

Australian agriculture: an increasingly risky business

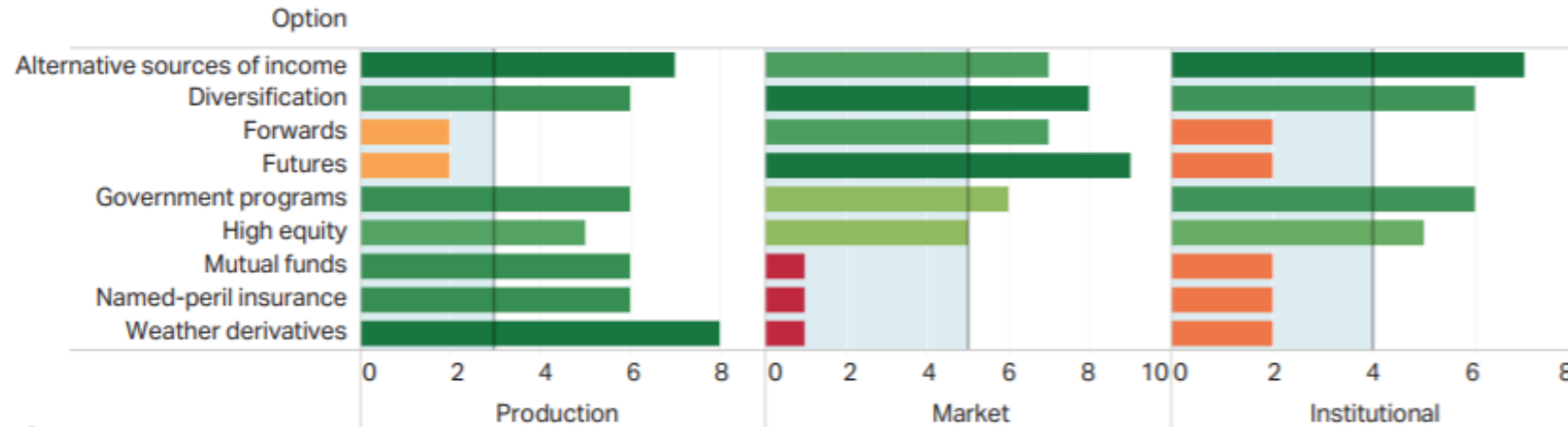


Why this research?

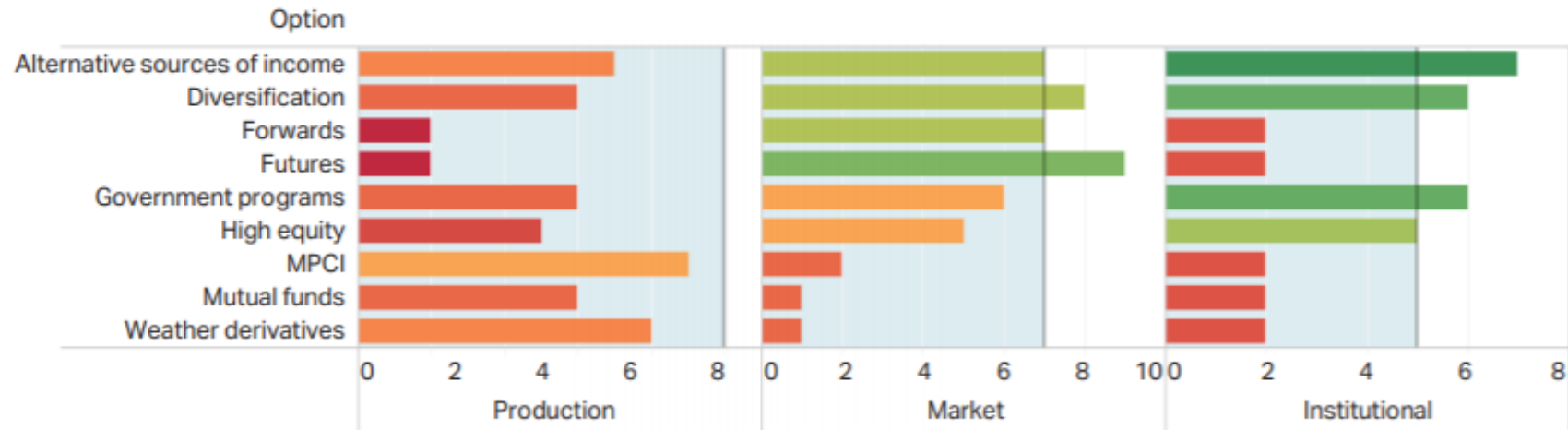
- Risk is ever-present in Australian agriculture
- The nature of these risks is constantly changing
- The need to understand the tools & ensure the marketplace matches needs is greater than ever
- New & emerging institutional risk factors are becoming a major concern



