



DETERMINING THE ECONOMIC AND SOCIAL VALUE OF GROWER GROUPS IN WESTERN AUSTRALIA

An independent review and analysis of grower groups in WA to determine the economic and social value they provide to members, funders, partners and the WA economy.





GROWER GROUPS IN WA

Grower groups are central to regional and local communities in WA and play a pivotal role in the agriculture industry as a collaborative partner for both government and private companies in the extension and adoption of new technologies.

Grower groups in WA are defined as independent, self-directed, community-based groups of farmers conducting extension activities with a focus on sustainable agricultural practices and increasing farm profitability. To do this, grower groups engage funding partners, private consultants and agronomists, universities, researchers and government to ensure their members have access to relevant information to assist them to make management decisions on their farm.

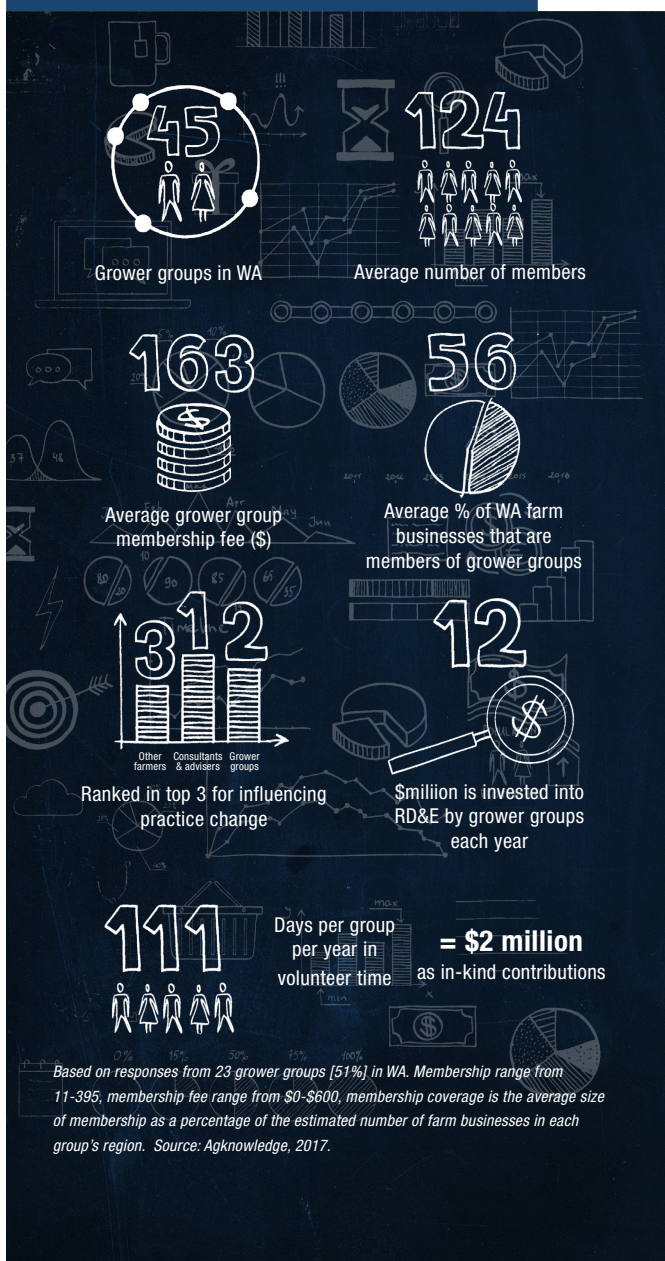
This group model continues to evolve, however the need remains for ongoing investment in the extension network to foster adoption of new technologies and practices, which is critical to improving the productivity and profitability of WA farmers. Grower groups play an essential role in this knowledge transfer and adoption process.

