

Agricultural Competitiveness Taskforce
Department of Prime Minister and Cabinet
Canberra, Australia
On-line Submission to the Issues paper
agriculturalcompetitiveness.dpmc.gov.au

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Dear Taskforce members,

Thank you for the opportunity to make a submission on the Agricultural Competitiveness Issues Paper. I have worked in the field of agriculture and research in productive and sustainable landscapes with Land & Water Australia and now I work as an academic in the field of Geography and environmental management. This submission raises three points; sustainability of productivity, the lessons of drought management and a request not to use 'security' in regard to agriculture or food in Australia. I have also sought to summarise (in

Table 1 page 4) the principles and some policy ideas for the members of taskforce consideration. In essence I suggest the taskforce take a long-term view and an evidence-informed approach, seeking to nurture stewardship in agriculture and avoiding framing a “food security” issue whilst also maintaining and improving information and enforcement.

SUSTAINABILITY of PRODUCTIVITY

A fundamental issue is **sustainability** of the soil, water and ecosystems (these public goods are held in trust for present and future generations) and aspects of their use are managed by government and agricultural industries. So farmers and government are joined in the long and short term management of the well-being of the natural resources. Productivity and profitability needs to be sustainable otherwise it is degrading.

Having **sustainable agriculture** is an undeniable and untradeable responsibility of government and people. If degradation occurs then either the government pays (eg abandoned mine sites), future generations pay (and clean-up is very hard) or the agent who degraded the resources pays to restore the damage (this is relying on public/courts/government frameworks working). Degrading the soil (or other ecosystems that manage provision of clean water, pollination and sustain the landscapes in productive and cultural terms) is plainly bad policy and bad for business. But it happens mainly because the rewards for quick and irresponsible management are higher and the consequences are readily avoided.

Clean (not contaminated by chemicals) and ethical food production is important to the market. From my experience of living in China the foods imported from Australia into China are highly valued due to domestic contamination fears. Clean and green is a competitive advantage, a marketable characteristic and a source of pride for Australian agriculture. It requires a serious investment to sustain this worthy competitive advantage throughout the value chain.

There is a temptation, to be strongly avoided on principled grounds, to slide down and be the cheapest provider for the shortest time. In agriculture (and in other primary industries) principled patience is a virtue because stewardship is more important than short-term profit.

Research shows that **thinking like a steward** has a key difference to thinking like a vendor. Stewards and landlords don't tolerate degradation of the resources. Australia's farm profitability should not be contingent on degrading the farm. The managers and governments (Local, State and Federal in that order) have an

undeniable and critically significant role to play in developing and sustaining a stewardship philosophy in agriculture. Research shows that 'marketising', auctioning and trading natural resources can erode the social and cultural fabric of communities. Further work is needed to know the best way to foster stewardship and to sustainably achieve multiple benefits in and from agricultural landscapes.

Increasing farm profitability and strengthening our rural and regional communities may be achieved in the short term by running the countryside and its people harder, through investing in new ideas and new technology or by removing perverse and hidden subsidies. Australian Agriculture and leading farmers are smart, agile and well-educated. The risk is that national attempts to intervene to reduce perceived insecurity in food while actually cost more, delay innovations and stifle the creative solutions. The important role for government is to sustain the public goods, know and maintain the baselines of acceptable use, fund new knowledge, spread the word of improvements and provide a social safety net.

LESSONS OF DROUGHT MANAGEMENT IN AUSTRALIA

There is, based on the evidence in the Drought Review (2009), a necessary social safety net for agriculture but also a substantial risk of subsidising maladjustment and unscrupulous agricultural enterprises. The Department, researchers, the Productivity Commission and many others (attachment 1) have shown the importance of drought policy in Australia and the problems caused by bad policy. My experience working with Australian and United States agricultural drought experts (2008-2010) is that bad policy fosters maladjustment and increases suffering and resource damage.

The current policy settings are very heavily weighted to loans to support farm businesses that are experiencing financial hardship [\$420 million (\$210 million in 2013–14 and \$210 million in 2014–15)] with half as much to new research and development, and twenty times less than the loans to biosecurity. The heavy use of loans as a safety net takes a sure risk to create maladjustment and further long-term losses in productivity. It may be better to consider a structural adjustment; although some gaming of structural readjustment seems likely.

