improved production systems, freer trade and positive policy settings. Recognition across the community of the need and role of agriculture for food and biodiversity stimulated government policies which were generally regarded as supportive of and favourable to the industry. Rural-urban relationships have improved with a mature recognition by each of the importance of the other. Rural communities are generally vibrant and resilient with many small, regional-based industries value-adding to agricultural produce.

Timeline to Utopia

2010

Generally seen as the turning point. Drought-breaking rains, removal of trade barriers and a recognisable shift to supportive and favourable government policies. The five-year programme to develop high speed communication systems began.

2020

Many benefits flowed from well-funded and supported industry R&D with wide-spread adoption. Farmers had increased spare time for family, community and recreation.

2030: Four Regional Scenarios

Doom and Gloom?

Dominance of mixed, diverse, large farms with significant off-farm income to spread risk. Solar, wind and forestry are options. Information is exclusively from retail agronomists as there is no public sector involvement apart from regulation and policy. The average age of farmers is 70 years with a mix of family and corporate farms and much contracting and paid managers. The last 25 years has seen a 30% yield reduction in marginal areas and a 10% increase in the high rainfall zone. Most former farms in marginal areas are used as national parks, C-offset areas, extensive grazing operations or tourism parks. The grains industry is focussed on domestic markets, feed and fodder production, plus some niche grains (e.g. durum). Government regulation constrains expansion.

Timeline to Doom and Gloom?

2010

The drought continued. Land and water infrastructure degraded. Ten percent of farmers left the industry. Public funding of agricultural R&D was cut. GRDC moved to a popularly elected board.

2020

Industry R&D dominated by a few multinational players. Elders bought Landmark only to be purchase by ABB which had merged with GrainCorp.

Rakkanteki: optimism from challenge

Two decades of "growth in adversity" sees a sector with increased farm profitability and reduced impacts on the environment, despite external challenges. Increased investment in R&D gave the "Australian Farming Systems" programmes of integrated, industry-focussed research, which lead to many of the innovations considered mainstream today. These have helped to maintain profitability while delivering low-cost food to meet global demand. Technological developments, including remote management systems, have improved labour efficiency leading to opportunities for off-farm income.

Timeline to Rakkanteki

2010

Industry driven increase in R&D budget to capture the benefits of the profitable years and as a response to policy settings and proposals considered at best ambivalent and at worst antagonistic.

2020

Sheep now rare in broadacre enterprises following implementation of emissions trading scheme in 2012. Profitable legumes better suited to the environments of the southern region developed. Approval of GM now clear consumer benefits and a better environmental 'fit'. 'Interior changers' escaping coastal inundation and pests had flow-on effects to other communities.

Observations and uses of scenarios

Throughout history societal and industry change has been constructed principally around 'cultural' and 'economic' aspects. In considering the future, most observers tend to focus on one or the other of these. Part of the power of scenario planning is that it takes account of both of these major 'axes' concurrently and uses them to position key drivers. These scenarios for the grains industry in the southern region are no exception. The four scenarios which were developed by the participants were based on the 'human/cultural' axis of political influence, infrastructure and acceptance of change and the 'technological/economic' axis of farm profitability.

The importance of investment in research and development in determining future outcomes is evident from these scenarios. Inability or unwillingness to invest in research and development or to adapt to changing conditions could result in lost opportunities, industry stagnation or even the demise of individual farms or of the industry as a sector. The potential for good times to lead to industry complacency which may ultimately be destructive is another important message from these scenarios.

While it must be stressed that they only represent *plausible* futures, the scenarios may be used in a multitude of ways. Current businesses may be placed in a scenario quadrant based on their circumstances or direction; challenges to industry prosperity can be identified; or the overall direction of the industry may be placed on the scenario axes and gaps or new areas of investment required by GRDC and partners may be highlighted. An important use of scenarios is as a 'testing' ground for assumptions of the outcomes of strategic plans of individual businesses. Are plans robust under each of the scenarios, or would the business come unstuck if a particular scenario played out? A crucial part of this use of the scenarios is in tracking key drivers to try to identify how the future may be unfolding in reality.

This summary is a first step in providing a resource to help to extend these scenarios beyond the participants and their immediate sphere of influence. It is hoped that this resource will be used to prompt discussions amongst growers, industry leaders and the wider community as to possible implications and impacts of various future events and strategic decisions.

Participants

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