# Birchip Cropping Group Inc Submission

**Review of DEDJTR’S Regional Service Delivery Model and Strategic Directions For Regional Policy**

## Background

Broadacre cropping and livestock production have traditionally been integral to the wealth of the Wimmera and Mallee regions of Victoria, and all indicators suggest that this is likely to continue into the future. Access to productive land and the development of innovative skills and technology have combined to make this the case.

Recent years have seen small country towns replaced as service and shopping centres by larger towns such as Swan Hill and Horsham. This shift is being driven in part by the changes occurring in broadacre agriculture: innovation and increased mechanisation allow one labour unit to operate many more hectares than was previously the case, in some cases, an increase of up to 50%. Whilst the paragraph below is taken from a US study in 2015, it applies equally in the Wimmera and Mallee.

Changes in farm size distributions and growth of farms seems closely related to technological innovations, managerial capability, and productivity. Opportunities for competitive returns from investing financial and human capital in farming hinge on applying managerial capability to an operation large enough to provide sufficient payoff. Farms with better managers grow, and these managers take better advantage of innovations in technology, which themselves require more technical and managerial sophistication. Farms now routinely use outside consultants for technological services such as animal health and nutrition, calibration and timing of fertilizers and pesticides, and accounting. The result is higher productivity, especially in reducing labor (sic) and land per unit of output. Under this scenario, agricultural research leads to technology that pays off most to more-capable managers who operate larger farms that have lower costs and higher productivity. The result is reinforcing productivity improvements.

## Sociological and geographical shifts

Consultants play a much more significant part in farm planning and management than previously. They offer advice and counselling in areas such as farm business management, taxation, accounting, agronomy, machinery servicing and repairs, precision agriculture, livestock management, commodity marketing and succession planning. They too, more often than not, are relocating to larger service centres for access to education opportunities for their children, employment for their partners and the range of services that larger centres offer in terms of health, recreation and location.

## Managerial Capabilities

If this trend is to continue, access to training and education opportunities for the population will be required. There is a need for a mix of people who may be new to the region, as well as people who have local understanding of the context of the challenges and issues that arise.

The necessity exists for the availability of a combination of secondary and post-secondary education, opportunities both at TAFE and University level with links to, but not necessarily based in, the region. This would provide for skill and training development which would enable suitable people to build on their current skills and capabilities to allow for career growth and change. Further, there exists the need for a focused program directed specifically at developing skills necessary for the running of successful small businesses in farming and other sectors.

BCG has played and will continue to play a role in developing cropping and livestock skills in the sector for both farmers and those who advise them. There is a growing need to further educate advisers: often they struggle to achieve full understanding of the specific context of the advice they give. While committed to servicing this need, BCG is increasingly aware of the importance of the business management area. This is vital if farmers are to extract better value from their capital, while making decisions which allow them to grow their enterprises and increase cash flow.

## Productivity

Currently, there are significant opportunities for combining farm data sets with the various ICT solutions on offer for each of a range of specific management areas on farm. While BCG is exploring ways in which farmers may best capture the potential benefits in this area, both capability and capacity gaps exist. Access to Broadband is limited either by the very large price penalties imposed on rural communities, or by the limited access available in rural areas. With the best will in the world, arbitrary lines drawn on a map hinder the opportunity for business innovation in Wimmera and Mallee. This in turn is holding back productivity gains.

Many farms have limited mobile phone coverage which means data collection can be both erratic and highly expensive. Currently, data collected by means of a mobile service is provided at approximately $90 for 15 gigabytes a month. This greatly limits offerings to this sector by people in the DATA and ICT service sector. This, combined with rural towns paying 10 times as much as rural cities for communication and technology costs, inhibits service to these rural populations and severely compromises their ability to work closely with researchers and companies that offer data management services combining a range of technologies. In fact, these limitations are prohibitive.

What is required is the equivalent to a University type connection allowing for effective collaboration in ICT and big data services between groups like BCG service providers. In a nutshell, for Birchip users, zoned rural 3, to obtain a 10 Mbit a second service through Telstra costs at least $4400 a month. In Bendigo, this service is priced between $400 and $700 a month and in Melbourne it is cheaper again.

Inter- and intra-regional transport is a key challenge facing BCG members: transport costs constitute an ever-growing cost in farm business. Finding ways of lowering costs and increasing efficiencies will be important if the region is to remain competitive. In an attempt to lower costs, the farming sector has shown a willingness to invest in its own infrastructure of grain storage and road transport. A significant by-product of such investment is increased work place health and safety, greater commitment to stewardship and increased capacity to meet biosecurity challenges as well as quality and end user needs. As these demands and challenges increase, the solution in this space will be different from the past; future investment in these important assets will require careful thought and planning.

## Service Delivery in broadacre agriculture in the Wimmera and Mallee

BCG sees itself as playing a growing role in this area. Currently, the group employs 22 staff, 14 of whom are university trained. Some staff live in Birchip, but the majority commute from at least nine different rural and regional centres and work partly from home using BCG as their base. BCG also partners with a range of local service delivery firms to access capability outside its current in-house offering to ensure access to necessary skills. BCG works closely with each of the state based agricultural research agencies, to ensure that their investment in innovation is paddock ready in a shorter time frame than would otherwise be possible. This increases productivity growth and enhances on farm profitability. In turn, this leads to further investment in the services of outside consultants, the development of more sophisticated businesses, the creation of more jobs and ultimately to more innovation in broadacre agriculture.

BCG is well placed to continue to play a key role and plans to grow its service offering in this sector. It sees its role as contributing to

* Improved ICT and Data management for farmers and advisers
* Developing advisers’ ability to offer contextual information to their clients
* Farmers having improved business management skills in making decisions relating to capital investment, marketing of produce (both livestock and grain), and cash flow management challenges.

BCG sees these developments as existing within a complementary growth of expertise in crop agronomy and as in themselves creating further challenges and opportunities.

## Piloting service delivery options a potential way forward.

BCG offers, and its members have expectations that it will offer, services to the wider Wimmera Mallee communities in the areas listed.

There is potential for BCG to work with the State Government to deliver some of these services in a partnership type model: it would provide a specific contextual service, ensuring that government policy be met, and productivity and profit growth continue to occur in the Wimmera and Mallee. A one size fits all approach is unlikely to work.

Organisations such as BCG are keen to partner and ensure that policy objectives be met. Encouragement to participate would be provided by offering concepts such as seed funding, joint partnership and potential contractual services with full government branding delivered on a micro scale by the not- for-profit sector. The business will need to meet the requirements to deliver the services and have the systems and processes in place. However, depending on contract and partnership size, requirements may well vary.

The key point is that a range of different solutions will be needed, and it will be important that they be contextualised mostly by people embedded in the region in which the solution or concept is being rolled out.

## Birchip Cropping Group

The Birchip Cropping Group Inc. (BCG) is a not-for-profit agricultural research and extension organisation led by farmers from the Wimmera and Mallee regions of Victoria. Its aim is to improve the prosperity of farmers and agricultural communities through farmer-driven innovation; it is recognised both nationally and internationally by the industry as being credible, independent and innovative. BCG provides extensive research and communication activities, including field-based research trials and demonstrations which are conducted over an area spanning up to a 200km radius from Birchip. BCG has been integral in the adoption of new agronomic technologies and farming practices; it assists farmers in decision-making, developing risk management strategies, increasing profits and operating sustainable farming operations.

BCG’s membership consists of practising farmers, agronomists, and representation from all areas of the agricultural industry.