

## Pastures for prosperity — Beef inland forum.

### 3. It's a tough business in the nineties

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Farming in the nineties and beyond is one damn tough business, that can only continue to get tougher. It's a 45-year roller coaster ride, that is coming to a sad end for many farming families due to a combination of drought, falling commodity prices, spiralling costs and an unfavourable political climate.

According to the Australian Bureau of Statistics, in 1986–87, Australia had 118 752 farms. By June 1993, there were 106 057 farm businesses operating across Australia. That is a loss of 12 695 farms in that period, or the equivalent of 176 farmers per month leaving the land.

Of the remaining farmers in June 1993, 46% had a gross income of less than \$100 000 per year and 23% had a gross income of less than \$50 000 per year. The statistics also showed that 28% of farmers earned more than \$200 000 and 15% earned more than \$300 000. ABARE figures on farm profitability in 1994–95, which takes into account the drought across eastern Australia, show an average loss of \$13 000. One can only conclude that agriculture is in serious trouble, particularly at the low end of the income scale.

However, one statistic from ABARE, that really interests me, is the fact that the top one-third of farmers produce 70% of the gross value of farm output. It shows that these producers continued making profits regardless of the impediments to profitability. It is upon this group of people that we should be focussing our attention.

I am a beef producer in the harsher inland savanna woodland country. As a consequence of environment and location, I am restricted somewhat in the markets I am able to target. In the

growing season, weight gains can be quite spectacular, but weight loss can be equally spectacular at the end of the year, if the wet season does not arrive early. The challenge for us all is to prevent or minimise this protein drought-induced weight loss.

The options open to us are many and have varying degrees of success. Molasses supplementation in the dry season is a very successful tool, but horrendously expensive for us as we are too far from the source. Wet season phosphorus feeding has achieved spectacular results for us but it only delays the onset of the weight-loss period. Likewise, dry mix protein supplement in the dry season can dramatically reduce speed of weight loss but stock still lose weight.

The big long-term bonus for our operation has been the introduction of Verano and Seca stylos into our pasture. With this introduction has come a whole new management strategy for these pastures. Fire must be minimised and controlled. We can't afford to have a hot fire, and burning must be limited to once every 4–5 years. Stylo-based pastures must be managed in a similar manner to ponded pasture, in that they need to be spelled and allowed to set seed (in the wet season) or risk seriously depleting the stylo composition. Establishment can be very slow with Seca stylo and a 3-year time frame is needed for Seca to return a dividend. Seca also flowers late, and in our environment, where the wet season can be as short as 6 weeks, this is a problem. All this aside, Seca is doing marvellously well on our managed areas but the same can't be said for the continuously grazed areas.

We are also very aware of the threat of anthracnose as we have seen what that can do to Townsville stylo pastures. We are aware of the need to put some Siran and Amiga with our other stylos, but here I have a real problem. Because of Plant Variety Rights, this seed is ridiculously priced and is out of our budget. If PVR is the way of the future, then people have a big problem,

because I can't see people like myself paying that sort of money for seed.

There is a real need for companion grasses to plant with our stylos. Because of the slower establishment of stylos, many of the popular grasses today are too aggressive and out-compete the stylos. I often wonder why more effort and research has not been done into our own native species of grasses and legumes. If forage crops like Sudax can be developed from Sudan grass and rust-resistance, etc. achieved in cereal crops, why can't genetic engineering be used to improve some of our more promising native species? Have these native species even been identified?

The world of agriculture is undergoing profound change with the whole world doing some serious navel gazing regarding our environment. This is a fact of life that we must learn to live with. Big brother **will** be looking over our shoulder and the green movement **will not** go away. We must simply learn to live and work with them. We must firstly clean up our own backyard and at the same time, build some bridges with the environment movement. Where they are misinformed, or just plain wrong, we must clearly demonstrate this fact and involve these people, openly, so they can become informed and less emotional. Where we are clearly at fault, we must openly take steps to rectify the problem. In this new environment, I would have thought it was critical that we start to seriously look at researching our native pasture species. In my case, I would hope that the drier inland areas would be given a much higher priority than they have in the past.

There is a desperate need to get more young people onto the land. Ideally, these young people will have a fresh new approach to agriculture without the ideological mind-sets of many of the older generation. They will be much more goal-oriented and more likely to plan for the future and be more flexible in their approach to problem solving. One of the saddest things in agriculture today is the almost total lack of estate planning which is driving so many young people away. Those that have taken the plunge and bought land are often terribly exposed financially and are

among the first to fail. It is a sobering fact that the most innovative people are the most at risk of financial failure, because they are also the risk-takers. They are also the people we can least afford to lose.

For these young innovators to get onto the land, it is essential that land values come down considerably. To borrow money to buy land at present values is to condemn yourself to a life of serfdom. It is simply not possible to get a return on your investment in many cases and I believe this is one of the main causes of the demise of the family farm.

Marketing of our product, beef, is ultimately what will make or break us. We must be one jump ahead of the market trends to remain viable. We must assess our land's potential, our herd's genetic worth, what is realistically achievable and ultimately, this will tell us what markets we can target. We must be ever mindful of the consumers' demand for consistency of quality, as this is largely under our control. With this consistency in mind, and the trend for younger and younger age of slaughter cattle, I can see a big swing over to some form of grain finishing in the future. The long-term decline of the US market and the existing potential of the Asian market will only accelerate this trend. The live export market also has exciting medium-term prospects. The one sobering element in all this is the deplorable state of our processing sector and the exorbitant cost of processing our cattle. Some political will is long overdue here. Recent innovations in lot feeding such as RUMENTEC have exciting benefits for us as well.

All these innovations aside, the key to profitability for the majority of producers is still animal performance off pasture. In light of the pressures I have highlighted, I strongly urge that greater emphasis be put on improving what we already have, and a lot more emphasis be given to research into the more arid areas where the vast majority of livestock production is carried out. If this is done, I am optimistic that you will go a long way towards improving the viability of the middle one-third of producers. That has to be beneficial to us all.