Australian agriculture: an increasingly risky business
Why this research?

• Risk is ever-present in Australian agriculture
• The nature of these risks is constantly changing
• The need to understand the tools & ensure the marketplace matches needs is greater than ever
• New & emerging institutional risk factors are becoming a major concern
Wool

Grains
Institutional risk

• A multi-faceted and significant threat
• Industry bodies & advocacy groups must monitor these risks & proactively develop co-ordinated responses
Farm business management

- High equity –
  - significant barrier to entry / reduced investment in innovation
- Alternative income sources –
  - requires significant revenue generation
- Enterprise diversification –
  - requires high levels of management skill
- Need to raise level of financial literacy & awareness
- Barriers or restrictions on the use of FMDs should be removed
Address market failure

• Options addressing single risk factors are effective; but some still in market failure
• Behavioural economics filters applied in product development stage could expedite uptake
• Weather derivative products should be licensed in the same manner as other insurance products
Improve data availability

• Government & official statistics agencies should collaborate with industry to enable the supply of data to make risk information more accessible

• Focus should be on the provision of more granular weather data
  • better utilisation of IoT, satellites, blockchain etc.
Role of Government?

- Cost/benefit analysis on redirection of Govt funding
- If incentivisation of private market products is required, consider both supply AND demand stimulus
- If public support needed to establish mature insurance markets, this must ...
  - Be temporary
  - Not lead to perverse outcomes
  - Continue to provide price signals
- Continued investment in RD&E necessary –
  - develop new technologies
  - improve weather & climate forecasting