Research shows that risk lies in the DNA of successful and sustainable farm operations in Australia and the government is not in a good position (due to information asymmetry) to know this and predict how the future will pan-out. So the government should focus efforts on three pillars: Firstly not allowing damage to the foundations of Australia and its agriculture (using legal measures as necessary to control rogue farm operators); secondly the provision of best available information (through evidence, good impact assessment and R&D through Research and

Development Corporations for example); and thirdly, ensuring full cost and benefits work through markets to allow farmers, agricultural investors and their products to do their work.

MISUSE OF FOOD SECURITY

Food security in Australia and viewed nationally, means something different to having enough affordable food to eat but it includes quality and sustainability. I think the use of the word 'security' is alarmist and that we should recognise Australia's competitive advantage is in world trade in grains, meat and fibre alongside many boutique agricultural products (including fisheries). Triggering security language is inappropriate, justifies suspension of normal behaviours and has a domino effect on trading partners. The Australian Government should continue to be a good global citizen and while collaborating with the world market recognising its role in appropriately supporting other nations and peoples who genuinely suffer food insecurity.

Finally this submission suggests the Agricultural Competitiveness Taskforce should take a long-term view, an evidence-informed approach, place emphasis on stewardship and enable it with clearly adequate information and legal protection (checks and balances). I hope the principles and policy suggestions described briefly in

Table 1 (over) contribute to improving the discussion.

Table 1 Some suggestions for the Agricultural Competitiveness Taskforce

Call for	Explanation	Policy suggestion
a long-term view	These challenges are not new and considerable research, knowledge and understanding is available – especially about policy risk and natural resource degradation in drought	The EPBC Act and associated frameworks are essential and further work on sustainability of resources is needed. Natural resources are to be used sustainably and not converted into private capital. Drought policy review recommendations (attachment 1) should be implemented to set a social safety net but should not subsidise failed businesses.
an evidence-informed approach	Making new mistakes sure beats making the same mistakes (to misquote Peter Cullen).	Research, monitoring and modelling should be used to carefully articulate arguments that are transparent, developed with public and other knowledge inputs.
an emphasis on appreciative stewardship and avoiding framing agriculture as a “food security”	Reframing the relationship between farmers, rural communities, Australian public, policy and researchers is needed to make this a collaborative and learning environment At an international level Australia, agriculture and the world benefit in the long and short term from trade and understanding interdependence.	Collaboration is necessary and competition can drive efficiency but it needs to be managed. International engagement is needed through trade and agencies such as ACIAR to make the world’s agriculture more sustainable and resilient. That also has a security dividend.
clearly adequate checks and balances	The market fails to recognise the national interest, the long-term sustainability and the appropriateness of some actions. Thresholds need to be negotiated and some need to be set in legislation.	Legal and regulatory frameworks need to work to underpin the duty of care each agent (person, company or agency) has to other and to the environment. Detection of unacceptable changes and uses needs to be enabled by government (Environmental accounts) and enforced by combinations of government (EPA) and citizens (EPO).

Yours Sincerely,

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Attachment - Some additional resource regarding drought policy

Australian Government policy and program review

<http://www.daff.gov.au/agriculture-food/drought/drought-program-reform>

Includes http://www.daff.gov.au/agriculture-food/drought/drought-program-reform/national_review_of_drought_policy

1. an economic assessment of drought support measures by the Productivity Commission Productivity Commission Report (independent body)
<http://www.pc.gov.au/projects/inquiry/drought>
2. an assessment by an expert panel of the social impacts of drought on farm families and rural communities
3. a climatic assessment by the Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) of the likely future climate patterns and the current Exceptional Circumstances standard of a one-in-20-to-25-year-event.

Prof Sam Lake on ecological consequences of drought

<http://lwa.gov.au/articles/innovation/drought-creeping-disaster>

Drought workshop ABARE Conference 2009

<http://lwa.gov.au/news/2009/apr/07/abare-conference-farming-dry>

Drought workshop <http://www.water.anu.edu.au/events/dpf/program.php>

Land & Water Australia. 2009. The recent Western Victorian drought and its impact: without precedent?. [Online] (Updated March 11th, 2009) Available at: <http://lwa.gov.au/node/2987> [Accessed Wednesday 23rd of October 2013 01:24:16 AM].