

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600

16 April 2014

Dear Sir/Madam

Agricultural Competitiveness White Paper – Response to the Issues Paper

Thank you for the opportunity to contribute to the development of the Australian Government's Agricultural Competitiveness White Paper. We congratulate the government on this important initiative and look forward to contributing to the next steps in the process of preparing the White Paper.

The National NRM Regions' Working Group is the national representative body for Australia's 56 regional Natural Resource Management (NRM) bodies. We are a national network that works closely with the Department of Agriculture and the Department of Environment in delivering the Government's National Landcare Program.

We play a central role in Australia's agricultural competitiveness by supporting the competitive strength Australia has in the international marketplace as a "clean and green" producer of food and fibre products.

Through our programs we assist farmers to manage their natural resource base for profitability and sustainability and work with farmers and the broader community to protect and repair the landscape which underpins the productivity and competitiveness of Australian agriculture.

Australia has 56 regional NRM organisations covering all of Australia. While they are established through a variety of means (some are statutory authorities of state governments, others are non-government organisations) they have in common:

- A shared objective of ensuring a sustainable future for Australian agriculture and other natural resource based industries so that current and future generations can benefit from those resources;
- A commitment to representing the views of the farmers, industry groups, Landcare and other non-government organisations in the design and implementation of government investments in natural resource management. This is achieved through the preparation of regional NRM plans that align the efforts of the different levels of government with the values of regional communities;
- An understanding that profitable farming enterprises are essential – making money from farming creates the surplus farmers need for investment in sustainability and restoration efforts. Lack of profitability inhibits such investment and increases the risk of natural resources being used beyond their functional capacity.

Engaging the farming community is central to our approach. We recognise the need to:

- Promote awareness of profitability challenges and the linkages between natural resource management and productivity;
- Value the input of farmers and their local knowledge into the solutions to meet those challenges;
- Communicate effectively to achieve real ownership and buy-in to solutions;
- Work collaboratively with farmers to support their efforts in improving the condition of their natural resources.

Attached is our submission. You will see that we have structured it to respond to some of the questions posed in the discussion paper. We would be pleased to elaborate on the points raised.

We anticipate that many regional NRM bodies will make their own submissions to the White Paper.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Green', is centered within a rectangular box. The signature is fluid and cursive.

Pamela Green
Chair National NRM Regions' Working Group

Question 1: Ensuring food security in Australia and globally

ABARE, following its review of international food demand and competition from other agriculture exporting countries, suggest a substantial rise for Australia in “food demand out to 2050, with the real value of agrifood demand expected to be 77 per cent higher than it was in 2007 (in 2007 US dollars)”. They estimate that most of this will be in beef, wheat and dairy products (with fruit and sheep meat also contributing)ⁱ.

We propose a detailed assessment of where, within Australia, this demand might be met and put in place strategies for managing the impact on the resource base. For example:

- The ABARE data indicates almost doubling the value of beef exports which suggest a substantial increase from the current level of the national beef herd estimated at 28 million head. Promotion of more intensive production systems (such as sustainable pasture management) can significantly increase carrying capacity without damaging our natural resources.
- Wheat production is also predicted to nearly double, and again recognising that productivity increases in terms of yield per hectare will contribute, the area under wheat production (currently estimated at 13,881,000 hectares) could increase substantially.

We know that sustainable land use is fundamental to ensuring food security. We also know that inappropriate land management practices lead to a decline in agriculture productivity, profitability as well as off-site impacts on Australia’s inland waterways, and coastal and marine environments.

Soils, for example, underpin Australia’s food and fibre production. Soils provide essential ecosystem services sustaining terrestrial biodiversity, filtering contaminants, absorbing organic waste etc. Australia’s landscapes have produced a vast range of soils, some millions of years old.

