

Final Submission to the Productivity Commission Inquiry into Government Drought Support

Additional Information in Response to Draft Report Public Hearings

ADDITIONAL POINTS

1. QFF and some member organisations have separately and collectively made a number of submissions to the current National Drought Policy (NDP) review. At the final Productivity Commission hearings in Brisbane 1 December QFF noted a number of issues that required further clarification or additional information to ensure the Commission had all available material to complete its work. QFF wants to see tangible outcomes from the Inquiry and to assist this process has argued to the Commission that its Final Report must include recommendations for new Climate Preparedness programs that can begin being implemented by the Australian and state governments in the 2009-10 budget year.
2. QFF notes that a consensus has emerged that change to government drought programs is needed. QFF strongly supports calls for new proactive government programs to help farmers and communities deal with climate risks. It is clear to all stakeholders that climate risks are greatest to the unprepared. Therefore government programs must be directed towards climate preparedness, but it is the detail as to how this can be effectively done that seems to be holding back change. QFF contends that a revised and expanded National Agriculture Strategy (or Food, Fibre, Foliage Plan) can incorporate new initiatives to ensure Australian governments deal more competently with existing and emerging climate risks.
3. QFF has identified to the Commission and others that there are already existing programs and frameworks that could be extended to provide more comprehensive government responses that help build climate preparedness and resilience on farms and in regional communities. While QFF's members are heavily involved with the Farm Management Systems (FMS) approach to dealing with issues and risks, we acknowledge that there are other 'models' that may also be usefully applied to the challenges that climate variability and climate extremes may present. For instance, we note that the Commission identified the Ellis Taxonomy for building "capital" to help farms adapt and be resilient to shocks, these being (p. 11);

- Natural
- Physical
- Financial
- Human
- Social.

This framework could be used to identify public investments that could be made to improve the “capital stock” so that farmers and communities can withstand and cope with climate extremes. QFF acknowledges that *Australia’s Farming Future* programs have earmarked \$130 million over 4 years to “equip primary producers to adapt and adjust to the impacts of climate change” but we argue that this is a demonstrably inadequate budget allocation for the scale and scope of the climate issues to be managed into the future.

4. The Commission also identified that governments should strive to better integrate water, natural resource management and climate change programs to help farm businesses and local communities better cope (p. XX). QFF sees this integration of government programs as the lynchpin for an overarching National Agriculture and Food Plan and the most effective way to deal with the challenges of climate change and climate extremes. Likewise QFF members have used the Farm Management Systems framework to develop productive partnerships with The Queensland Regional Natural Resource Management Groups Collective to deliver better river catchment planning outcomes. Since the sustainable management of natural resources is the underlying goal of these arrangements, the Memorandum of Understanding (MOU) between the parties offers another workable model for developing climate preparedness programs. As a means to assist the Commission identify programs that could be extended to provide the framework for public (and private) investments in climate preparedness, QFF acknowledges some widely accepted principles that must guide such investments, these being consistent with the Corish Report and some of the Commission’s earlier recommendations;
 1. Incorporate the principles of continuous learning and improvement based on the application of science-based innovation and training
 2. Identify with effective supply chains that are market responsive and adaptive (viability and sustainability tests)
 3. Promote the interlinkages needed for the continuous development of sustainable, low-cost, globally competitive agriculture systems
 4. Develop sufficient professional resources to deliver full capability to service farms and regional communities with up-to-date knowledge, skills and tools
 5. Provide appropriate transition arrangements and “a farm-wide temporary income support scheme designed for farming circumstances” that incorporates reasonable Mutual Responsibility Contacts
 6. Develop and use appropriate benchmarks and monitoring processes that provide continuous feedback of the communities’ capacity to deal with climate stress and extremes and respond (NAMS and NDRRA).

To assist the Commission develop its Final Recommendations, QFF members have offered some additional information on specific programs that offer considerable scope for preparedness investments. There are important aspects of these programs that have emerged over time. One is that these programs work best when they cater for the interests and circumstances of local stakeholders. This is the important principle that the Commission identified, namely that a “one size fits all” approach to complex business and social issues is no longer appropriate for public policy. And secondly most of these programs would have much greater reach and permanent uptake if they had more and consistent funding.

