

1st Council Meeting 2009 – Country / Region Reports from Council Members

Australian Report to the IFMA Council (Rob Napier, Ann Jarvis, Don Cameron)

1. Farm management organizations

- The Australian Farm Business Management Network (AFBMN) has not been active except for a limited circulation journal.
- The last conference a few years ago was not well supported.
- It has become difficult to maintain a stand-alone organization due to diminished farm management activities in the universities and the large number of organizations with some interest in farm management.
- The AFBMN now has a new executive.
- It is planned to maintain a web-based organization.

2. Some comments on Australian agriculture

- Northern New South Wales and most of Queensland have emerged from drought - in some areas with severe floods.
- Southern NSW, most of Victoria and parts of South Australia are still in drought.
- Good monsoon rains in Northern Queensland have resulted in flows through the Channel Country in Central Australia with amazing bird life and good feed prospects for some large-scale cattle stations.
- As a result of the drought, levels in irrigation storages are generally very low especially in the Murray- Darling River system.
- There is continued effort to improve on-farm water use efficiency.
- The Federal and State governments have been buying back irrigation licensees to improve environmental flows and reduce over-allocation of licenses.
- There is on-going debate on climate change issues – agriculture is yet to be included in carbon emissions trading but smart farmers are preparing for this.
- There has been a wave of overseas and institutional investment in Australian agriculture. It will be interesting to see how successful these corporate investments will be. The evidence indicates that well managed family farms can out-perform most corporate farm businesses.
- In general the start of the wheat cropping season has been good – prices are expected to be around average.
- The wool industry continues to struggle. Lamb prices are very high. Sheep numbers have dropped from 185 million around 20 years ago to less than 80 million today.
- Beef prices are being maintained at relatively high levels although the global recession and the recent strengthening of the Australian currency may reduce returns.
- The dairy industry has sustained a significant price drop.
- The State of Victoria was devastated by disastrous bushfires on February 11, 2009 – 137 people died. 250 000 ha of private farmland was destroyed in North East Victoria plus 1000 head of mainly beef cattle and 2000km of fencing. In Gippsland, about the same number of dairy cattle were lost. Despite low dairy prices, prolonged drought, loss of irrigation rights and the bushfires, farmers maintain flexible responses and their optimism.
- Ag Colleges struggling – research reduced – needs to be reversed
- No food security policy for Australia

+ “Water” availability and use for farming should be an issue addressed in future congresses.

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IFMA Council Meeting – Canada Country report – Wilson Loree - 2009

The global financial meltdown has had significant but not crippling impacts in Canada. The strong Canadian banking system (small number of large banks) has only had minimal government assistance to encourage lending but no equity bailouts.

Provincial and Federal Governments have been caught in the whiplash shift from surplus to deficits as taxation revenues crumble (one province has seen a 25% drop) & stimulus spending is called for. Private investments/projects have shriveled with public infrastructure spending expanded.

In agriculture, the ‘average’ condition does not represent the commodities. In primary crops, after the price run up of last year & fall back, now weather impacts yield expectations – with drought in the west & wet in the east. In livestock, beef is still trying to recover from BSE, regaining access to markets, and dealing with the feed cost spike of last year & consumption contraction this year. Pork is suffering from the feed cost spike & now market shrinkage with unfounded fears of H1N1 transmission. In dairy, fluid milk pricing based on cost formulas have kept returns up, but many producers continue to buy quota to expand production and end up over-capitalized. Specialty and alternate markets are continuing steady growth – for example – some farmers’ local production is now being welcomed at their local supermarkets

In management, the Canadian Farm Business Management Council continues its national leadership with national conferences (International Succession Conference in August in Quebec City), Agriwebinars on the Internet, newsletter, and workshops. Federal/Provincial programs that support management are continuing with subsidized support for business plan development, skills development and debt mediation. Some Provinces are returning some staff effort to management extension after several years of cut backs.

On behalf of the Canadian Farm Business Management Council Board, I am pleased to invite the International Congress to Canada at some future date.

IFMA Council Meeting – New Zealand Report 2009

John Gardner’s brief summary:

- For many activities, export markets are crucial
- Dairying
 - \$4.55 per kgm ms (from \$7.90)
 - Falling land values
 - Move away from supplements
 - Some downsizing
 - Liquidity the sole focus
 - Debt, interest rates, credit availability
 - NZ farmer vs. competitors
- Sheep/beef
 - Sheep numbers about 40m
 - Confidence higher than in dairy section
 - Improved lamb returns

+ Phill Everest – NZ exports 90% of its agricultural production – the high US Dollar price had eased things – however Dairy receiving lowest prices in 25 years - leading to cut backs.

