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Demand for small area farm

WHILE upbeat about the future for small area farmers, AFI executive director Mick Keogh warns that policymakers are always too enthusiastic to regulate on the whim of a 'good story'. And two SA politicians say urban sprawl and the right-to-farm remain the biggest obstacles facing producers.

PAULA THOMPSON and LIZ COTTON report.

Smart facts

- ▶ Risk of over-regulation
- ▶ Imports flood Aust markets
- ▶ Strategic ag opportunities

SMALLER producers will play an increasingly important role in agriculture as the demand for niche products – with environmental and welfare-friendly credentials – continues to grow, according to Australian Farm Institute executive director Mick Keogh.

But he says the Australian farming community has two major challenges: trying to keep up with expanding markets while meeting increasing expectations and requirements from consumers.

The institute was set up in 2003 to conduct research into strategic issues facing Australian agriculture and to promote the outcomes to policymakers and the wider community.

"Farmers need to try and meet all the expectations and requirements of increasingly fussy consumers who want food with a story and environmental credibility," he said.

Mr Keogh said smaller producers played an increasingly important role in meeting that demand.

The huge popularity of farmers' markets around the country highlighted the growing importance of

smallscale producers and the demand for their products.

Mr Keogh was outlining the main challenges facing Australian farmers at an Agribusiness Association of Australia meeting in Adelaide.

He said Australian primary producers needed to ensure increasing government restrictions and consumer demands did not impair their ability to compete on the global market.

The agricultural sector needed to take responsibility for its own future by engaging in objective and credible policy research, rather than relying on governments and policymakers to come up with the best solutions.

Mr Keogh said if the push for food "with a story" went too far and policymakers put too many restrictions on farmers, it could affect competitiveness globally.

"I see the real risk that we could go down the same path as the United Kingdom," he said.

"The story there was that because consumers started to express a desire for organic products, in effect regulations were structured towards organic production. That led to (more) regulations over chemical use and GM crop availability.

Mick Keogh
But they don't pay for that carbon footprint. They just make it a condition of sale and the producer has to provide that certification.

"This closes producers into a very narrow market and reduces competitiveness." Costs in the UK were increasingly being put on farmers.

"The UK's largest supermarket chain Tesco's is putting carbon footprints on different products," Mr Keogh said.

"But they don't pay for that carbon footprint. They just make it a condition of sale and the producer has to provide that certification."

At the same time, UK pork producers were being forced into more free-range production systems, while Danish imports of conventionally produced goods increased.

Mr Keogh said Australia was also becoming more reliant on imported goods.

"Our exports are growing, but imports are increasing dramatically – especially processed vegetables, canned vegetables and frozen product," he said. But Australian farmers were servicing a global commodity market where price mattered.

"There's been a paradigm shift in terms of supply and demand and, because of that, I believe the future is positive in terms of agricultural profitability," Mr Keogh said.

"The reality is that Australia is not a low-cost producer." Some parts of the United States had farm labour costs of only \$7.80 an hour. Another challenge was overcoming the food wastage occurring throughout the world.

"Figures show about 30 per cent of the world's food is wasted," Mr Keogh said.

"This wastage happens in developing countries from issues with post-harvest storage and transport. In developed nations, the wastage comes more from food's relative inexpensiveness."

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