# Q&A - Global and National Context session

NIKOLAI BEILHARZ:
Thank you very much, Peter. We do have time for some questions now. And thank you to everybody that's asked questions through the Menti website. If you want to vote now, people have been voting but if you want to continue to vote to get some of those questions a bit.. to become a bit more prominent, just a reminder, menti.com and then the number to pop in is 61649, hit 'ask your question' and then you can upvote and downvote as you like. The top question which I think we will start with which has just got another upvote as I speak is something that I'd like to put to all of you. looking through your...the prisms that you have this morning. What is the biggest single thing that the private sector or the government could do to get agriculture to a hundred billion dollars? What's the one roadblock if you can identify it? Steve, do you want to start? Hatfield-Dodds.

STEVE HATFIELD-DODDS:
Yeah, it's a great question. I don't think there's an easy answer. So from my perspective, as somebody who's played a lot in the policy space. The blunt truth is that policy has done its best job when it's got out of the way. So while there's still clearly a role for government on a number of fronts - providing information which I talked about in my talk, particular future scenarios. Now the future is much less certain. You know, freight and logistics, regional airports if they're required that there's a bunch of things there. But in the government's court probably the only really big thing we can be doing is investing in R and D and making sure it's well spent. So I won't...argue with Peter's point about the quantum in Australia. But at the very least, make sure that what you've got you're using as well as possible and be pretty bloody minded about it. So we might need to upset some apple carts there over time. But I think we all have a strong shared interest in getting that right.

NIKOLAI BEILHARZ:
Oh, upset apple carts is what journalism thrives on. So that's a very good answer. Stephen.

STEPHEN HALMARICK:
I think from the private sector point of view, obviously, working for a very large bank. The access to capital risk management, perhaps a better use of data. So more openness to... ..Different forms of capital, different forms of management, different forms of... planning for the future.

NIKOLAI BEILHARZ:
OK. And Peter?

PETER VARGHESE:
Well, I think to get to a hundred billion, you need two things. One is you need... You need productivity and you need demand because you can have excellent productivity but if you don't have the demand it's not going to make that much difference. So productivity, I very much agree with what's being said. I think R and D is a crucial element to that. Not the only element but a very crucial element. Demand I think is essentially an offshore story. Not exclusively an offshore story but essentially an offshore story and so that means doing what we can. Certainly at the government level but not just at the government level in ensuring that we can get access to markets So that our 100 billion...production actually can go somewhere.

NIKOLAI BEILHARZ:
OK. Our next question has... And I've wanted to say this forever. I haven't managed to say it on radio yet. ..Has shot up the charts with a bullet next to it. What is... That's actually quite gone right to the top and it's probably potentially best directed to Stephen but if others want to chip in as well. What is the doomsday scenario for Australian agriculture if the coronavirus crisis continues?

STEPHEN HALMARICK:
You want this Stephen or that Steven?

NIKOLAI BEILHARZ:
Yes, I'll take Stephen.

STEVE HATFIELD-DODDS:
I prefer Steven.

STEPHEN HALMARICK:
Yeah.

STEPHEN HALMARICK:
Well, I... Well, I would imagine that there's no containment. And the death rate increases dramatically. You know the reports are people are working on, you know, vaccines but If that's not successful and we've actually... You're going to get human-to-human transfer without anybody having ever been to China, you know, the people involved. So you get a complete shutdown of our export sector. Nobody in and nobody out. That would be pretty dramatic. And there's not much government could do to... ..To offset the impact of that.

NIKOLAI BEILHARZ:
Does it point to over-reliance on China?

STEPHEN HALMARICK:
Well, I wouldn't use the word over-reliance. I mean if I think if we look at countries around the world and you know we want to be outwardly focused we've only got 25 million people here. We need a much bigger market than just what we can provide. If you want to be focused on a global economy, it's hard to imagine a better country to be focused on than China for Australia's trading relationship. I agree, you know, India and other ASEAN countries and Japan are really important as well. But, you know, people often say oh, we're too reliant on China. But if we're going to be reliant on someone offshore that's probably a good... pretty good choice.

NIKOLAI BEILHARZ:
OK. Our next question, how will an Australian farm biodiversity payment scheme avoid the peril of moral hazards and fraud which has negatively impacted farm productivity in similar schemes in the EU and US. Steve Hatfield-Dodds?

STEVE HATFIELD-DODDS:
So I think that the beginning of that answer is that we're starting from a different place. And so that the US and the EU both had, you know, extremely ill-advised systems without paying farmers huge amounts of money. It's a place that we've never been. Sometimes we look enviously across the ocean at that. And so those schemes when they're rebadged... We're always first and foremost about continuing to deliver money to farmers and to put a green veneer on them.

