



# The Northern

Industry economist Ian James looks at the potential for horticultural development in Northern Australia, writes Ian James.

The Northern Myth was the name given to a book written in 1965 by a noted agricultural economist, Bruce Davidson. In June 2007, in response to the continuing drought in eastern Australia and ongoing water problems in the Murray-Darling basin, the Howard Government decided to establish the Northern Australian Land and Water Taskforce. Its brief was to examine the feasibility of large scale agricultural development in Australia's north.

In September 2008 the Rudd Government broadened the terms of reference and changed the membership. The area the taskforce was asked to examine, covered 120 million hectares and stretched from an area north of Cairns across to Broome. The final report of the taskforce has been released.

Intuitively this area would seem well suited for agricultural development due to the abundance of water. The average annual rainfall is 1,077,000 giganlitres (1 billion litres). This is equivalent to eight and a half times the annual runoff in the Murray-Darling Basin, or 100 times the capacity of Lake Argyle, the dam for the Ord river scheme in Western Australia. Despite this huge volume of

water the Taskforce argued that 'the north can be described as being water limited.' This paradox arises they argued because:

- Rainfall was seasonal and for six months of the year there is virtually no rain.
- The rain falls mainly on the coastal plain and flows quickly to the sea. Little rain falls in the upper reaches of streams and rivers making it difficult to capture, unlike the Murray-Darling Basin.
- Large storages would be required but the topography of the area provides few reasonable sites.
- Evaporation rates are extremely high and only 20% of the rainfall enters the streams and rivers.

They concluded that the north could never be a major food bowl because neither public nor private sector cost effectiveness criteria could justify the high cost of capturing and storing surface water. They argued that the best option was the use of groundwater to sustain more extensive agricultural activity.

## The Push for Northern Development

The report is bound to be controversial but controversy is

nothing new for mass irrigation schemes. Ever since the Chaffey brothers set out to develop irrigated farms along the Murray River at Mildura and Renmark in response to the drought of 1877-84, irrigation schemes have aroused great passion and political controversy. Inevitably these schemes in Australia have involved the government either in the initial stages of

or another example of 'wasteful' government expenditure.

Irrigating northern Australia has been part of this passion and controversy. Davidson's book, *The Northern Myth*, was a key element. It was written at the time when substantial amount of taxpayers' money was being poured in to develop the Ord River Scheme in the Kimberley area of Western Australia. His

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development or as a bail out. As a consequence, large scale irrigation schemes are seen either as nation building projects that should be supported by taxpayers in the national interest

conclusions in 1965 were not too dissimilar to the Taskforce Report of 2010. He concluded that intensive agriculture could be more cheaply produced in Australia's temperate zones and

# Myth

Photo provided by Northern Land and Water Taskforce

that northern Australia was unsuited to intensive agriculture and best suited to large scale cattle farms.

Despite the release of the report, we are unlikely to have heard the end of the push for northern development. The Australian newspaper in its editorial on the release of the report argued that 'if the nation is to transform its size and economic base to the next stage, the challenge for this decade is to think laterally and look north.' Writing in the more popular Murdoch press, Andrew Bolt, lamented the anti development bias of the taskforce: 'And to those still with dreams to build great things I say only: leave' (Australia) he wrote.

And then added, pressure is mounting for a Senate Inquiry into the issue.

Are there lessons for the vegetable industry in this current debate? Most certainly yes. Vegetable growers are quiet achievers. But the focus of development and agriculture is changing rapidly. The industry needs well trained visionaries with leadership skills and a clear understanding of the economic, market and development opportunities facing the industry. The Vegetable Industry Development Program (VIDP) aims to assist

this development. At the same time the industry needs to fight for its right to farm. We can take from the likely ongoing debate on this issue the following points.

Firstly, it is essential that the vegetable industry be involved in any debate about irrigation. Water is essential for vegetable growing and almost all vegetable farms use irrigation. There are already vegetable farms in the North. Their current rights and access to water need to be protected against any anti agricultural sentiment which may prevail.

Secondly, the industry needs to assess whether it should support the opening of new tracts of land for vegetable growing. Existing vegetable growing regions can already provide enough vegetables to meet demand. In many regions further expansion is only limited by inadequate returns. Focusing on improving infrastructure in existing vegetable growing districts is likely to lead to greater returns to growers than moving north.


Thirdly, the industry needs to be wary about arguments for expansion based on population growth. Arguments for expansion cannot be divorced from costs, especially the increasing

cost of water. Vegetable growers are businesses not charitable organisations and growth without profitability is a swim to the bottom. Markets and our ability to compete in them remain critical.

Fourthly, in order to be taken seriously, we need to understand the demands of competing industries. In the report there was constant reference to other industries and their water needs. Northern Australia has built a lucrative industry centred on environmental tourism which has a vested interest in maintaining the status quo. Any argument for development of agriculture will have to prove that the expansion can occur without too much harm to the economics of other industries.

Finally, we could do well to take a leaf out of the "Northern Myth" In any of these debates a holistic approach is required. Davidson's strength as an agricultural economist was his ability to combine knowledge of farming practices with a full understanding of the economic factors that make for successful agricultural businesses. The problem of developing the north is not only water. There are a host of other complicating economic factors. Inadequate infrastructure, distance from

markets, pest and disease problems, high labour and other input costs are all critical in delivering adequate returns to growers.

Moving north may not be the answer but the idea does provide food for thought. 

## THE BOTTOM LINE

- Final report into the feasibility of large scale agricultural development in Australia's north released.
- Concludes that the north is unsuitable to become a major food bowl because of the high cost of capturing and storing surface water, but debate continues.
- Report contains similar information to that first published in 1965 by noted agricultural economist, Bruce Davidson.
- Vegetable growers urged to understand the various issues arising from the debate.