

“BLUEPRINT FOR THE BUSH”

SUBMISSION

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EXECUTIVE SUMMARY

QFF welcomes the Blueprint for the Bush initiative as a timely recommitment by Government to sustaining viable rural industries and communities. The fundamental challenge for Government is in how it responds to these challenges in seeking to build sustainable rural industries and rural communities.

QFF strongly believes that the viability of rural communities depends heavily on the viability of the rural industries they service. Rural communities will reflect the state of the rural economy, both economically and socially. The most effective way to ensure the continued viability to rural communities is to promote and protect the economic viability of existing rural industries, and to provide a climate where new enterprises can be established and grow.

Industry Development:

Intensive agriculture makes a significant contribution to the regional, State and National economies, forecast to provide 58% of agricultural production in Queensland this year, up \$1 billion (24 per cent) in the last five years. . This increased value of production has occurred in an environment of long term decline in the terms of trade for producers. Farmers have only been able to maintain their incomes by controlling costs and increasing productivity and efficiency. This has been made more difficult in recent years by a rapid acceleration in costs at a time of, in many cases, stagnant or reducing prices. ABARE forecasts that farm costs will rise 4.2% faster than farm gate prices in 2005/06.

In the last eight years, Government rates and taxes charged to the rural sector have risen twice as fast as prices. Too often, Governments have imposed costs on the rural sector without proper consideration of the cumulative economic impact those costs have. Key new government costs imposed on rural industry include:

- *Natural resource management costs*, such as the costs of complying with the Vegetation Management Act, the Water Act and the Land Act. .
- *Occupational health and safety costs*,
- *Increased Irrigation water charges*, such as the \$10 million impost from the new State Water Resource Management Charge and mooted increases in Sunwater scheme prices;
- *Electricity charges*;
- *State taxes & stamp duty*, particularly with the rise in land valuations;
- *Security sensitive chemicals*;
- *Introduction and increase in Interstate Certification Assurance fees*.

QFF acknowledges the importance of environmental sustainability and member organisations are actively supporting the development and adoption of Farm Management Systems (FMS) and Best Management Practice programs within their industries. The Queensland Government has recognised the significance of the FMS initiative with a Memorandum of Understanding signed by the Premier and QFF, and incorporating FMS into key Government policy strategies including the Smart State Economic Strategy, the State Water Plan, the implementation of the Great Barrier Reef Water Quality Protection Plan and in the EPA's Sustainable Industries program

The QFF is seeking to build on these commitments by seeking a major investment by the State Government in the implementation of FMS by industry bodies through a state-wide training and extension program. This will help improve the profitability and sustainability

of Queensland's intensive agricultural industries, as well as achieving synergies between State economic, environment, regional and water policy strategies.

To accelerate the water reform agenda, QFF proposes that all or most of the \$10 million to be collected from the water resource management charge be hypothecated for measures to promote better on-farm water practices

QFF sees challenge for DPI&F is to reposition itself as an agency directly addressing the current and future needs of the Queensland agricultural sector and adding value in terms of the profitability and sustainability issues that industry faces. This task needs to be done in closer co-operation with industry by developing effective partnerships so that collectively, the vision for the sector can be jointly developed and achieved

Community Development:

A whole-of-government, coordinated approach to rural issues and service delivery is essential. Members of rural communities are often frustrated by the plethora of planning mechanisms and service delivery models which often result in confusion and duplication.

There must be a firm commitment to improving the drivers for agricultural economic sustainability. Community planning and development initiatives will be meaningless unless the underlying importance of rural industry economic viability and environmental sustainability is acknowledged and supported by all levels of government.

Certainly self-reliance is desirable, and where government intervention meets an identified social or service need at the request of the community, it also carries with it the possibility of the growth of social capital and the possibility of more robust self-reliance. However, it should be acknowledged that the Government does have a responsibility to provide a level of service in rural areas which is similar to that enjoyed by citizens who live in urban and larger regional areas.

Policymakers need to make the commitment to come out to rural isolated communities to understand their issues. This has been an important part of the consultative process for Blueprint, but should not stop with this process. Agencies must not practice token consultation.

In developing policy approaches, agencies need to allow for more flexibility in meeting the differing needs of different communities. One size does not fit all. Whatever policy comes out of Blueprint should have as its centrepiece the removal of as many roadblocks as possible for communities to determine their own futures. Part of that needs to be a more facilitative and supportive approach to assist communities in accessing Government grants and funding programs. Initiatives could include:

i) Investing in Rural Infrastructure:

Adequate infrastructure in transport, communications, health, education and housing is essential in order to allow existing rural enterprises to operate effectively and to attract new business and residents to rural and remote areas. .

ii) Investing in Community Services:

The most sustainable way to address social issues is to ensure that communities are able to maintain a strong rural economic base where existing industries are supported, and new industries encouraged. Government can facilitate this through

the provision of a secure and stable operating environment for rural enterprises, and appropriate infrastructure to facilitate business development, especially in the areas of transport and communications.

iii) *More Flexible Community Development:*

There is a need for greater flexibility in service delivery, with stronger input from community members as to the services which are most needed, and the best ways in which they can be provided. Community members should be heavily involved in decision making regarding resource allocation; planning and funding within their regions. It may be useful to explore models where communities are provided with resources to independently identify and fund projects and services which will foster new businesses and provide social infrastructure within a defined area or region.

iv) *Government Service Centres:*

Many of the problems experienced by people in the "bush" in dealing with Government stem from poor communications or lack of access to real people or an understanding of who to talk to in government. The establishment of Government Service Centres in smaller rural towns to handle help desk for service enquiries across all government departments and agencies or the efficient processing of motor vehicle registrations or licences could assist with issues from bureaucratic red tape to simple problems that frustrate people in rural and remote areas..

v) *Decentralisation of Resources:*

Contraction of Government run centres, such as research facilities, or cut backs in regional programs has lead to staff reductions or relocations of qualified staff to other parts of the state, typically the big provincial cities or the South East corner. The State Government needs to conduct community impact statements before engaging in withdrawal of personnel from smaller towns.

vi) *Retention of Younger Skilled Workers in Rural Areas:*

Trained people are becoming scarce in rural and remote areas especially with the boom in mining, which is taking skilled and semi skilled people away from nearby regions. This in turn leads to a drain of younger, skilled parts of the population. A range of measures to retain young skilled workers should be considered, including increased funding to local government for provision of infrastructure; financial and tax incentives to encourage young people to establish businesses in rural areas; and more attractive incentives for offering and accepting apprenticeships.