My personal view - I won't speak as ABARES director here. My personal view is that will never fly in Australia. And so in my talk, I talked about the two key things. It's got to be attractive to farmers and it's got to have an underlying constituency that thinks it's worth the money. You know, if you're talking about 200 million or a billion dollars or whatever it is, it's not so much that the size of the ticket, it's the value provided. Now I know from a long track record that Australia has really good research in this area about assessing those benefits, about targeting them to the right areas that the art will be to keep it simple enough to work while credible enough to, you know, deliver that value for money. I think that that's quite feasible for us to do.

NIKOLAI BEILHARZ:
OK, next question. With climate change increasing extreme weather event variability, will mitigation be enough to ensure future agricultural growth or should government focus on reducing greenhouse gas emissions? Happy to open that to whoever would like to answer that.

WHITE:
Everyone just looked at you, Steve.

(LAUGHS)

STEPHEN HALMARICK:
I was going to say all of the above. So I think...response, policy response to climate change has to be a bit of everything. Agricultural Policy. Greenhouse abatement. Electricity generation policy. You know, water Policy. New sources of energy. Things like hydrogen. You know, basically everything.

NIKOLAI BEILHARZ:
Your thoughts, Peter?

PETER VARGHESE:
Well, I agree with that. I mean I think you do have to do both. You have to have a strategy for mitigation and you have to have a strategy for bringing emissions down. Obviously, the latter is a global strategy because, ultimately, it won't work unless it is global. And I think the question is what is the best way to do that. And at the moment the debate seems to be around whether you set targets or whether you work hard on technology.

WHITE:
I suspect we'll end up with a combination of the two. But in my mind, there's no question that ultimately If we are going to get there, we'll get there through technology.

NIKOLAI BEILHARZ:
And indeed the next question in a semi-way ties into that. A question about water usage in Australia. What could be done to build agricultural industries in northern Australia as water becomes more expensive in the southern states? And certainly, that has been, you know, the white whale for a long time, the idea that the North will be the saviour of Australian ag and that's where the growth is. Steve Hatfield-Dodds, what do you think?

STEVE HATFIELD-DODDS:
Yes. So there's two parts. So water in northern Australia is very different. The country is largely flat. Water arrives at the wrong time of year and it's difficult to create water storages in the same way as we have in the Murray-Darling Basin and elsewhere. So if you're building new water-based development it needs to look different and operate differently and we should certainly explore that where the value proposition stacks up. The point about water becoming more expensive in southern states is just a different way of saying water is becoming more valuable in southern states. So people never pay more than they can afford to make profit out of the water use. It's just we're unlocking more and more ways to do that. And we've hit, you know, the barrier, the amount of water that there is available in the system. And so in some senses, to be provocative, it's brilliant. It shows that it's working but it also, I acknowledge, is uncomfortable and difficult and there are some industries which are going to have to innovate or adapt to make that work for them.

NIKOLAI BEILHARZ:
And I guess that's the flip side of the coin, isn't it? That a number of industries will likely be pushed to the margins as you showed in that slide. Your almonds growing. Crops like rice look less viable in a way.

STEVE HATFIELD-DODDS:
Yup.

NIKOLAI BEILHARZ:
Stephen Halmarick, is that... is that something that you've looked at the idea of economic growth in the north when it comes to ag?

STEPHEN HALMARICK:
To be frank, no, we haven't. We haven't looked at it closely. You know, what we... I wouldn't profess to be a water expert, so. Now you can ask an economist lots of questions but I probably shouldn't answer a question I don't have expertise on.

NIKOLAI BEILHARZ:
Well, Peter, perhaps moving to you. Given that the north obviously closer to a lot of our neighbours, I suppose the truth, theoretically, be at least some degree of advantage there in terms of shorter shipping times, working closely with those neighbours. Do you see the potential for a closer relationship between northern Australia and some of our close northern neighbours?

PETER VARGHESE:
Yeah, absolutely. Look, I think we should think big about northern Australia and I think agriculture is a large part of what northern Australia can actually turn into but It's not going to be straightforward for a whole lot of reasons and it's going to be very expensive. Now at the moment I think we have a northern Australia strategy with no resources behind it. And this is not an area that's going to develop along a sort of a Pilbara model where, you know, the private sector will basically fund the very expensive infrastructure that's needed. I mean it is going to require I think some reasonably significant commitment of government funding and I don't think there's much appetite for that at the moment. But if you look at supply and demand, I mean demand in our region. Even if you go for less spectacular economic growth is still going to be very, very strong. If you look at... ..The numbers of the middle class across Asia over the next 20 to 30 years and, you know, Australia is going to be remarkably well-placed to provide that. If we can lift our productive capabilities and northern Australia is kind of the obvious place to be going to if that's what you want to do. But It's got to be done on a different model in my view.

NIKOLAI BEILHARZ:
OK, thank you, Peter. And ladies and gentlemen that brings us to the conclusion of this session. Thank you so much for sending all your questions in and apologies, we didn't get to all them. Please join me in thanking our speakers this morning, Steve Hatfield-Dodds Stephen Halmarick and Peter Varghese.

(APPLAUSE)

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