

# **Productivity = increased profits, does not add up**

December 16 2013, by Rose Trapnell

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Australia needs to focus on profitability rather than productivity if it is to pull its agricultural sector out of its current downward spiral, a QUT economist has said.

Dr Mark McGovern of QUT's Business School said Australia's agricultural industry wasn't alone in assuming that increased production and productivity would automatically lead to increased profits but that assumption was wrong.

"Australia can't afford to be stuck with this 40 year old mindset any longer," he said. "Our thinking and our policies need to be turned on their head."

Dr McGovern, who is a member of the national Rural Financial Roundtable Working Group, said university research had previously anticipated the current economic problems facing the [agricultural industry](#) and universities could play a key part in developing solutions.

"Many advisors to government don't appreciate the real possibilities that exist to advance our industries," he said.

"We need to have much more direct and robust discussion about these matters.

"Expertise at the universities needs to be unlocked to enable a breadth and richness of dialogue. An overly narrow discussion must be avoided

and the best opinions available should be captured and built upon."

Dr McGovern applauded Agricultural Minister Barnaby Joyce's announcement of the development of an agricultural white paper and said he looked forward to making a submission.

However, the rural debt crisis needed urgent action and cannot wait for 12 months of paperwork.

Dr McGovern said he would offer to host a roundtable at QUT as the university had hosted several significant events over the past 15 years.

"It's important to bring together key players to have frank and open discussions and canvass a range of options. A university such as QUT is an ideal host," he said.

"Just tinkering with the existing framework won't cut it any more.

"No mindset works forever."

He said the white paper initiative indicated the Government appeared to be getting serious about agriculture and hoped it would give the industry the proper attention that was long overdue.

He said the Government's recent decision not to approve the GrainCorp sale was the first sign that Federal thinking was moving.

"This stand is to be applauded, but more important and, at times, politically challenging decisions will need to be made if Australian agriculture is to find a new wave of prosperity," Dr McGovern said.

Provided by Queensland University of Technology

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