

The Aussie Option

There's been considerable comment in the rural media recently regarding Australia as a farm investment option. My work there gives me some appreciation of this option. I see plenty of positives and I must say my consulting and speaking activities in that part of the world is a very satisfying part of my business.

Individual situations need to be carefully considered when contemplating such a move. I see four key areas that provide a backdrop to such a decision. These are the farming and economic outlook, environmental issues, social opportunity and political attitudes.

Farming & the Economy

My experience has been that returns in Australia are at least competitive with New Zealand. However, this must be balanced against a more variable climate that makes physical performance less predictable.

Product prices, wages and operating costs seem generally comparable with New Zealand. Farming systems and land uses vary considerably and often depend on purchased feeds to buffer climate risk. Direct comparisons are therefore not easy.

The most significant difference is lower land costs. These enable much higher returns on capital and lower entry cost - a major factor that attracts most across the Tasman. Offsetting this is higher business risk, less significant capital growth and capital gains tax.

The Australian economy has greater buffers and more overall strength. Businesses and people seem to be under less pressure. By comparison New Zealand seems infatuated with being 'lean and mean'. Perhaps becoming lean has made us mean as a nation. Australians appear much more open to supporting industries and communities by sharing some of the risk.

The Environment

Environmental factors have a significant impact. Water is a key issue and demands of a generally hot dry climate make the total farming system quite different. Many weeds, pests and diseases will be new to Kiwi farmers and it is important to tap into local expertise to identify and manage these.

There is a vast amount of land available and significant seasonal differences between feed produced and feed demand which are offset by feeding grains and other supplements. Low cost of land enables more feed buffer in the farming system. The general work environment is demanding and climatically less comfortable than a New Zealand operation.

Social

The community infrastructure and attitudes in rural Australia are a real strong point. Rural centres are surprisingly well resourced with sporting and recreational facilities, quality education and a very attractive lifestyle.

There are attractive farming locations close to cities with business, cultural, sporting, educational and recreational benefits that are heavily weighted in favour of the Australian option.

Australians appear to hold their "bush" culture or "country cousins" in high regard. The common commitment of battling a challenging environment seems to strengthen communities, build positive attitudes and encourage a cooperative approach.

Most noticeably, I find Australians less caught up in political correctness and pandering to minorities. They appear to me to be more about solid values built on working together as a community to achieve a common goal.

Political

The Rural Sector appears to be supported by Government policies. While there are significant climatic and market risks, there is also a positive political approach to supporting the Rural Sector and making sure they can cope with economic and environmental change. Given that such a small proportion of Australia's land mass is farmed, there appears to be a strong focus on maintaining those communities to protect the environment they are responsible for.

For those starting out on a farming career or wishing to diversify, Australia is well worth considering. Success is not guaranteed and it is important not to overestimate what is possible. Even if just for comparison, it's certainly worth a look!

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