QFF SUBMISSION TO THE “BLUEPRINT FOR THE BUSH”

1. BACKGROUND.

1.1 The Queensland Farmers Federation:

Queensland Farmers Federation (QFF) is a federation of major intensive agriculture organisations and value-adders which unites fourteen of Queensland's peak rural industry organisations, collectively representing many thousands of primary producers across the State.

Members include:

- Australian Prawn Farmers Association
- CANEGROWERS
- Cotton Australia
- Emerging Primary Industries Group
 - Australian Ginger Growers
 - Biological Farmers of Australia
 - Flower Association of Queensland Inc
 - Queensland Aquaculture Industries Federation
 - Qld Olive Associations Group
- Growcom
- Nursery and Garden Industry Queensland
- Qld Chicken Growers Association
- Qld Dairyfarmers' Organisation
- Qld Irrigators Council Association Inc
- Qld Pork Producers Inc.

QFF's mission is to 'secure a sustainable future for Queensland primary producers within a favourable social, economic and political environment by representing the common interests of its member organisations'.

QFF's core business centres on resource security; water resources; environment and natural resources; industry development; economics; quarantine and trade.

1.2 Geographic Scope of “Blueprint”:

Most intensive agricultural enterprises are located within 200km of the coast, although industries such as cotton and horticulture also have significant production sites further inland.

To date, most of the community consultation associated with the *Blueprint* process has taken place in locations west of the Great Dividing Range. However, a large proportion of the rural population in fact lives relatively close to urban or major regional centres along the State's coastal fringe. These communities face a different set of challenges to their more isolated counterparts, particularly with respect to planning and urban encroachment, and from specific industry issues. For example, communities in the Burnett, Mackay and Burdekin districts have been heavily affected by the deregulation of the sugar and dairy industries, while those in the South-east corner are coming to grips with urban encroachment and the provisions of the South East Queensland Regional Plan.

These communities also share some similar characteristics with the more traditional 'bush' areas, including farm cost structures; the provision of infrastructure; education and health issues; and rural community viability. Indeed, by many socio-economic measures, coastal communities are more disadvantaged than some western communities, reflecting economic pressures on their communities. Research by the Federal Parliamentary Library based on the 2001 census ranked communities in the Wide Bay/Burnett region as amount the most disadvantaged in Australia:

Rankings of Federal Electorates by Index of Relative Socio-economic disadvantage (out of 150 Federal Electorates)

Electorate	Socio-economic disadvantage ranking	Income resources ranking	Major centres
<i>Wide Bay</i>	3	1	<i>Maryborough, Gympie</i>
<i>Hinkler</i>	9	14	<i>Bundaberg, Gladstone</i>
Longman	12	23	Caboolture
<i>Blair</i>	15	25	<i>Ipswich, Gatton, Kingaroy</i>
<i>Maranoa</i>	21	28	<i>Dalby, Emerald, Warwick</i>
<i>Kennedy</i>	22	37	<i>Mt Isa, Innisfail, Mareeba</i>
Rankin	24	56	Logan City
Oxley	27	45	Ipswich, Inala
<i>Dawson</i>	29	42	<i>Mackay, Ayr</i>
Forde	34	46	Beenleigh, Beaudesert
Fairfax	47	24	Sunshine Coast north
<i>Capricornia</i>	51	57	<i>Rockhampton, Longreach</i>
<i>Groom</i>	60	44	<i>Toowoomba, Oakey</i>
Fisher	61	39	Sunshine Coast south
Fadden	62	62	Gold Coast north
McPherson	68	70	Gold Coast south
<i>Leichhardt</i>	81	77	<i>Cairns, Weipa</i>
<i>Herbert</i>	82	83	<i>Townsville</i>
Petrie	85	85	Brisbane north
Bowman	89	98	Brisbane/Redlands
Moncreiff	93	91	Gold Coast central
Lilley	104	95	Brisbane north
Dickson	107	111	Brisbane/Pine Rivers
Bonner	109	103	Brisbane east
Moreton	116	108	Brisbane south
Griffith	123	112	Brisbane east
Brisbane	131	126	Brisbane north
Ryan	144	136	Brisbane west

This table highlights that rural Queensland is disproportionately represented in the most disadvantaged electorates – of the 30 most disadvantaged Federal electorates, 9 are in Queensland and 7 of those are predominately rural seats. The most disadvantaged regions tend to be in the coastal zone, although the western seats also score very poorly.

By contrast, 7 of the 11 Brisbane metropolitan seats ranked in the top third of electorates in Australia.¹

2. OVERVIEW of INTENSIVE AGRICULTURE in QUEENSLAND.

Intensive agriculture makes a significant contribution to the regional, State and National economies, forecast to provide 58% of agricultural production in Queensland this year. In the five years to 2005/6, the value of intensive industries in Queensland rose by over \$1 billion (24%) despite the impact of drought, nearly three times the growth in extensive industries (up 7.7%). Leading the expansion of intensive industries have been amenity horticulture (up 75%); fruit (up 43%); poultry (up 44%); and vegetables (up 23%). Sugar cane has recovered somewhat from the earlier slump (up 30% on 2000/01); cotton had a good year in 2004/5 (up 40% on the previous year); but production is expected to fall this year due to drought. Similarly in milk, improved prices are expected to be offset by reduced production due to drought. Value of production from intensive agriculture will rise in 2004/05². Acting Primary Industries Minister Chris Cummins in an October 7 statement lauded the achievements of Queensland's rural sector:

"Queensland posted a record \$11 billion in terms of gross value of production (GVP) - an increase of \$872 million or 7.5% over the 2003-04 result (of \$10.17 billion). When the Beattie Government came to office in 1998, the sector's GVP was less than \$7 billion. This is a fantastic result - especially when you take into consideration impacts from the on-going drought and I congratulate the industries that contributed to this great achievement."

A recent report by the Productivity Commission notes a shift towards more intensive farming, both as a structural shift to enterprises using more intensive production systems (poultry, cotton, grapes nurseries) and the adoption of more intensive production techniques in increased use of supplementary feed, chemicals and irrigation.³ The report also notes that while agricultural output has increased in absolute terms, it has declined in relative terms to just 4% of total national output, employing around 375,000 people nationally and accounting for over 22% of Australia's exports.

