

Of droughts and flooding rains... building regional resilience through collaboration

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Abstract: Collaboration between farmers, the milk processor and state and federal organisations attracted significant funding for a regional development initiative in far north Queensland, Australia. This increased resourcing provided the opportunity to work with farmers to improve their business planning skills and increase business confidence, as well as undertake milk processing development work to increase the profitability and viability of the milk company – a hand in hand approach. GROWMalanda focused on improving farmers' profitability through planning for farming systems change to increase milk protein production. There was a strong emphasis on farmer learning and capacity building. External and unplanned impacts such as a cyclone will divert focus from business planning and growth to business recovery, but can also strengthen businesses for future shocks.

Keywords: resilience, collaboration, regional development, dairy industry

Introduction

The Australian dairy industry has faced a period of significant challenge – recurring drought, climate variability, fluctuating commodity prices and increasing input prices, within an environment of greater regulation. Increasing land prices and a shortage of labour have also affected the viability of dairy farm businesses, as well as public pressure influencing land management and farm practice. These factors have combined to provide declining returns for dairy farm businesses, reducing milk production and causing some level of alarm for companies with significant investment in the dairy industry supply chain.

Dependencies between farmers and milk companies are strong, with success in each sector influenced by the other. This is especially so in more isolated regions where new entrants into the market, either at the supplier or processor level, are unlikely.

What incentives are required for farm businesses to scale up production? What are the barriers to growth? How can industry players collaborate to improve regional development opportunities? We examine this in the context of a small dairy community and consider what is required for a viable, resilient dairy industry.

The key focus for our research was to explain which elements of GROWMalanda were responsible for farmers perceiving that they had greater influence over their milk price and farm profitability, and the extent to which they were setting up their farm business to achieve this (ie farming systems change). Our approach was a three step process. Baseline data was collected at the beginning of the project (a telephone survey), in-depth interviewing was undertaken after the mid-point of the project, and a final telephone survey conducted at the project's conclusion.

Results and Discussion

On the Atherton Tablelands, in far north Queensland, Australia, a collaborative approach to regional development was implemented. This enabled scaling up from local activities delivered by a dairy company operating independently, to a regional initiative, federally funded, involving many organisations working together. The GROWMalanda project was initiated to help the local dairy community to take charge of its future development by: rebuilding dairy business viability; developing and up-skilling the capabilities of dairy industry businesses to meet new challenges of dairying of today and in the future; and re-establishing regional confidence and capability.

GROWMalanda was an innovative project within the dairy industry, integrating research, development and extension to encompass all aspects of the supply chain from farm to factory. Project partners

include the farmer-owned milk processor, and state and federal organisations. The project sought to address barriers to growth, described by farmers as low profitability, low confidence in the future of the industry, uncertainty about future factory milk supply and excessive workload on farm.

GROWMalanda aimed to increase farm profit by providing a 1:1 technical advisory service, an incentive payment scheme for milk proteins, and an investigation into adapting farming systems to maximise local strengths. The project design recognised that voluntary change depended upon an effective learning process. In particular, a learning process that was being researched in action – the focus of this paper. It also included manufacturing development work to increase the output from the high value milk protein plant. The most significant project activity involving farmers was to develop a business planning culture, through 1:1 farm visits and follow-up planning activity. The focus of this was to improve farm business confidence and improve profitability through increased milk protein production.

GROWMalanda had a lifespan of two years. However, midway during the project, the region was badly hit by Cyclone Larry which diverted attention from growing farm businesses to the more pressing need of ensuring business survival.

Our analysis showed that the GROWMalanda project achieved a high degree of awareness in the district. Associated extension activities were well-supported, but there was a lack of recognition by some farmers that they had been involved in a business planning process (it was masked by the Cyclone Larry recovery loan process). The program provoked considerable reflection on farm management practice by farmers – yet no change in their use of professional consultants for business planning. Despite some initial scepticism, it was valued as being a local program well tailored to the unique requirements of an isolated sub-tropical production area.

GROWMalanda did not achieve significant change in beliefs about the level of influence that farmers have over their profitability. This was reflected in their growing concern over rising input costs, especially feed (increasing to account for 66% of farmers' milk income in 06/07). The project did however achieve an impact on beliefs regarding increasing milk protein levels, which was the main aim of the project. Programmes of voluntary change (ie changing farm management strategies to increase protein) struggle in an environment where there are more pressing concerns such as recovery following a cyclone or where farmers lack motivation due to work pressures, ongoing drought and age.

GROWMalanda improved the environment for those that have chosen to stay in the industry, strengthening the base of suppliers and providing a stronger footing for the milk processor. Price signals are always important for commodity producers, but as a result of GROWMalanda, farmers are better-placed to respond to the stronger milk price in 07/08.

Conclusion

In terms of business confidence and outlook, the farming community of the Atherton Tablelands is becoming polarised. Half of the farmers view the future positively and are making plans to grow their farm business or refine and change farm management practices to increase profitability. The remainder of the farming population are more hesitant and waiting to see what the future brings – marking time. However, those farmers who are positive about the future and growing their businesses are generally the larger farms, and so supply a greater proportion of the milk to the Malanda processing facility. A collaborative approach was successful in harnessing resources and energy within the community and improving business confidence, yet struggled to make a significant impact where farmers were not motivated to change. The regional relevance of the GROWMalanda programme of work was important to secure engagement with the farming community.