Food 2050 – Rural Enterprises

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Agricultural Business in Australia

In 2011 there were:

- 135,447 agricultural businesses – a decrease of 3.6% since 2001.
- 409.7 million ha of land used for farming – a fall of 10% since 2001.
- 32.1 million ha of land used for crops – an increase of 31% since 2001.
- $46 million gross value produced – an increase of 34.4% since 2001.

Sources: ABS 2012; Cravero 2013 © Mazzarol 2013
Outlook for the Global Food System to 2050

Supply Drivers
- Population growth
- Increasing food consumption
- Changing dietary patterns
- Growth in fast food and retailing
- Rising levels of urbanisation

Demand Drivers
- Crop yields
- Rates of technological advance
- Climate and soil conditions
- Animal breeding and husbandry
- Greenhouse gas emissions
- Fish stock depletion

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Source: Godfray et al 2010
The “farm problem”

“It’s not the single crisis that gets farmers; it’s the three on top of each other.”

“Being a price taker as opposed to a price setter means you are also at the beck and call of others.”

Farm productivity up but demand inelastic

Decreasing farm prices & returns to farmers

Competition means farm efficiency gains benefit consumers not farmers

Farmers must expand product range

Increase farm size “get big or get out”

Yet many farmers lack financial capacity to expand – many small, low income farms

“Some children have been forced off the land because it can no longer sustain two families – but what about the future – we are just getting older and older farmers.”

“Running costs have risen markedly and we still need to keep making a profit.”

Source: Dunlop, Turner and Howden 2004

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Supply Chain Funnel in the Agrifood Sector

Concentration of buyer power
Strengthened by retail concentration
Large global buyers now dictate quality and timing

Key agrifood chain issues
Food safety & quality – from “farm to fork”
Large supermarkets & manufacturers work with preferred supply chain
Quality standards systems threaten to exclude smaller producers
Small producers need to develop niche markets

<table>
<thead>
<tr>
<th>Stages in the value chains</th>
<th>Number of actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers and greenhouses</td>
<td>&gt; 1.7 million</td>
</tr>
<tr>
<td>Semi-manufactured</td>
<td>&gt; 108,000</td>
</tr>
<tr>
<td>Suppliers</td>
<td>&gt; 25,000</td>
</tr>
<tr>
<td>Buying desks</td>
<td>85</td>
</tr>
<tr>
<td>Banners</td>
<td>420</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>&gt; 30,000</td>
</tr>
<tr>
<td>Shoppers</td>
<td>&gt; 110 million</td>
</tr>
<tr>
<td>Consumers</td>
<td>&gt; 278 million</td>
</tr>
</tbody>
</table>

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Source: Gereffi and Lee 2012
Key forecasts to 2050

Competing transparencies:
• Focus on environment and food safety.
• Consumer demand for food security but also diverse, traditional, unique and authentic food.
• Producers must learn to present products differently.

Diverse growth:
• Biodiversity will be a key strategy for coping with climate change.
• Move away from ‘monocropping’.
• Regional brands and healthy or wholesome foods will be in greater demand.

Decentralised access:
• Strong push for locally produced food.
• Greater regional collaboration to offer flexible food production and distribution.

Resilient life cycles:
• Greater innovation in farming land use and waste disposal.
• Farmers will move to more flexible land use with interlocking crop cycles, dense polycultures, biochar and carbon management.
• Enhanced information modelling for monitoring markets.

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Source: Menard and Klein 2005
Questions?