5. Farm Management Systems are variously renamed to suit special purpose situations, commodity group interests or regional initiatives. They have been industry developed and a work-in-progress in a variety of forms for about a decade, but are still seen by many in government as more an avenue for “private good” rather than “public investment”. QFF sees this Inquiry and the emerging issues of climate change, carbon reduction and sustainable water management as critical ingredients to change these attitudes. QFF draws attention to the fact that the FMS approach is already proving a robust method to achieve improved outcomes for multiple stakeholders on an ongoing basis and therefore offers a good framework to redirect public investments into climate preparedness. In an effort to identify what investments and skills should be targeted by preparedness programs, QFF has attempted to extend the “preparedness gap analysis” conducted by the 2006 PIMC Review and develop a Skills Matrix to identify requirements and solutions. This is not an exhaustive list but it can form the basis for a comprehensive assessment.

Climate Risk Preparedness Skills Matrix			
<i>Skill Required to Conduct Activity</i>	<i>Best Available Source</i>	<i>Existing Program(s)*</i>	<i>Adjustment Needed for Comprehensive Coverage</i>
Farm Land (map)	Regional Groups	Prop Mgt Plan	Still some regional gaps
Landscape	NRW Mapping	FMS	Continuation of Oneplan activities
Soils & Vegetation	Map + Professional	FMS	Extend property management systems
Farm Pastures	Soil Sc + Agronomist	FMS	Add linkages to carbon sequestration, etc
Farm Animals	Husbandry specialist	FMS	More proactive Feed-Fibre-Future programs
Farm Crops	Agronomists	FMS	More integrated soil, water, energy options
Farm Finances	Farmer & Banker	FMD Concession	Extend eligibility beyond \$400k limit
Business Plans	Farmer & Accountant	templates	Wider availability of farm counselling
Farm Inputs	Farmer & Suppliers	FMS	Integrated cost management
Farm Machinery	Farmer & Mechanic	Suppliers	Energy audits, contacting specialists, etc
Energy Efficiency	Engineers	NCEA audits	Wider uptake required, link to PA, etc
Built Infrastructure	Engineers	Specialists	Capital grants & tax concessions to expand
Water Management	Hydrologist	RWUE + ROP's	Extend catchment management under NWI
Biodiversity	Farmer & Scientist		Integrate into NR and W management
Hazards & Risks	WH&S	FMS	Farm & regional biosecurity issues
Succession Plans	Financial Planner	Voluntary orgs	Linkages to other social support programs
Staffing	Contactors & HR	People-in-Dairy	Extend reach & time and linkages
Farm Diversification	Accountant	n.a.	Links & integration to wide preparedness
Off-farm Income	Financial Planner	Advisors	Linkages to whole-farm planning
Taxation & Super	Accountant & FP	Advisors	Consistent signals to preparatory investm'ts
Weather & Climate	Advisors	Specialists	Regional weather drivers
Climate Risks	Insurers	Advisors	Seasonal forecasts by region
Climate Change	Government Experts	AFF etc	Variability & updated scenarios
Environmental Mgt	NRW, EPA, scientists	FMS	More comprehensive links to water/land mgt
Carbon Options	Advisors	Carbon Smart	Carbon-Soil-Water cycles and stocks

* Sample only, varies by industry and region. Some additional commodity detail is provided in the following sections.

It is QFF's view that the above provides a comprehensive framework to develop details for expanding such programs as Caring for our Country, Australia's Farming Future FarmReady and AusIndustry's Re-tooling for Climate Change at the national level and Fresh Approach at the Queensland level. These should incorporate direct funding and grants for specific FMS Climate Risk Management programs (commodity and/or region specific), plus expansion of R&D/CRC research effort, and development of more enduring partnerships between government departments, the research community and industry across a wider and more relevant range of disciplines relevant to dealing with climate change on farms and in regional communities. In all cases greater effort is required to engage farmers and their industry representatives more fully and continuously and this will often mean using multimedia strategies backed up by workshops and one-on-one consultants via mobile professionals. Some additional detail can be seen by viewing some current industry programs and activities in the web links that follow.

