

Staying profitable with the declining terms of trade – Can growers survive the pressures ahead in Australian mixed cropping systems?

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Abstract

Climate scientists have been warning us for over 4 decades about increased temperature and reduced rainfall in the southern cropping regions of Australia. From 1900 to 1990, Australia's wheat yields tripled by increasing at an average rate of 10 kg/ha/year. Since 1990, despite advancements in chemical and machinery technologies such as no-till systems, management ability improvements, and continued improvements in breeding, modelled wheat yields have stagnated due to an increase in maximum temperatures of 1.05 degrees and a reduction of in crop rainfall of 71.8 mm over the last 26 years.

Long -term trends for farm costs show that cost trends have more than doubled from 1989 to 2012. Farmers now spend twice as much to maintain the same profit margins as they did a generation ago. Growing more crop with less rainfall and increasing temperatures and cost base seems an impossible ask. In the face of mounting odds against us, how do farmers survive, let alone improve their position now and into the future?

This paper identifies the challenges to farming systems across the medium rainfall zones in Southern Australia as identified by a panel of farmers, researchers and advisors and discusses ways in which grain producers can maintain and improve the bottom line in the face of increasing costs and a deteriorating cropping environment – in effect using farming systems to do more with less. It uses the author's farm as a case study to model the financial impact of implementation of the top 10 issues as identified by the industry panel.