

No global ag champion, laments GrainCorp

Exclusive

Julie-anne Sprague

GrainCorp chairman Don Taylor believes Australia has lost the chance to create a global agricultural champion following a stunning four-year raid by foreign companies consuming everything from sugar refineries to grain storage and export infrastructure.

GrainCorp is the largest Australian-owned agribusiness but is very likely to fall into foreign hands as the world's largest corn processor, Archer Daniels Midland, is expected to complete a \$3 billion takeover in coming months.

In his first in-depth interview since ADM began stalking GrainCorp in October, Mr Taylor said that while successive governments were failing agriculture, the situation had worsened

under Prime Minister Julia Gillard. "I think this government has been the most anti-agriculture government that I can remember in my lifetime," the 62-year-old said.

"I think agriculture has been appallingly treated by governments over a period of time. There is a presumption that there is always going to be someone out there willing and able to grow the food ... without looking to see

whether government policies can assist or hinder that.

"I think a lot of the direction has been hindering farmers, and not just the last three or four years. I think both [political] parties have been guilty of assuming agriculture will be there."

Continued p13

> Don Taylor scans the horizon **p18**

> Live exports to Egypt halted **p13**



Don Taylor ... farmers deserve better. PHOTO: ROB HOMER

From page 1

GrainCorp head laments neglect

Mr Taylor, who owns and operates a cattle farm in Moonie, 330 kilometres west of Brisbane, also warned it was not a fait accompli that Australian farmers would reap the rewards from Asia's rising food demand. Australia enjoyed natural freight advantages and close relationships with Asian customers, but had become a high-cost economy.

Mr Taylor said environmental policies, including the Murray-Darling basin plan, the carbon tax and the ban on live cattle exports to Indonesia were hurting farmers.

"Farmers are being expected to pick up 100 per cent of the environmental bill whereas the benefit flows to all Australians," he said. "If something is decided that is in the best interests of the nation ... you can't have the cost of that being put on the agriculture sector. The cost of that has to be borne by the whole community."

Farmers are suffering under record debt, dry conditions, lower commodity prices and a high Australian dollar.

Mr Taylor said he opposed subsidies for farm production and wanted the government to better target incentives to successful farmers, who could grow their operations and better compete globally.

"We should be encouraging our most successful farmers. They get zero, zero, zero in Australia. Most of our efforts are a social security blanket at the bottom end picking people up that probably in the long run aren't going to make it anyway," he said.

He wants the government to consider incentives for fund managers overseeing the nation's \$1.4 billion superannuation savings that would encourage longer-term investments and increased investment in local businesses and assets.

"[Fund managers] want to get the best return they can so they think investing overseas is where the greatest return is. So that is where the money goes," Mr Taylor said.

Australia, once known for riding the sheep's back to prosperity, has failed to deliver an agricultural champion unlike its counterparts in hard resources, which has thrown up the likes of BHP Billiton and Fortescue Metals Group.

"The opportunities are gone," Mr Taylor said when asked if Australia could still develop an agricultural company of substantial scale.

The GrainCorp chief said the nation's best hope, AWB, "threw it all away". AWB was stripped of its wheat export monopoly following the oil-for-food scandal.

GrainCorp was famously outbid for AWB in 2010 by Canadian fertiliser giant Agrium, which offered \$1.2 billion for the business or about \$350 million more than the value of GrainCorp's merger proposal.

Mr Taylor does not regret failing to stump up the additional funds to snare AWB and to create what the company described at the time as a national agricultural champion.

"If we can't as a board make the numbers add up and make the investment return more for shareholders, we can't expect our shareholders to support it."