

THE LAND

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HD **More debt isn't ag's answer**

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THE Australian farm and agribusiness sectors will need an injection of \$180 **billion** during the next 20 years to fully exploit the Asian dining boom.

The federal Member for Hume and southern NSW farmer Angus Taylor told this week's Funding Agriculture's Future seminar in Canberra the rural sector was already loaded up with debt and was not in a position to significantly add to borrowings.

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The challenge was to find new sources of funding to ensure the Australian farm sector could grab expanding global markets for premium foods, particularly among **China's** swelling middle classes.

Mr Taylor, a former **business** consultant who has advised the likes of Rio Tinto, Fonterra and ANZ Bank before entering politics, said heavy investment was needed in Australia's struggling farm supply chains.

As an example, he said the grain supply chain from farm to port was antiquated, expensive and inadequate and costing growers \$50 a tonne or more to shift their harvest to seaboard for export.

Mr Taylor said Australian agriculture needed big, efficient supply chains but also competition to ensure producers received their fair share of the benefits.

But savings from significant new investment would not automatically flow to growers where supply chains were controlled by virtual monopolies, he said.

Governments may have to regulate to get the balance right or farmers may need to take actions themselves such as creating their own co-operatives to take control, as New Zealand **dairy** farmers had done through their giant co-op, Fonterra, he said.

However, Rabobank's NZ chief executive officer Ben Russell told the seminar Kiwi **dairy** farmers were also deep in debt to the tune of \$NZ51b.

Banks in NZ were not overly concerned about these levels of borrowings, he said, but clearly any major hiccup in the crucial **Chinese** import market would likely cause major financial headaches across the Tasman.

The seminar, organised by the Australian Farm Institute, explored funding options beyond traditional bank finance to fund agriculture's future.

Those options included joint ventures with **equity** investors, the **sale** and lease back of farms and irrigation water allocations, and partnerships with local and overseas investors.

A number of speakers including Stuart Hooper from Pricewaterhouse Coopers, and Ben Craw from PPB Advisory said they were fielding phone calls on a daily basis from foreign investors keen to invest in Australian agriculture.

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