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## Scholar seeks greater stake in supply chain

By Catherine Norwood

South Australian woolgrower Ben Ranford has returned from his 2008 Nuffield Scholarship travels with renewed determination to become more involved in the supply chain of the wool, grain and sheep meat he produces.

His travels to India, China, the United Kingdom, Europe and the Ukraine as part of his Australian Wool Innovation (AWI)-sponsored scholarship, have also given him renewed confidence in cooperative agribusiness ventures as a means of providing increased returns to growers.

Mr Ranford believes it is essential farmers understand what customers need if they want to be anything more than simple commodity suppliers. This may mean becoming more directly involved in the supply chain and developing relationships with customers, rather than "leaving all that to others", he says.

"It's hard to meet customers' specifications when you don't know what they are. I think feedback from customers is essential, and too often farmers don't get any feedback about their product at all, especially if they sell into a pool, or through an agent, and don't even know who the end customer is.

"It leaves farmers very much at the mercy of agents and buyers, whose interests are not necessarily aligned with growers'."

Mr Ranford's Nuffield Scholarship was based on the not-so-small topic of how to secure a vibrant future for agricultural communities in Australia – a topic also close to the heart of his sponsor, AWI. He says rural communities rely on farm businesses and if they are successful, then communities will survive and prosper.

He says it follows that having a greater stake in the supply chain will help increase the return to farmers from their produce, with flow-on effects to local communities.

And despite what he sees as the growing divergence of interests between traditional cooperative companies such as AWB Ltd and the farmer-shareholders they were originally created to serve, he believes collaboration remains one of the best ways for growers to aggregate their capacity to supply markets and have greater control of market processes and prices.

He says, as a grower, watching AWB's fall from grace has been disheartening, but his overseas travels have shown him some inspiring examples of grower cooperatives that have renewed his confidence in the principle, at least.

In India he saw the Gujarat Co-operative Milk Marketing Federation taking surplus milk produced by 2.7 million of India's poorest farmers, who essentially keep a milking cow for family use. Farmers are shareholders and get cash for their surplus milk – an average of three litres a day – and an annual dividend from the profits of the company. The federation provides cool storage facilities, transport, milk processing and markets, none of which the farmers could provide on their own. It produces more than

200 products, has an annual turnover of US\$1.3 billion and has made India the world's largest dairying nation.

Perhaps more relevant to Australia's farmers is the example of Camgrain in the United Kingdom, owned by 300 grain growers for the transport, storage, marketing and supply of grain. The company has recently won a two-year contract to provide wheat for the flour used by the 360 in-store bakeries of UK supermarket giant Sainsbury's. Camgrain provides a total chain-of-custody and quality control traceability to meet the Sainsbury's environmental sustainability criteria, while the deal provides premium prices for a pre-agreed product to growers, and no surprises for either party.

Although Mr Ranford's travels have provided some inspiring examples, he says there have also been warnings about the need to ensure there is some reward for the effort involved in changing production methods or new products to meet customer requirements.

Visiting Wales earlier this year he saw many good examples of meat producers who had developed branded products in response to consumer demand, but on talking to the producers he discovered they received no premium for their efforts. The level of competition was such that they had to undertake the extra marketing effort to survive, and had not been able to increase their market share or return from their product.

He says his own experience as a woolgrower - improving his fleece quality from 23 to 21 microns only to find that the promised premium was no longer there because "everyone is producing 21 microns" - highlights that a better product does not necessarily produce a higher return.

"It shows the very real need to be more involved in the supply chain, not just in producing the commodity, to ensure you are producing what the market wants. Aggregating production capacity through a collaborative approach can provide growers with more opportunities and a stronger position in the market place, which the individual meat producers in Wales seemed to be missing out on."

He says Australian farmers currently receive only a miniscule portion of the retail value of their products. Only about one per cent of the price of a designer woollen t-shirt, or a glass of beer goes to the farmer for the wool or the barley in that product.

"If smaller farmers are to survive we need a collaborative approach to supplying commodities and we need direct links with the supply chain, be it wool, grain or meat."

Mr Ranford says he is already incorporating the findings from his Nuffield travels in the development of new collaborations and market opportunities through FREE Eyre Ltd, an unlisted public company in South Australia committed to the development of the Eyre Peninsula.

The company was formed in 2007 and already has more than 300 rural business members and the support of the Eyre Regional Development Board. FREE Eyre's first initiative has been a 50-50 joint-venture called EP Grain, with the Emerald Group in Victoria, to provide grain storage and marketing options for growers. Investigations into a number of other initiatives are also under way.

## ENDS

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A high-resolution photograph of Ben Ranford can be downloaded from the link: [www.coretext.com.au/communications\\_images.php](http://www.coretext.com.au/communications_images.php).