6. Dairy Industry programs;
<http://www.dairyaustralia.com.au/Farm/Regional-Development-Programs.aspx>
<http://www.dairyaustralia.com.au/Farm/The-People-in-Dairy.aspx>
<http://www.dairyaustralia.com.au/Responsible-Dairying/On-Farm-Quality-Assurance.aspx>
7. Cotton Industry programs;
<http://www.cottonaustralia.com.au/toolkit/bmp/>
<http://www.cottonaustralia.com.au/environment/water/efficiency/>
8. Nursery Industry programs – The Nursery Industry Accreditation Scheme Australia (NIASA) Best Management Practice (BMP);
<http://www.ngiq.asn.au/industry-programmes-production.htm>
<http://www.ngiq.asn.au/industry-programmes.htm>
9. Horticulture programs in Queensland;
<http://www.growcom.com.au/home/inner.asp?pageID=36>
<http://www.growcom.com.au/home/inner.asp?pageID=40>
10. Sugar programs in Queensland;
http://www.bses.org.au/bses_01.asp?page_id=620
<http://www.canegrowers.com.au/member-centre/good-practice-tools/fms.aspx>
<http://www.canegrowers.com.au/member-centre/good-practice/farm-plans.aspx>
11. Irrigation programs. A number of water management and water use efficiency programs operate within the above FMS programs, but others are developing in response to state and national water planning issues. In Queensland substantial progress has been made with water planning for surface water but there remain a number of unresolved groundwater issues. For the future QFF members seek an integrated and more efficient water planning process that incorporates these clear objectives;
 - An agreed state government program for the implementation of the National Water Initiative consistent with national water reform policy.
 - In addition QFF seeks a Commonwealth-State Water for Future Agreement that specifies environmental, investment and social objectives and provides clear

governance arrangements and consultation and planning timelines to meet the challenges of climate change.

- Within the state QFF requires a negotiation of Sunwater price paths beyond June 2011 to incorporate the above and deliver better scheme management and customer service standards.
- Updated Rural Water Use Efficiency (RWUE) programs that specify measurable outcomes and incorporate climate change, CPRS implications for electricity costs, and food security issues and provide for;
 - farm based assessments addressing specific industry FMS issues,
 - professional methodologies delivered by trained specialists,
 - specific incentives and area applications to be decided by local members.

12. QFF does not wish to repeat the detail of other suggestions already presented to this Inquiry but wishes to make three final points that were variously discussed, but inconclusively in our view, during the final public hearings and discussions of the Public Inquiry into Government Drought Support.

- QFF acknowledges there are “governance issues” surrounding the expenditure of public monies and these may be particularly acute for program managers if large scale preparedness programs involve grants and services to private individuals. We counter these concerns by identifying already established practices for some FMS and RWUE programs. QFF believes tight Public Expenditure Review Principles and MOU’s that define measurable co-responsibilities can largely overcome these perceived issues. If “need” is a basis for public assistance then “private preparedness” must surely provide some public benefit when addressing the challenges of climate change and extremes. Co-responsibility and mutual obligations should be defined with agreed performance measures that help identify the public gains from such investments (even where some of those gains are “savings” from other public assistance programs that might otherwise be triggered). We commend the Commission for Figures 8 and 7.1 as a ‘model’ worth adopting.
- QFF understands that there is considerable concern among government officials that there are moral hazards associated with attempting to implement wide scale preparedness programs, not the least being that individuals and organisations will still seek additional “crisis or exceptional circumstance” assistance when it suits them to do so. QFF counters this concern by noting the above “assurances” that can be locked into MOU’s and funding contacts. Additionally, good public awareness programs will identify good business practices and climate preparedness actions, and these will serve to reduce the scope for media and political “sensationalism” when climate stress events occur. This notwithstanding, it is important that new climate risk management programs identify that there remain “unmanageable risks” and there needs to be a defined path of government response so that investors, managers and planners alike have confidence that systematic government responses to these risks are in place.

- While the focus of this submission is the proactive preparedness programs, QFF seeks to stress that these FMS programs do not offer the panacea for all climate risks. Our experience is that there are risky climate events that “are beyond the ability of even the most prudent farmer to manage” and governments must remain committed to provide timely assistance to stimulate industry and community responses when such climate stresses happen. It is widely recognised that Australia already has a comparative advantage in dealing with a highly variable and changing climate, but the “climate future” this Inquiry is addressing requires much more public research on regional issues and the specifics of hydrology so that the risks and opportunities become better known and managed. QFF stresses that this also requires comprehensive and professional measurement and monitoring, and public funds must be directed towards ensuring all data requirements for managing climate risks and responses are maintained and enhanced.

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