The contribution of agriculture to the economy is much larger than the 'official' statistics imply, particularly in regional areas. Research by Econtech suggests that adding in the value of all activities that occur to farm outputs post farm gate and the value of economic activities supporting farm production gives a better indication of Australia's 'farm dependent economy'. On this analysis, the farming/farm dependent component of the economy rises from 3.2% of GDP to 12.1% of GDP. In employment terms, while the agricultural sector employed 407,000 in 1998/99, this figure rose to 1.6 million (or 17% of the labour force) when the farm output sector is included.⁴

Even this may understate the contribution of agriculture. Agricultural landscapes play an important role in tourism and providing 'breathing space' for urban development. It is difficult to imagine North Queensland without the green cane fields, or the green hills of Maleny not

¹ Parliamentary Library *Socio-economic indexes for electoral divisions: 2001 Census* Current Issues Brief no. 1 2004-5

² *Prospects for Queensland's Primary Industries 2003-04 to 2004-05*. Department of Primary Industries and Fisheries, September 2004

³ Productivity Commission *Trends in Australian Agriculture* June 2005 p. 42

⁴ Econtech "Australia's Farm Dependent Economy" Australian Farm Institute March 2005

dotted by dairy cows. In Europe, the contribution of agriculture to tourism is recognised, with farmers now often paid to maintain rural landscapes such as hedgerows under schemes like Britain's Countryside Stewardship program⁵. The linkages of scenic amenity values and rural landscapes is recognised in the SEQ Regional Plan⁶, with work now proceeding under the auspices of the Office of Urban Management on developing policy covering ecosystem services.

However, it is worth noting that the achievements in terms of increased value of production have occurred in an environment of long term decline in the terms of trade for producers. ABARE's terms of trade index (index of prices received for outputs compared with prices paid for inputs) has declined by a third since 1990.⁷ Indeed, farmers have only been able to maintain their incomes by controlling costs and increasing productivity and efficiency. This has been made more difficult in recent years by a rapid acceleration in costs at a time of, in many cases, stagnant or reducing prices (see next section).

3. CURRENT ISSUES/CHALLENGES.

In the main, the issues raised in the Discussion Paper are consistent with those identified by QFF commodity members. The fundamental challenge for Government is in how it responds to these challenges in seeking to build sustainable rural industries and rural communities.

QFF strongly believes that the viability of rural communities depends heavily on the viability of the rural industries they service. Rural communities will reflect the state of the rural economy, both economically and socially. The most effective way to ensure the continued viability to rural communities is to promote and protect the economic viability of existing rural industries, and to provide a climate where new enterprises can be established and supported.

In the decade to 2002/3, farm numbers in Australia declined by around one quarter (or by almost 46,000 farms), and average farm size increased in size from 2720 hectares to 3340 hectares. The total amount of land under agricultural production declined by around 9 per cent, but overall output rose due to higher yields.⁸ Bigger farms, greater productivity and reduced costs is the inevitable consequence of economic trends in agriculture.

It should be acknowledged that many initiatives to improve the viability of rural communities operate at the local/regional level, eg community planning and development; while the factors which impact most severely on community viability relate to the viability of rural industries, including commodity prices, input costs, and the provision of infrastructure, particularly in health, education, transportation and communications.

3.1 Farm Cost Structures:

QFF commodity members are affected by cost structures and market forces which are impacting on the primary production sector as a whole. Information recently released by ABARE forecasts that farm costs will rise 4.2% faster than farm gate prices in 2005/06.

⁵ Cain Z and Lovejoy S "Overview of Agr-Emnvironmental Programs in the European Union and the United States" Farm Policy Journal Vol. 2 No 3 Aug 2005 p. 35-6

⁶ SEQ Regional Plan pp36-41

⁷ ABARE Australian Commodities Sep 2005 p.289

⁸ Productivity Commission *ibid* p. xxii

Farmers will continue to be price takers rather than price dictators. A recent analysis of Australian Farm Sector Demography compiled by the Australian Farm Institute noted that:

The real dollar value of Australian farm sector outputs has plateaued with future growth in profitability dependent primarily on finding ways to enhance the value of outputs and on increased efficiency of use of existing resources.⁹

ABARE data shows that costs continue to rise faster than commodity prices for most Queensland rural industries:

% Changes In Prices Received and Costs Paid by Farmers

Item	Change 1996/7 to 2000/01	Change 2000/1 to 2004/5	TOTAL
Prices -			
Grains	+3.4	-0.5	+2.9
Beef	+55.1	+20.7	+87.2
Sugar	-29.6	+6.1	-25.3
Cotton	+2.9	-18.0	-15.6
Fruit	-6.9	+22.5	+14.0
Vegetables	+6.5	+19.9	+27.8
Milk	-6.2	+7.1	+0.5
Poultry	-16.0	+8.5	-8.8
Pigs	-7.8	+5.6	+2.5
Total Prices	+6.8	+10.0	+17.5
Total Costs	+11.1	+11.3	+23.7
- Fuel	+32.1	+6.1	+40.2
- Labour	+13.5	+13.1	+28.3
- Breeding stock	+41.0	+23.4	+73.9
- Insurance	+11.9	+21.5	+36.0
- Rates & taxes	+17.6	+11.0	+30.5

(Source: ABARE
Australian Commodities
Sep 2005)

This table shows that over the last eight years, with the exception of beef and vegetables, cost increases have substantially exceeded price increases for most Queensland rural industries.. Indeed, ABARE data shows that total net farm income fell almost 10% in 2004/5, and will fall a further 23% in 2005/6 to \$4.5 billion.

Rural producers have little influence over the prices they receive, and little capacity to pass on increased charges. What they can influence is total amount of production and the underlying costs structure. For decades, Australia's rural industries have maintained a reasonable standard of living for primary producers by containing costs and improving productivity. The cotton industry is a classic example. In 2004/5, the Australian cotton industry achieved world best practice yields, with yields per hectare in Queensland up 23% on the previous year despite below average rainfall. Yet, world cotton prices were down 13% on two years ago, and down 30% on ten years ago.