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IFMA Council Meeting – Denmark Report 2009 – Brian Jacobsen

- Price volatility – a wake up call to Danish not used to volatility
- Pork prices low – 8 million weaners to Germany
- Labour restrictions that are not enforced in Germany
- Dairy – 100% of quota met
- Arable prices had fallen from 2 years ago
- Environment – Water Framework Directive was having a big impact
- Smell from pig farming a big issue
- Climate Conference calling for 20% reduction in emissions – may require a change of diet.

IFMA Council Meeting – USA Reports 2009

Jim McGrann (Texas)

- No question we are all in an “international” agriculture now
- Swine flu – knock down on pig meat market – with no scientific basis – was a major export market issue.
- 2 million “farmers” in US of which many are hobby farmers
- Families are being forced to have corporate type structures.
- The extension service is shrinking fast – research is being dis-invested – the words “farm management” are rarely heard in departments now.
- Need for education and business management much increased

Doug Jose (Nebraska)

- Dairy sector affected by low world prices
- H1N1 disease had had a major impact on the hog industry – trying to rebuild foreign markets.
- Livestock industry under siege from animal rights campaigners
- Overall farm income was up – more tractors had been purchased – but in a recent survey 84% of farmers will experience financial stress.
- Ethanol had been a roller coaster – bankruptcy for some.
- Water availability an issue in many states
- Average age of farmers still increasing
- An increasing number of women are involved in farm management
- Immigrant labour and increasing issue
- Organic crop production had decreased because of less consumption.

Jay Smith (Indiana)

- Farmers were embracing new technology very rapidly – and this allows farmers to continue farming into later life
- Expecting double digit inflation before too long
- Land value increases had slowed down
- Expecting a low profit year.

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IFMA Council Meeting – UK Report 2009

Malcolm Stansfield and John Alliston

- Main issue was global price volatility – with impacts for management and marketing
- The Royal Agricultural Show – always a major promotional event for agriculture in the UK will no longer be held. From now on will focus on technical events only.
- Institute of Agricultural Management was working on improving the standing and culture of farm management in the UK – in part through assisting in the establishment of a Professional Body for Agriculture.
- The suicide rate amongst farmers was of concern – no extension service now – lonely working life for many farmers with ever increasing complexity.
- Beginning to see a realization (following the high price blip in 2008) by government of how important farming and food security is - which should lead to more government support for farmers (but not in the form of production subsidies).
- Research reductions of great concern in past decade or more – not picked up by private organisations.

IFMA Council Meeting – Ireland Report 2009

JJ Harty

- Worst time in history – defeatist attitude. Currently unemployment had risen to 10% (from 4%). Great uncertainty and people are afraid. Loan rates were down, cost of living is down, but it was seen as not the time to buy a “new car”!
- Value of farm land has halved.
- There was concern about a turn around bringing higher interest rates and inflation
- Big problems for those who have lost control of their management
- Price of cereals was not so important BUT milk price volatility with low prices over past 12 months had serious consequences.
- Farmers were in the grip of the supermarkets – often pushed to sell below cost
- Within Ireland a lot of people are taking decreased salaries.

IFMA Council Meeting – South Africa Report 2009

Wim Nell

- All countries in the southern hemisphere had very high input costs when summer crops were planted in October – November 2008 due to high fertilizer prices.
- The highest area planted in the US will probably mean that corn prices will be low when farmers plant crops in Oct-Nov 2009. Financial institutions will not easily provide production credit at this price level – which may cause a large number of farmers will not be able to plant summer crops. General expectations are that commodity prices, agriculture included, will increase substantially in 2010.
- The expected low prices will hit the emerging farmers (450,000) much more than the commercial farmers (40,000) as their reproduction levels of direct productive assets (land and livestock) is generally lower than that of their commercial counterparts.
- Livestock prices stayed relatively constant over the past year with lamb prices most stable (R32 - R36 per kg). However dairy farmers struggle as the milk buyers take quite a while to increase their prices when costs increase – when the economy is down as now the easiest way to increase their profit is to drop the price of their raw material. Pork prices are currently high with farmers generating good

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profits as the corn price is low (R1,250 / ton) and the price of pork is up from R13 to R19/kg. Poultry position improved to some extent – but not as good as pork.

Wim also provided copies of an article from FIN24.com about the plight of the emerging farmers under the title “Emerging farmers drown in debt”. It stressed the vital roles of the Land Bank and Co-operatives in stemming the flow of land being reposed. With unemployment running at 20%, (up to 30% in some rural areas) it made good sense for the government to invest in the sector.

http://www.fin24.com/articles/default/display_article.aspx?ArticleId=2538296