Poor soil management leads to erosion, soil acidity, nutrient and microbial decline and soil salinity. By improving soil carbon there is the potential to both lift productivity and increase the sequestration of carbon to help mitigate climate change and better cope with climate variability by improving soil water holding capacity. But our understanding of soils across the varied landscape and under different land uses is limited. We note The 2011 State of the Environment Report assessment of soil health and in relation to several factors affecting soil health the report commented:

- “**Soil carbon** stocks are low in many Australian agriculture systems Conversion from native vegetation to agriculture typically reduces soil carbon by 20–70%”
- “In 2001, the NLWRA estimated that **soil acidity** affected 50 million hectares of surface layers and 23 million hectares of subsoil layers of Australia's agricultural zone. The estimated annual value of lost agricultural production due to soil acidity was \$1.585 billion”
- “The latest assessment concluded that **soil erosion by water** in Australia is still at unsustainable rates, but there are large uncertainties about the time until soil loss will have a critical impact on agricultural productivity. Environmental impacts of excessive sedimentation and nutrient delivery on inland waters, estuaries and coasts are already occurring”

- “Assuming no changes in water imbalance, the NLWRA expected **dryland salinity** to increase from 5.7 million hectares to 17 million hectares by 2050. However, the millennium drought appears to have halted the spread of dryland salinity in most of the worst affected regions, especially in south-west Western Australia”.

We propose that the White Paper considers how the growth in agriculture driven by international and national food security can be managed in a way that is consistent with our growing knowledge of the sustainability of Australia’s resource base.

What opportunities exist to expand agricultural production in Australia and how can we take advantage of them?

By increasing awareness of sustainable management practices we can increase agriculture production without necessarily increasing our agriculture footprint. We suggest that regional NRM plans prepared by regional NRM bodies can assist in this regard. Our plans are based on the premise that sustainable production systems are central to achieving sustainable NRM and understanding production trends allows regional NRM plans to anticipate and plan for changes in the use of our natural resources.

What opportunities exist for exporting Australian agricultural technology, marketing skills and expertise to improve global food security outcomes?

Australia has been addressing the sustainability of agriculture production systems for over 60 years and has built up an international reputation for its investment in agriculture related environmental conservation. Of particular note is our community based approaches, such as landcare. Regional NRM organisations across Australia have developed expertise in both working with farmer volunteer groups and understanding the need to balance production with conservation.

Question 2: Farmer decisions for improving farm gate returns

Farm gate returns, climate and other risks and the sustainability of the natural resource base are linked both in the short and long term. Regional NRM bodies undertake programs that support farm gate returns for farm businesses including promoting sustainable farming systems based on property planning, reduced input costs and value add to farm produce.

We recognise that sustainably managed farms provide not only benefits to farmers but to the wider community in terms of ecosystem services. These services relate to the provision of clean water, clean air and biodiversity benefits. If these services are appropriately costed then farmers can make an informed choice about the production/conservation balance.

What tools, skills and advice do farmers need to effectively adapt and respond to the risks they face?

Droughts, floods and fire are major risks to farm enterprises. Through improved management of our soils and pastures farmers can better manage the impact and recovery from drought – while at the same time protecting the resource base. For example de-stocking earlier in the drought enables farmers to restock much sooner in the drought recovery phase.

We anticipate that the nature of these risks will change as our climate changes. It is important for farmers to have access to information tailored to their region and industry, about the immediate and

the longer term risk. Regional NRM bodies are currently preparing NRM Plans for Climate Change that can assist with this.

During drought, what measures are most effective in supporting long term resilience?

Assistance with identifying and fencing stock containment areas have been successfully used in previous droughts. These containment areas not only assist with more efficient feeding and watering of stock but also minimise the impact on the farms' natural resource base i.e. its pastures and soils.

Sustainable pasture management practices promoted by regional NRM bodies also assist with drought management, and some regional bodies provide support with stock watering.

Regional NRM bodies, on behalf of government, have also run successful drought employment projects where farmers have access to paid employment working on natural resource management projects.

Question 5: Enhancing agriculture's contribution to regional communities

What impact does the growth of populations in regional centres and the decline in more rural or remote townships have on farming businesses and the agriculture sector?

Regional NRM bodies are acutely aware of the changing rural demographics driven by farm consolidation and an ageing farming workforce. The growth in regional centres does impact on farming because of the increase in the peri-urban areas bringing with it issues associated with the agriculture/urban interface.