⁹ Synapse Research & Consulting Pty Ltd & Bob Hudson Consulting Pty Ltd (Australian Farm Institute) (2005)
Australian Farm Sector Demography

Interestingly, from a Government perspective, rates and taxes charged to the rural sector have risen twice as fast as prices in the same period. This should be of concern in developing the Blueprint for the Bush. Too often, Governments have imposed costs on the rural sector without proper consideration of the cumulative economic impact those costs have. Some examples include:

- **Natural resource management costs.** The costs of complying with the Vegetation Management Act, the Water Act and the Land Act. The application fee for lodging a Land and Water Management Plan, for example, is \$250, ongoing vegetation clearance fees are \$280.60 plus the indirect costs such as consultants to assist with applications;
- **Occupational health and safety costs.** The State Government is currently in the process of progressively removing all rural industry exemptions for OH&S laws at the behest of the union movement. This will increase costs for farmers. For example, the proposal to remove the exemption from 'prescribed occupations' would require farmers to obtain licences to drive all equipment on farm, such as forklifts, backhoes etc. A proposal recently released by the State Government at the behest of the union movement would require employers to pay all of the costs of employee representatives attending union OH&S training courses, a cost of around \$2000 a year.
- **Irrigation water charges.** This year, the introduction of the Water Resource Management Charge was a new impost of \$10 million on rural Queensland, already suffering poor income due to drought. Since 2000, Sunwater Irrigation charges have increased by a third (from around \$30 million to around \$40 million), with a similar increase likely from the next price round due to be completed by April 2006.
- **Electricity charges.** Despite assurances that the competitive market would reduce electricity charges, these have risen sharply in rural Queensland.
- **State taxes & stamp duty.** The increase in land values has significantly increased the stamp duties and rates payable by farmers on land conveyancing. Similarly, the large increase in insurance costs has led to a commensurate increase in stamp duties payable. Stamp duty adds costs in an economically inefficient way to farm businesses engaging in succession planning or loan renegotiation.
- **Security sensitive chemicals.** New requirements brought in last year by the Federal and State Governments on the storage and use of ammonium nitrate have also added to farm costs. Governments are now considering widening the 'anti-terrorism' net to cover other chemicals.
- **ICA Fees and charges.** The introduction of Interstate certification fees and charges has added another additional cost to horticultural businesses throughout the State. These are seen as a Government revenue raising mechanism as no real attempt to reduce, consolidate or minimise the fees has occurred

Labour costs are a key input for farming enterprises. Labour costs have risen by 28% since 1996, and the availability of skilled and even unskilled labour is becoming a serious concern for primary producers. Recent research by DPI&F reveals that:

- The number of people working in Queensland's primary industries increased by 3.4% between 1996 and 2001, with 74,549 people (4.8% of the workforce) employed in the primary industries sector, even though the number of farmers declined in the same period;
- People working in the State's primary industries were on average five years older than the average of the total of those working in all other industries. 26.3% of people working in primary industries were 55 years or older, compared to only 11% for the rest of the workforce;

- People working in primary industries had incomes that were, on average 20% lower than the average of the rest of the workforce;
- People working in primary industries had proportionally fewer formal educational qualifications (23.5%) than the remainder of the State's workforce (43.8%);
- The median age for Queensland's farmers rose from 48 years in 1996 to 50 years in 2001, with agriculture having the highest media age of any industry;
- Almost 70% of farmers reported incomes of less than \$600 a week in 2001, with 10% reporting negative or nil incomes.

3.2 Environmental and Natural Resource Management:

Intensive agricultural industries are often perceived to have significant impacts on community amenity and on the environment. These industries are also at the forefront of initiatives to develop and implement economically and environmentally sustainable management systems for their farm enterprises.

QFF acknowledges the importance of environmental sustainability and member organisations are actively supporting the development and adoption of Farm Management Systems and Best Management Practice programs within their industries. QFF is currently involved in the development of a significant initiative, the Farm Management Systems (FMS) initiative, which will be implemented in collaboration with a number of stakeholders. A summary of progress towards the development of FMS program by QFF member organisations is attached.

FMS assists farmers to implement locally relevant management activities which improve profitability and sustainability. FMS recognises the many aspects of farming and provides a simple cost effective method for identifying and managing risks, including environmental risks, and documenting progress made.

In March 2005, QFF and the Queensland Government signed a Memorandum of Understanding to progress the implementation of FMS. In signing the MOU, the Premier, Preter Beattie said:

"The clean and green image of Queensland produce is so important to the government that farm management systems will feature in the second stage of the Smart State Strategy. Profitability and sustainability go hand-in-hand in modern Australian agriculture....I am optimistic about the program because industry has shown through Landcare and other voluntary initiatives that it values ecological and resource sustainability".

The FMS initiative has subsequently been recognised in several key Government policy documents including:

- The Smart State Economic Strategy 2005-15 as a key Sustainable Agriculture initiative;
- The DPI&F's *Renewing Primary Industries* discussion paper as a key action to integrate business competitiveness and natural resource management;
- DNR&M's State Water Plan 2005-10 recognises FMS as a means of improving on-farm water management, efficiency and water quality;
- The Great Barrier Reef Water Quality Protection Plan annual report 2004-5 which recognised the QFF's FMS program as a significant step to help landholders adopt sustainable production systems.

- DNR&M 's Rural Water Use Efficiency program has made a substantial investment in FMS in its current program;
- EPA's Sustainable Industries division has made a substantial investment in FMS as part of its EcoBiz program.

QFF member organisations are already working proactively to maximise production efficiencies. The Rural Water Use Efficiency Program is a very good example of that. Audits of the first round of the RWUE program showed fairly small investments by Government leveraged large investments from land holder, typically \$3 for every \$1 of public subsidy. That additional leverage provided by the RWUE lead to significant improvements in on farm water use efficiency.

Rural Water Use Efficiency Program Phase I outcomes

Industry	Water Saved	% growers involved	Additional production	Grower contribution
Cotton/Grains	67,855MI (12.8%)	70% of growers adopting BMP	\$57 million	\$4.3m (1.5 times Govt contr.)
Dairy	30,580MI(14%)	49% of growers adopting BMP	n.a.	n.a.
Lucerne	12.600MI (9%)	41% using BMP	n.a.	n.a.
Horticulture	30,367MI	45% of growers changing practices	\$160m in new production and water savings	\$23 in efficiency gains for every \$1 of govt funds
Sugar	210,000MI	85% of growers achieved BMP	\$135m in new production	Growers invested \$3.30 for every \$1 in govt funds
TOTAL	351,400MI	n.a.	n.a.	n.a.