In 2017 the Grower Group Alliance (GGA) undertook to assess the value of grower groups in WA to determine both their economic and social

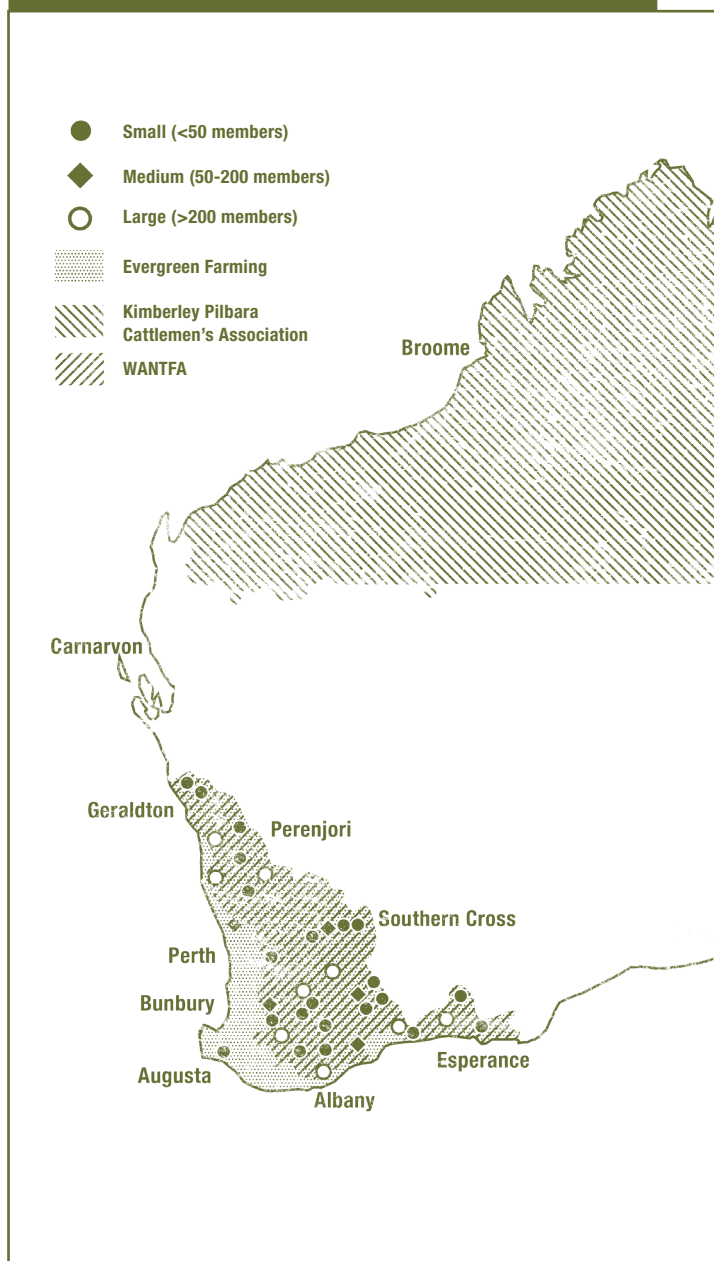
contribution to the industry, rural communities and the WA economy. Agknowledge and Advanced Choice Economics were engaged to undertake this work to determine the estimated economic and social value of grower groups in WA.

The study consisted of a desktop review, a comprehensive survey of grower groups, and a series of extensive interviews with farmers, the research and development sector, consultants, agronomists and sponsors.

THE AVERAGE WA GROWER GROUP



WA GROWER GROUP LOCATIONS





ECONOMIC VALUE OF GROWER GROUPS

The research undertaken by Agknowledge has estimated that WA grower groups have generated a cumulative total economic value of \$3 billion.

Farmer and grower group surveys identified three land management practices – controlled traffic farming (CTF), deep ripping and crop/pasture variety selection – as being the top three management practices that grower groups had the greatest impact on.