How can the agriculture sector best contribute to growth in jobs and boost investment in regional communities, including indigenous communities?

Regional NRM bodies advocate the following broad approaches:

- Promote business training/mentoring programs to help develop the capacity within the agriculture sector;
- Promote rural leadership programs to develop future agriculture and NRM leaders;
- Support comparative advantage and niche branding opportunities that provide benefits for farmers engaged in green and clean food and fibre;
- Recognise and develop programs to manage land retired from agriculture;
- Support the development of skills and capacity building programs aimed at indigenous Australians.

What community and policy responses are needed in rural and regional communities to adapt and change to new pressures and opportunities in the agriculture sector?

Policies based on strong engagement of the community are essential for empowering communities to take action to address pressures and opportunities. Regional NRM bodies operate within a community engagement framework and use this to work with communities to identify a regional vision and practical steps to achieve that vision. Supporting volunteer community groups such as landcare provides the foundation for collective local action.

Question 6: Improving the competitiveness of inputs to the supply chain

How can land, water and other farm inputs be more effectively deployed to better drive agriculture sector productivity, while maintaining or enhancing the natural resource base?

Regional NRM organisations believe that extending knowledge to, and building the capacity of, farmers is essential for practice change. This requires the sharing of knowledge and the outcomes for R&D investment with farmers. Regional NRM organisations are increasingly filling the gap left by State governments that have downsized their extension services over the past two decades.

Landcare and other community based volunteer networks provide an important avenue for farmers to learn from each other and build capacity. And there is a growing interest in assisting indigenous Australians to develop the skills and capacity to own and run commercial farms.

We propose the following capacity building approaches:

- Supporting local farming communities through encouragement, education and support to assume responsibility for protecting the health of soil, water and vegetation resources.
- This requires strong alliances with: agricultural industry groups, educational institutions and CSIRO to increase understanding of natural resources; and regulatory authorities, industry bodies and others that provide extension services to improve knowledge, responsibilities and skills;
- Build image of farmers as sustainable land managers and support programs that reward "Clean and Green" farm practices;
- Promote community-based programs that increase community knowledge and that tailored to local biophysical conditions and social domains;
- Investigate and support the deployment of new web-based technologies, including social media that can assist in mentoring and creating opportunities for people to benefit from the wealth of knowledge and experience held in the industry.

7. Reducing ineffective regulations

Regulations are an important tool available to governments for managing both the environmental impact of land use and for assisting communities deal with biosecurity issues. Regional NRM bodies operate on the premise that working with communities rather than regulating them is the best way to achieve long term outcomes but we rely on governments to apply regulations when appropriate. We see two major challenges for assessing the effectiveness of regulations: firstly are the regulatory objectives clearly understood and supported by the community? And secondly are the regulations enforced? If these two conditions are not met then regulation will be less effective.

In most cases environmental and biosecurity regulations are the responsibility of State and Territory governments so a national review is problematic. One option for moving forward on this is to use the Council of Australian Governments mechanisms to establish a regulatory review work program. The work program could identify areas of regulation to be reviewed over a three year period, and establish a reference group of stakeholders to be involved in the process. Regional NRM bodies would be willing to participate in such a review.

8. Enhancing agricultural exports

We see broad opportunities for promoting and building our Clean and Green credentials to international markets.

We now have in place a system for identifying the environmental conservation outcomes for Australia's varied agricultural areas and farm management practices that support those outcomes. The ABS estimates that approximately 94% of farmers actively undertake natural resource management on their farms and 36% of farmers have set aside 9.2 million hectares for conservation/protection purposesⁱⁱ. This activity requires a significant investment by farmers. In 2008 this was estimated to be \$3.5 billion which represents \$2.60 for every government dollar invested.

A Clean and Green marketing campaign supported by appropriate accreditation processes will reward farmers for their conservation efforts.

ⁱ Linehan, V, Thorpe, S, Andrews, N, Kim, Y & Beaini, F 2012, *Food demand to 2050: Opportunities for Australian agriculture*, ABARES conference Canberra, March.

ⁱⁱ NFF Farm Facts 2012, page 12