(source: 2003 Milestone reports for RQUE Phase I on DNR&M website)

The RWUE program has run from 1999 with a budget of around \$40 million, with savings of around 350,000MI of water in Stage 1 (1999-2003), and lesser savings of 2-5% targeted in the smaller Stage 2 (2004-6) However, the program has been reduced to providing just \$1 million in funding for the 97% of irrigators outside the South East corner next financial year (Stage 3). This is despite the fact that next year the Government will collect an additional \$10 million in water resource management charges from growers. QFF is concerned that the impost of \$10 million in extra charges will reduce the ability of growers to continue to invest in water efficiency infrastructure into the future, as the task of achieving best practice in water use should be based on constant improvement. The Government's wind back of the RWUE program means that the capacity of industry to consolidate early gains and build on them with changes to whole of farm water management is lessened.

3.3 Social Issues:

These have been generally well documented through research and planning projects. In particular, the regional planning frameworks which have been developed for South East Queensland; Central Queensland; Far North Queensland; the Gulf region; Townsville-Thuringowa; Whitsunday and Wide Bay-Burnett regions contain valuable information on population trends and community priorities.

Professor Bob Miles, of the Institute for Sustainable Regional Development, warns that rural and regional Australia is losing vitality as a result of global economic trends and tighter gross margins, an ageing population, movement of youth to the cities and environmental concerns and land degradation. More significantly, rural reconstruction is being held back by factors such as:

- single industry, export dependent;
- loss of employment;
- loss in the ability to attract and retain professionals and workers in the skilled trades areas – leading to a lack of support services such as health, education and communications; and
- loss of social cohesion and community liveability.¹⁰

The Productivity Commission identified similar issues as the key drivers of changes in rural and regional Australia, such as:

- Technological advances, such as improved transport and communication, increased mechanisation of farming, agronomic development and new mining techniques;
- A downward trend in world prices for agricultural commodities, which has been reflected in a decline in producers' terms of trade;
- Changes in consumer tastes, such as the decline in the demand for wool and the increased expenditure on tourism;
- Changes in lifestyle, such as an increase in internal migration to coastal areas; and
- Government policy changes, such as lowering trade barriers, deregulating the financial system, competition [policy reforms and increase regulation to protect the environment.

These forces, the Commission notes, have had differing regional implications across the country. Some regions are doing better than others, while some are having difficulty coping.¹¹ Significantly, the Commission concluded that:

There is significant capacity to improve the management of the reform process in country Australia through:

- Genuine and effective community consultation
- Governments co-coordinating their responses to adjustment difficulties; and
- Monitoring of outcomes.

In the Commission's view, it is important to recognise that adjustment assistance should focus on helping individuals to meet a changing environment. It is not about stopping change or maintaining all existing communities.¹²

QFF also notes that the intense pressure on farmers' costs is impacting on rural communities, as farmers seek to contain labour costs (e.g. by relying on short-term contract labour), utilise technology that requires specialist skills not available locally, source inputs from cheaper non-local sources and also seek off-farm income sources.

¹⁰ Bob Miles (2005), Institute for Sustainable Regional Development, quoted in the Queensland Government submission to the Prime Minister's Biofuels Taskforce (2005) p.12

¹¹ Productivity Commission (1999) Impact of Competition Policy Reforms on Rural and regional Australia p. xxvii

¹² Productivity Commission (1999) pp. 391. 394

4. FUTURE STRATEGIES.

It is essential that any future process should focus on action rather than contemplation. The issues affecting the viability of rural and regional areas in Queensland have been well documented and it is important that the focus is now on constructive activity.

4.1 Initiatives to encourage Sustainable Agriculture:

The viability of agriculture underpins the viability of rural and regional communities. Improving the sustainability of agriculture will provide a basis for ongoing activity in the area of environmental/natural resource management.

The Australian Farm Institute notes:

“Natural resource management policies that focus primarily on penalising a small proportion of the sector impose substantial costs on, and erode the motivation of the majority of the farm sector. ...In particular, natural resource information management tools need to be adapted and made available for use at the farm level and funding support is required for farm level activities that have landscape wide benefits beyond those accruing from the application of duty of care”.

The whole community benefits from environmental management and planning both at the farm and regional level, and farmers should not be required to bear the total cost of these activities.

QFF member organisations are now in the advanced stages of developing and trialling their FMS programs. The challenge for the next five years will be rolling out the FMS programs to as many producers as practicable. FMS has great potential to improve both the business bottom line of farms and sustainability outcomes through a risk-management based approach to improved farming practices. Indeed, FMS, as recognised by the State Government in its various policy strategies, also has the potential to make substantial progress towards achieving the action agenda outlined by Government for the Blueprint for the Bush in:

- strengthening local and regional economies;
- enabling sustainable primary production;
- enhancing sustainable resource management;
- enhancing planning and coordination;
- enhancing strategic infrastructure provision;
- delivering flexible, responsive and affordable services;
- fostering strong communities; and
- improving image and relationships.

Given Queensland's intensive agriculture sector is overwhelmingly located in the environmentally sensitive catchments of the Great Barrier Reef; on the headwaters of the Murray Darling basin; and in the rapidly expanding South East corner; it is important to the success of the State Government's economic development, water, agricultural and environmental policies that FMS is rolled out.

QFF proposes that a major strategic investment by the State Government under Blueprint for the Bush would be to invest in the roll-out of industry FMS programs over the next four years. This would help make intensive agriculture more profitable and sustainable, as well as achieving synergies between State economic, environment, regional and water policy strategies.

4.2 Initiatives to Encourage Improvements in Rural Water Use:

The first two phases of the Rural Water Use Efficiency Program helped to accelerate the uptake of more efficient water use practices across rural Queensland. QFF recognises however that more needs to be done. While the Government has provided for a \$15 million ten year program to assist rural producers in the South East corner to improve rural water use efficiency, funding for the rest of the state (where 97% of irrigators are located) has been reduced to just \$1 million in 2005/6 and \$1.5 million in 2006/7. By contrast, the recent water resource management charge will increase costs to rural water users by \$10 million a year. This charge will do little to improve water efficiency, but will reduce the capacity of producers to invest in further improvements to water infrastructure.