For each of these practices, the percentage of area under each land management practice was determined from existing research and multiplied across the total area cropped (for CTF and deep ripping), in wheat and/or in pasture (for varietal selection) to estimate the area (ha) under each practice.¹

Farmer surveys identified the level of adoption attributed to the influence of grower groups, which was used to estimate the hypothetical level of farmer adoption in the absence of grower groups.²

This difference was multiplied by the estimated increase in gross margins from the adoption of each practice resulting in an estimated \$600 million direct economic benefits from grower groups over a 25 year period (1990-2016).³

A further \$300 million indirect benefit has also been calculated using a standard economic practice of output multipliers and includes increased expenditure in fertiliser, machinery and cartage.

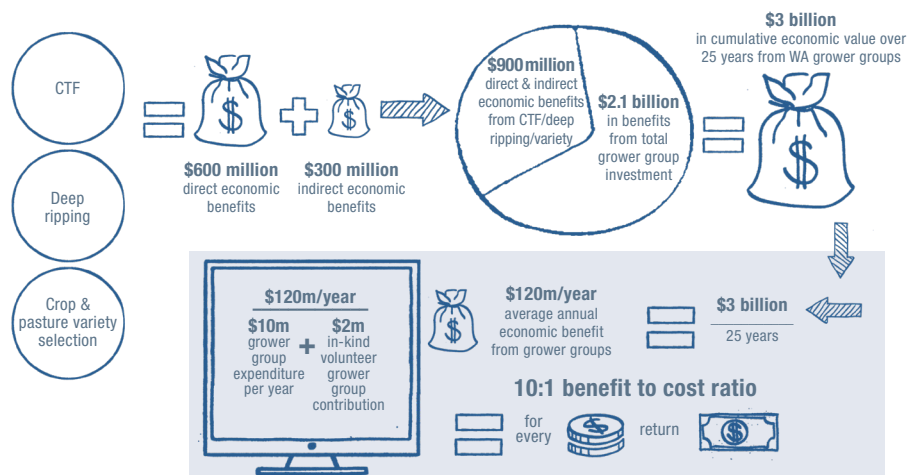


FIGURE 1: Estimating the economic value of grower groups

There is also a consumption-induced effect from increased expenditure of households due to increased incomes.⁴

Assuming that these case studies account for 30% of benefits from all grower group activities, which equals \$900m in direct and indirect economic benefits, the remaining 70% is estimated to be \$2.1b, giving a total of \$3b in cumulative total economic value. This equates to an average of \$120m/year over the 25 year period.⁵

Over the past three years the expenditure across all grower groups is estimated at \$10m/year with an additional \$2m/year as in-kind contributions.⁶ The total benefits of grower groups calculated across the 25 year period provided an average of \$120m/year. Dividing this with the \$12m/year expenditure cost of grower groups provides a benefit cost ratio of approximately 10:1.

This suggests that every dollar spent by grower groups generates a tenfold economic value to farm businesses and the WA economy.⁷

HOW GROWER GROUPS CONTRIBUTE TO WA'S AGRICULTURE INDUSTRY

Industry interviews as part of the study identified that across the agriculture industry there is strong support for grower groups in WA. It is the general consensus that grower groups fill an extension and adoption gap and are a valued local conduit between farmers and agricultural research and development.

Grower groups are valued for their role in disseminating information, organising extension and demonstration events, and facilitating opportunities for practice change which contribute to an increase in productivity and profitability.

Grower groups also provide a local and relevant network for industry to engage directly with farmers on research and development and provide an effective forum for product development.

- **Government** - groups provide a strong network of growers which enables departments to interact and focus on regional issues.
- **Research and development corporations** - groups create stronger projects by adding value to the research objectives and outcomes at a local or regional level. Groups also provide a strong and credible vehicle for extension.

