



# Alpine Valleys

## agribusiness forum

*'Australian Alpine Valleys - Where the Best Grows to Perfection'*

### **North East Farmer November 2009**

#### **Understand What You Have**

As landholders and managers of real estate assets we are responsible for the sustainable management of the resource we manage. It must deliver a return and provide a living and we should also depart, leaving the land in a better state than we found it.

With this in mind, coupled with some previous experiences, the notion that the farm's only interest is in producing the traditional commodities of beef, wheat and fibre are being challenged. The collision between food and fuel is well acknowledged and documented. The arrival of the new carbon reduction system which looks like a Carbon Pollution Reduction Scheme will influence in more than one way what we farm and the way we do it. No longer will food be the key driver of farm income, but a basket of goods and services will be on offer to a whole new range of customers from those on the land. Land managers will have to manage the risks and associated opportunities by being well informed of options and inducements as they arrive.

With the advent of a significant range of research into the opportunities for landholders in what they produce, I consider there will be a change in the way we assess the value of land and that it will no longer be based on DSE or Yield but the potential the land has to supply a range of specific goods and services. The new paradigm of farming is upon us, some regions will benefit hugely from what is on offer whilst others will either miss the opportunity or be in a region that is not located well due to a range of pre-existing determinants. A lot of emphasis has been placed on the world food shortage driving the profitability of farmers in the future, this is bound to happen, as there will be many pressures placed on farm land to carry out other activities not necessarily food production.

The smart money will be looking at those opportunities that might reduce the level of climatic and price driven risk and allow them to lock into some form of annual annuity which will provide some certainty in the farm model - something that presently is hard to find. This might be the supply of a service or eco-service where you work directly with a client to assist them in managing their environmental foot print. Those who will benefit are those who are able to identify opportunities as they arise and will need to be well researched and connected with like minded people and closely watch the trends from overseas. These same people will still trade in commodities on a smaller scale but will have the potential to be able to change the mix of their operation to meet the changing market requirements.

There is only one thing that is predictable and that is the unpredictability of the way landholders will manage change, which will be significant and not totally predictable going forward.