QFF proposes that all or most of the \$10 million to be collected from the water resource management charge be hypothecated for measures to promote better on-farm water practices. Such measures could include:

- **promotion of the uptake of farm management systems, with a particular emphasis on water efficiency modules (see previous section);**
- **additional capital incentives to accelerate the uptake of best practice irrigation technology;**
- **incentives to achieve better water quality outcomes on run-off;**
- **acceleration of the program to cap bores across the Great Artesian Basin;**
- **measures to involve efficiencies and reduce losses within the Sunwater irrigation schemes;**
- **continued support through community service obligations of financially unviable irrigation schemes that play an important role in regional economies (e.g. Lockyer valley).**

4.3 Building a stronger working relationship between Government and Rural Industry – the Role of DPI&F:

In May, 2005 the Queensland Department of Primary Industries and Fisheries released a discussion paper on its future strategic role titled *“Queensland’s Future – Renewing Primary Industries and Fisheries”*.

The Minister’s foreword to the paper stated:

“The Queensland Government’s vision for the sector is of profitable primary industries for Queensland on a sustainable basis.”

The Director General outlined in the introduction that the paper seeks to:

‘unambiguously reposition the department as an economic development agency focusing on food and fibre agribusiness’, an agency which will ‘work with the food and fibre agribusiness sector to achieve accelerated growth, deliver a greater return and create more jobs.’

QFF welcomes this clear statement of the vision and future role of DPI&F. Indeed, in recent years many in industry have perceived that DPI&F has become less involved in the business side of primary industries, focusing on more 'high level' issues which appeared not to touch on the day to day work of many primary producers. Policy regarding the on-ground conditions affecting producers has tended to come from other agencies (DNR&M, EPA, DSDI) rather than DPI&F. The clear challenge for DPI&F is to reposition itself as an agency directly addressing the current and future needs of the

Queensland agricultural sector and adding value in terms of the profitability and sustainability issues the industry faces.

The task of such repositioning must be done in closer co-operation with industry . For DPI&F to become more of a central player in policies that affect the Queensland primary industry sector, it needs to ensure that it is working closely with industry to meet current and future needs.

To achieve this, we would suggest that the emphasis in the two pronged vision for the future needs to be reversed, to state that in the future, DPI&F will:

- “1. Develop effective partnerships with all stakeholders, particularly in industry, and the community so that, collectively, the vision for the sector can be jointly developed and achieved.”
2. Clearly position itself so that stakeholders, working with the department see the department is adding significant value for Queensland primary producers in terms of profitability and sustainability..”

This reversal of the emphasis would make it clear that the department would be working with industry stakeholders to jointly develop its vision, and that the vision is clearly about adding value to the bottom line of primary producers. Such an approach would be about reversing the long term trend of declining relevance of DPI&F's work to the day to day work of primary producers.

The QFF would argue further that any review of Departmental resource allocations should be conducted in partnership/alliance with industry to ensure that decisions that are well targeted and are linked with industry strategies. It is essential that DPI&F develop effective partnerships within Government and with industry and other external stakeholders to achieve the ‘Vision’.

The QFF acknowledges the significant role that DPI&F and its staff have played in the difficult task of improving the profitability of agribusinesses in the face of declining terms of trade, drought and other obstacles. That has occurred because DPI&F has been working close on the ground in responding to the problems faced by industry and also helping to roll out solutions. With the run-down of departmental extension work, the link between DPI&F and producers on the ground is not as strong as it once was. The role of extension is now increasingly conducted by industry bodies, often under contract to Government (e.g. through DNR&M's Rural Water Use Efficiency program and EPA's Sustainable Industries program).

The QFF believes that further development of this strategy will require a greater recognition of the role that industry bodies need to play in the dissemination of knowledge. The Memorandum of Understanding between QFF and the Queensland Government on the adoption of Farm Management Systems is an example of the formalisation of such approaches. However, to make maximum use of the potential information dissemination role of industry bodies, the State Government will need to commit resources to the role of skills development and training in this regard to give meaning to its subsequent objective.

DPI&F's discussion paper outlines four key prongs to its strategy for accelerated growth of primary industries. However, the value of any such framework will be the

encouragement it gives to stakeholders to examine and define how they would 'partner' with DPI&F in accelerating growth of the agribusiness sector.

- a) *Skills Development* - QFF sees skills development as critical to the future of a profitable and sustainable agribusiness sector. The need for industry partnerships to foster a culture of capacity building is recognised but it is important that such partnerships are developed from industry based skills audits and workforce development planning.

A recent workshop on the future of FarmBis highlighted the need for the Department and industry to work together to examine how the non government sector would take a greater responsibility for training. The workshop also highlighted the need to examine how existing training programs could be upgraded to address the implications of industry and other reforms. Both of these issues need to be addressed in any approach to skills development.

- b) *Building Existing Industries and Infrastructure* - DPI&F is seeking to provide services to assist existing industries to adapt and change to meet external pressures and to continue to attract investment. QFF sees value in working with the Department to address:

- Minimisation of legislative and policy impediments to industry growth
- Identification of excessive processes and requirements and implementation of adaptable and flexible business environment to respond to competitive pressures

Primary producers across the state are concerned about the increasing paperwork associated with agri-business. The development of FMS and related procedures provides an excellent opportunity to review the impact of regulatory processes at a farm level with a view to achieving best possible policy outcomes with minimal regulatory intrusion. A substantial amount of effort by governments and industry will be required over an extended time period to put policy constructs into practice.

There is a real concern at QFF that without this effort the costs imposed by the reforms will grossly exceed benefits achieved.

Also there is a need to ensure the regional and catchment planning provides support farm planning and management and the development of the agribusiness sector.

QFF members would be well placed to work with DPI&F on other strategies for accelerated growth, such as:

- Facilitation of new investment and domestic and overseas market development
- Industry development and management strategies, new investment in supply chain development and input to new infrastructure planning
- Increased export trade and knowledge-based exports

- c) *Building and Commercialising Scientific Research and Innovation* - QFF and its members have a strong interest in the development and implementation of DPI&F's R&D strategy. Key priorities should be:

- Targeting of DPI&F research and the protection and commercialisation of the research
- Research into design of production systems that minimise environmental impact and opportunities for linking this work to FMS program development
- Developing an understanding of and responding to the 'knowledge hub' initiative as an enhancement of the Department's knowledge brokering role

The Department needs to engage with industry at a strategic level to develop processes and linkages to promote a culture of innovation.