- **Investment partners** - groups enable investing partners to reach more farmers and achieve effective engagement through participating in research to promote practice change.
- **Consultants** - groups validate and demonstrate research and development at a local level and act as a conduit for consultants to access information and results that are topical, relevant and applicable in developing a product or service offering.
- **Sponsors** – groups provide value through networking opportunities as well as branding and business growth.
- **Members** – groups deliver significant value to members through the sharing of resources and collaboration to deliver locally relevant research to help improve farm productivity and/or profitability.

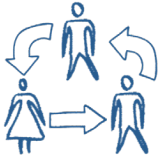


FIGURE 2: Where grower groups are positioned in the WA ag sector: an industry perspective

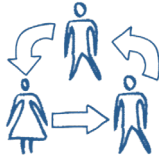


REGIONAL CAPACITY BENEFITS FROM GROWER GROUPS

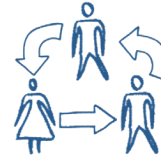
As well as providing a strong economic benefit to local and regional communities, grower groups play a vital role in building social capital and a support network which contributes to general wellbeing and mental health in rural communities.



Building leadership capacity
Advocacy, networking, collaborations with private and public sector



Strong community links
Providing resources and support in emergencies and times of adversity, supporting the mental health and wellbeing of local communities through social events



Sustain local and regional development
Attracting professional people, projects and investment to regional communities, leading to strong economic development in regional WA

VALUE OF GROWER GROUPS TO INDUSTRY PARTNERS

Grower group members	HIGH	Access to trusted, independent, affordable information to assist decision making and practice change. Incubator for new ideas, identifying issues and constraints to production, opportunity to influence research priorities. Access to field days, events, visiting speakers and researchers. Peer to peer learning, social interaction, networking. Practical support in times of adversity.
Consultants and advisers	MEDIUM	Source of independent data, ideas exchange, collaboration on projects, trial site access, professional development opportunities, network and social interaction.
Agribusiness	MEDIUM	Access to farmers, a forum to promote/grow their business, opportunities to demonstrate expertise and new product development, joint research and trial partnerships, access to visiting experts and events.
R&D corporations	HIGH	Research project delivery and outcomes, input to direct research priorities, access to farmers, extension delivery mechanism, facilitation of learning opportunities to support adoption of practice change. There is real value to R&D corporations and government in investing grower levies with grower groups.
Government	HIGH	Access to an effective extension and adoption vehicle, access to networks of farmers, trial site access, collaboration on projects, alignment of project and policy priorities, building industry knowledge capacity of staff, access to information on current practices and constraints. Coordination of events, profiling of staff with speaker engagements, publications.
Universities	MEDIUM	Access for researchers to a network of farmers, industry feedback and alignment on research priorities, collaboration on projects, coordination of events that engage industry, access to farmers and sites for trials.
Sponsors	HIGH	Opportunities to engage with a farming network, participate in group events, presentations for corporate profile building, grow business and client networks, gain feedback on new product developments and service offerings. Opportunity to demonstrate community support.
Rural communities	MEDIUM	Economic stimulus, employment, attracting people to rural towns, supporting positive mental and community health, promoting the region, coordination during adverse events, fundraising support for charities, clubs, schools.

Source: Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, page 5.

ABOUT THE GGA

The Grower Group Alliance is a farmer-driven project connecting grower groups, research organisations and agribusiness networks across WA to build the capacity of grower groups, their staff and members. The project was developed in 2002 by grower groups and is managed by an advisory committee with representation from grower groups, research organisations and private agribusiness.

The GGA is proudly supported by the Department of Primary Industries and Regional Development and hosted by the Grain Industry Association of Western Australia.



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To access **Assessing the Value of Grower Groups** report in full, visit www.gga.org.au



1 This has been calculated using data derived from various sources. Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 37-40. 2 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 37-39. 3 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 41-45. 4 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 44. 5 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 45-46. 6 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4, pg 5-6. 7 Agknowledge, 2017, Estimation of the Economic Value Provided by Grower Groups in WA, Appendix 4a, pg 45-46.

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