Wool



Grains



Institutional risk

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

The Observer view on Europe's ban on gene-editing crops

Observer editorial

This absurd ruling restricts highly targeted plant breeding but allows random changes caused by carcinogenic chemicals



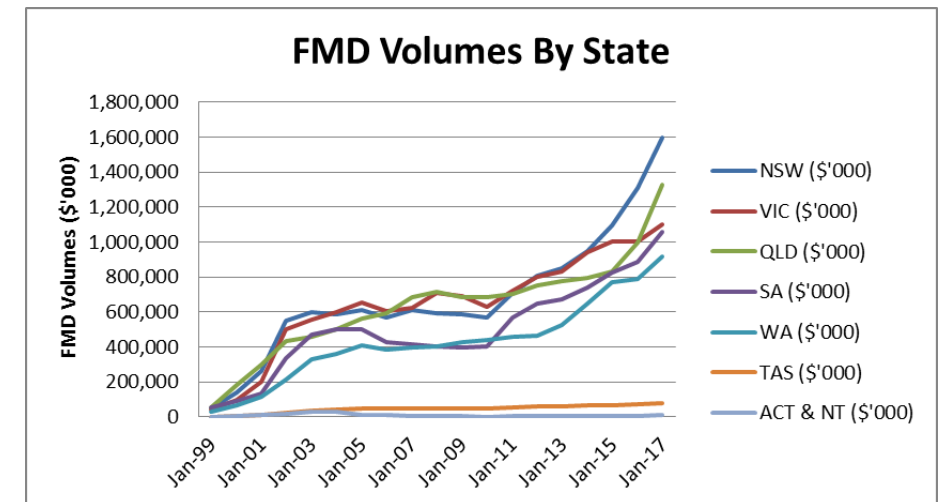
Monsanto ordered to pay \$289m as jury rules weedkiller caused man's cancer

Court finds in favor of Dewayne Johnson, first person to take Roundup maker to trial



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



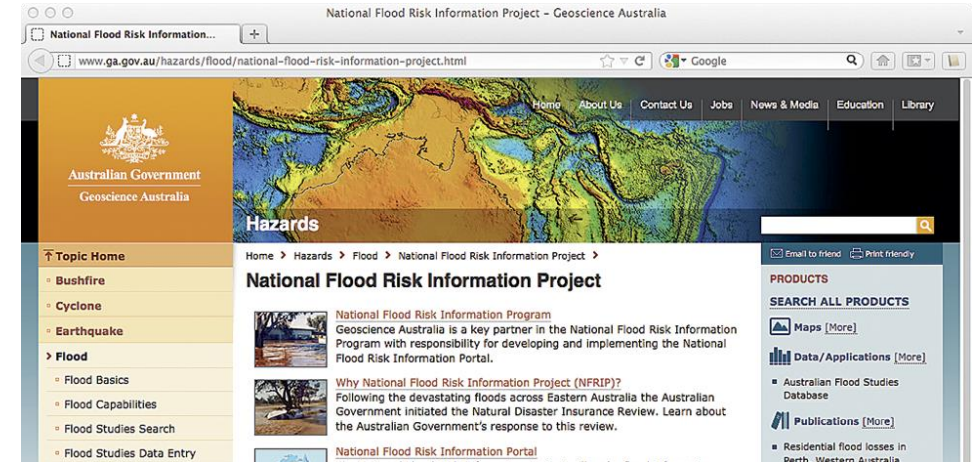
Address market failure

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



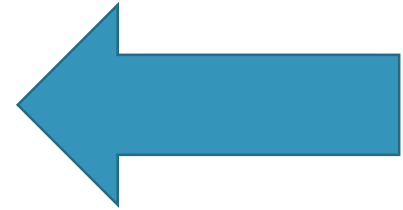
Improve data availability

- 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



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