- d) *Sustainable Development which protects Queensland's Unique Environment* - The QFF is very keen to work with the Department on research into design of production systems that minimise environmental impact. The QFF sees the FMS concept as a significant part of this effort. Further, QFF believes that FMS can extend well beyond issues of environmental sustainability, and should also link to issues of farm profitability, adoption of new technology, Biosecurity and farm safety.

4.4 Investing in Rural Infrastructure:

Adequate infrastructure in transport, communications, health, education and housing is essential in order to allow existing rural enterprises to operate effectively and to attract new business and residents to rural and remote areas. The role of the private sector in infrastructure provision is acknowledged, however Government will need to continue to play a significant role in infrastructure provision as many projects in rural areas will be economically unattractive to the private sector.

- a) *Communications* – There needs to be a program of continual improvement in rural telecommunications in order to facilitate business development and allow rural enterprises to keep pace with technological advances. With the privatisation of Telstra, there is a very real danger that rural communications infrastructure will lag even further behind that provided in urban areas in the future.

Regular audits and assessments of telecommunications infrastructure should be carried out at a regional level, with the results compared with a national benchmark and made public. This would provide a mechanism for monitoring and lobbying for additional funding in areas where it is most needed. There should be a Government commitment to ensure that communications benchmarks are met in rural and regional areas.

- b) *Transport* – The potential for private sector involvement in rail projects should be fully explored; however the provision of transport infrastructure will remain primarily a role for Government. Most regional areas already have undertaken Integrated Transport Planning and a coordinated approach is essential, particularly in rapidly growing regional areas. Increased funding for road infrastructure to secure all weather roads in rural and remote areas is vital. The reliability of the road network is crucial to meet the basic needs of these communities such as education, health and their welfare and social needs.

- c) *Housing* – Affordable housing is essential is a permanent workforce is to be attracted to rural areas, particularly to towns adjacent to mining development or other significant secondary industry. In some areas, Local Government has taken on the role of housing development with some success.

There is potential to explore other models, including housing cooperatives and the provision of additional taxation and other incentives to encourage local people to invest in their own towns through the financing of housing projects.

4.5 Investing in Community Services:

The most sustainable way to address social issues is to ensure that communities are able to maintain a strong rural economic base where existing industries are supported, and new industries encouraged. Government can facilitate this through the provision of a secure and stable operating environment for rural enterprises, and appropriate infrastructure to facilitate business development, especially in the areas of transport and communications.

QFF is of the view that a number of initiatives could be considered to assist in community development in regional Queensland. These could include:

- Community leaders need human resource support/expertise to prevent/overcome burnout
- Provide supportive educational process for members of communities who wish to take on leadership roles
- Truly listen to what communities' needs and requests are
- Re-establish and maintain support for health services to isolated rural areas eg primary health care initiatives such as mobile breast screening clinics;
- Support community initiatives for cultural and social activities
- Support Industry initiatives in natural resource management – don't try to reinvent the wheel
- Establish a culture of confidence and support for rural industries and lifestyle in Government Agencies

4.6 More Flexible Community Development:

There is a need for greater flexibility in service delivery, with stronger input from community members as to the services which are most needed, and the best ways in which they can be provided. Community members should be heavily involved in decision making regarding resource allocation; planning and funding within their regions. Each community is different, and so flexibility is required to allow funding to be diverted to projects of greatest need, especially in the areas of health and addressing disadvantage.

It may be useful to explore models where communities are provided with resources to independently identify and fund projects and services which will foster new businesses and provide social infrastructure within a defined area or region. There are existing organisations in most regions, eg Regional Planning Advisory Councils (however denoted) which have broad sector representation and which could be more empowered to coordinate this investment within a regional planning framework. Part of their upgraded empowerment could be evaluation of projects on completion, measured against the long term plan.

4.7 Government Service Centres

Many of the problems experienced by people in the "bush" in dealing with Government stem from poor communications or lack of access to real people or an understanding of who to talk to in government. Most major regional areas have a comprehensive government presence, however in the "bush" it is often difficult to identify the relevant department/s or agency. The establishment of Government Service Centres in rural towns (eg Gordonvale, Babinda, Tully, Childers) to handle help desk for service enquiries across all government departments and agencies or the efficient processing of motor vehicle registrations or licences. Without such facilities rural people are required to visit a Queensland Transport Centre in a regional centre (Cairns, Townsville, Mackay, Bundaberg). Police stations in small townships are not usually manned for the entire

business working day therefore having multi purpose government service centres in all rural towns may be a positive move.

Staff in these centres could assist with issues from bureaucratic red tape to simple problems that frustrate people in rural and remote areas. The rural population usually does not have the time to spend working through the red tape.

4.8 Decentralisation of Resources:

Contraction of Government run centres, such as research facilities, or cut backs in regional programs has lead to staff reductions or relocations of qualified staff to other parts of the state, typically the big provincial cites or the South East corner. This has been a real issue over recent years in the maintenance of viable communities in many small towns, while, ironically, the State Government need to cope with ever increasing population in the South East corner. The State Government needs to conduct community impact statements before engaging in withdrawal of personnel from smaller towns.

4.9 Retention of Younger Skilled Workers in Rural Areas:

Trained people are becoming scarce in rural and remote areas especially with the boom in mining, which is taking skilled and semi skilled people away from nearby regions. This in turn leads to a drain of younger, skilled parts of the population, and can create an imbalance of gender, which leads to other social and economic problems. Increased funding to local governments, which could then invest into local infrastructure would help create employment opportunities and allows build-up of skilled people.

Financial and tax incentives could be provide to support and encourage younger generations in establishing businesses in rural areas. More attractive incentives could be provided for offering and accepting apprenticeships. These could include regionally specific initiatives, such as travel and accommodation to larger centres for theory training, recognition of employer commitment to training

5. CONCLUSION.

A whole-of-government, coordinated approach to rural issues and service delivery is essential. Members of rural communities are often frustrated by the plethora of planning mechanisms and service delivery models which often result in confusion and duplication.

The Bureau of Transport and Regional Economics argues that, in getting the basics right, governments should, as a minimum, maintain:

- stable and efficient management of public sector and taxation systems
- provision of efficient infrastructure
- effective education and training systems
- regulatory and competitive framework that facilitates optimum operation of financial and labour markets
- co-ordination of policy and intervention across jurisdictions and governmental tiers and fiscal equalization.¹³

¹³ Bureau of Transport and Regional Economics (2003) *Working Paper 55*
Government Interventions in Pursuit of Regional Development BTRE: Canberra

There must be a firm commitment to improving the drivers for agricultural economic sustainability. Community planning and development initiatives will be meaningless unless the underlying importance of rural industry economic viability and environmental sustainability is acknowledged and supported by all levels of government.

Certainly self-reliance is desirable, and where government intervention meets an identified social or service need at the request of the community, it also carries with it the possibility of the growth of social capital and the possibility of more robust self-reliance. However, it should be acknowledged that the Government does have a responsibility to provide a level of service in rural areas which is similar to that enjoyed by citizens who live in urban and larger regional areas.

Policymakers need to make the commitment to come out to rural isolated communities to understand their issues. This has been an important part of the consultative process for Blueprint, but should not stop with this process. Agencies must not practice token consultation.

In developing policy approaches, agencies need to allow for more flexibility in meeting the differing needs of different communities. One size does not fit all. Whatever policy comes out of Blueprint should have as its centrepiece the removal of as many roadblocks as possible for communities to determine their own futures. Part of that needs to be a more facilitative and supportive approach to assist communities in accessing Government grants and funding programs. Policy must not be politically motivated. However there are some initiatives which can be developed to foster social cohesion and to provide

Whilst there are some factors which are beyond the control of Government, the impact of all Government policies on agricultural enterprises and consequently on rural and regional communities must be considered in future planning and legislative programs. An analysis of the capacity of industry to pay should be undertaken as part of this process.

APPENDIX

Farm Management Systems - Progress of QFF Member Organisations' Industry Sectors

Sugarcane Industry:

The sugarcane industry is progressing well with the development of tools and processes that will make up and assist with the implementation of the *SUGARCANE FMS* Program. Funds from the Australian Government's Pathways to Industry EMS program are assisting with this activity. Stage 2 (2004-2006) of the Rural Water Use Efficiency Initiative (RWUEI) is assisting the industry to address key regional issues including nutrient and pesticide management, irrigation management, and alternative crops. Pilot program activity already underway in partnership with the EPA in the Mackay district as well as activity via DPI&F's FutureCane program is yielding valuable results and grower feedback is positive. The industry is liaising with the DNR&M to progress the regional implementation of the program as part of the proposed Stage 3 of the RWUEI (2006 – 2008). In addition, sugar is determining how the Sugar Reform Package can assist with regional implementation. The industry released a Public Environment Report in July 2005 which outlines progress to date. A strong emphasis on communication within the industry has assisted in raising the profile of FMS, with an intention to training 600 growers in FMS by 2007.

Cotton Industry:

The *Australian Cotton Industry Best Management Practices Program (BMP)* consists of a BMP manual and a BMP audit program. During 2005, the industry finalised the Land and Water Module as part of the BMP Program and "roll-out" of this module has begun in cotton regions. Primarily through the use of mapping, the module guides growers through a property level assessment of natural resources and helps growers to address water quality issues and quantity assessment, soil classification and distribution and vegetation condition and extent. The industry is currently in negotiations with DNR&M to have the BMP program accredited as an alternative mechanism for growers to meet their requirements under the *Water Act 2000* to prepare Land and Water Management Plans. Grower interest in the alternative compliance model is extremely high. Sub catchment and local area wide focussed activity under the AGSIP program is assisting to determine information systems required at a landscape level. The industry is working with regional catchment groups in the delivery of the BMP program, including Central Queensland, the Qld Murray Darling region and the Qld/NSW border area. The BMP program is regularly externally evaluated (last conducted in 2004).

Horticulture Industry:

The Queensland horticulture industry is developing an FMS support service which will include tools and processes for on-farm implementation of FMS and regionally based support staff. Given the diversity of production systems within horticulture, particular effort in integration of management systems is underway. The industry has appointed Farm Management Systems staff in Far North Queensland, Bowen, Bundaberg/Inland Burnett and the Granite Belt areas. In some instances these appointments have been in partnership with the DPI&F and Regional NRM bodies. In addition the industry is working with DNR&M to develop a horticulture component for South East Queensland as part of "SEQ Irrigation Futures". The industry is also seeking funds to undertake an industry audit to assess and

report on the fruit and vegetable industry's progress towards economic and environmental sustainability and identify options for on going monitoring and reporting arrangements for the industry's program. Sub catchment and local area-wide projects under the AGSIP program are assisting to determine information systems required at a landscape level. The Queensland horticulture industry is maintaining an active involvement in a national industry project, *Horticulture for Tomorrow*, which is coordinating the development of national guidelines for environmental assurance in Australian horticultural industries. A strong emphasis on communication within the industry has assisted in raising the profile of FMS.

Dairy Industry:

The dairy industry's *Dairying Better 'n Better for Tomorrow* program is currently being rolled-out throughout the state and existing sub-catchment groups are located on the Atherton Tablelands, Gympie East, Freestone (near Warwick), Dayboro, Woodford, Toogoolawah, Boonah, Beaudesert, Kerry, and the Gold Coast Hinterland. A further three groups will be established shortly in the Mary-Burnett region and further groups of dairy farmers have expressed an interest in participating in the program - which will be offered to all farmers throughout the region as resources become available. The industry is working with DNR&M to develop an enhanced dairy component for South East Queensland as part of "SEQ Irrigation Futures". Sub catchment and local area wide focussed activity under the AGSIP program is assisting to determine information systems required at a landscape level.

Meat Chicken Industry:

The meat chicken industry is continuing to introduce the National Meat Chicken EMS to Queensland growers. To date a series of one day workshops for growers have been conducted in South East Queensland and in the Mareeba district. Response from growers has been extremely positive. Future activities will include follow up workshop with growers to work through the completion of program materials as well as to begin to consider appropriate auditing procedures. The industry will also be working with local governments to familiarise them with the program.

Nursery Industry:

The Queensland nursery industry continues to implement the national *Nursery Industry Accreditation Scheme* (NIASA). The program encourages best practice in the nursery industry in the areas nursery management, biosecurity, environmental management, water management, and pest and disease management. The program includes a nursery audit component in 6 monthly intervals. Currently there are 79 NIASA accredited businesses in Queensland, including producers of ornamental/landscape plants, vegetable seedlings, re-vegetation and forestry, commercial fruit trees, education and research institutions, and quarantine facilities. NGIQ, in conjunction with the national industry body is currently working on a national environmental management system and a quality assurance system.