

State Budget Submission 2008-09

Introduction

Queensland Farmers' Federation (QFF) is the peak farming industry organisation in Queensland, uniting 13 of the State's peak primary industry organisations, who collectively represent more than 13,000 primary producers across the State. QFF is a federation of the major intensive primary production organisations working on behalf of all primary producers and rural communities in an industry valued at \$11 billion, and employing over 75,000 people across the State.

Through QFF, primary industry resources are pooled to ensure powerful representation and effective strategy development on important industry issues. QFF provides direction, leadership and representation on issues of common interest to the farming sector in Queensland. Our goal is to secure a sustainable and profitable future for our members, as a core and dynamic element of the economy.

QFF Member bodies include:

Australian Prawn Farmers Association

CANEGROWERS

Cotton Australia

Growcom

Nursery & Garden Industry Queensland

Qld Chicken Growers Association

Qld Dairyfarmers' Organisation

Qld Irrigators Council Association Inc

Flower Association of Queensland Inc

Qld Chicken Meat Council

Emerging Primary Industries Group

- Australian Ginger Growers
- Biological Farmers of Australia
- Queensland Aquaculture Industries Federation

Overview of agriculture in Queensland

QFF and its members represent the major intensive commodities in Queensland. Intensive agriculture makes a significant contribution to regional, state and national economies, averaging around 54% of agricultural production over the last four years. The drought has had a severe impact on intensive agriculture, particularly on cotton, dairy, vegetable production, amenity horticulture and southern areas of the sugar cane industry. Against that, there has been very strong growth in the fruit sector, poultry, dairy (due to milk price rises), aquaculture and cereals sectors (due to price rises) in the last year, which is projected to continue:

| COMMODITY ¹ | 2005-6 | 2006-7 | 2007-8 |
|--------------------------------------|--------------|--------------|--------------|
| Cattle | 3675 | 3635 | 3730 |
| Sheep | 50 | 45 | 55 |
| Pigs | 220 | 210 | 210 |
| Poultry | 230 | 240 | 255 |
| Other livestock | 10 | 10 | 10 |
| Wool | 110 | 110 | 120 |
| Milk | 210 | 200 | 230 |
| Eggs | 100 | 100 | 100 |
| Fruit | 785 | 975 | 1095 |
| Vegetables | 740 | 810 | 770 |
| Production nursery | 450 | 375 | 375 |
| Cut flowers, foliage & turf | 220 | 190 | 180 |
| Sugar cane | 1000 | 1075 | 730 |
| Cotton | 395 | 120 | 50 |
| Other field crops | 350 | 260 | 360 |
| Cereal crops | 510 | 490 | 690 |
| TOTAL AG | 9250 | 8825 | 8950 |
| Fisheries | 185 | 190 | 190 |
| Aquaculture | 65 | 65 | 75 |
| Forestry | 190 | 200 | 210 |
| AGRICULTURE FARM GATE TOTAL | 9690 | 9280 | 9425 |
| FIRST ROUND PROCESSING | | | |
| Meat | 985 | 980 | 1010 |
| Sugar cane | 420 | 450 | 305 |
| Milk | 115 | 110 | 130 |
| Fruit & veg | 150 | 175 | 185 |
| Flour | 95 | 95 | 130 |
| Seafood | 25 | 20 | 25 |
| Timber | 330 | 345 | 360 |
| Lifestyle horticulture | 615 | 665 | 660 |
| Cotton | 45 | 15 | 5 |
| AGRICULTURE PROCESSIONG TOTAL | 2780 | 2855 | 2810 |
| PRIMARY INDUSTRIES TOTAL | 12470 | 12135 | 12235 |

Agriculture continues to be a major employer in Queensland. In 2000, prior to the drought taking hold, agriculture accounted for 103,000 employees or 6.2% of the Queensland workforce, employing more workers than the tourism and hospitality, mining, transport, communications or financial services industries. As the drought has taken hold, farmers have been forced to downsize, with 27% of jobs disappearing between 2000 and 2005. ²

¹ DPI Prospects 2007-8 September 2007

² ABS Labour Force cat. No. 6291.0

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 increases the farming/farm dependent component of the economy from 3.2% of GDP to 12.1% of GDP. Agricultural employment rises from 407,000 directly in 1998/99 to 1.6 million (17% of the labour force) when the farm output sector is included.³

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 1990.⁴ Farmers have only been able to maintain their incomes by controlling costs and increasing productivity. This has been made more difficult in recent years by rapid cost increases in face of often stagnant or reducing prices.

Future Challenges for agriculture

Queensland agriculture remains optimistic about its future, with strong longer term prospects for most commodities. However, agriculture faces some major challenges. While industry needs to adapt to those challenges, Government also plays an important role. A key theme in this submission is the need to give farm business owners and managers the skills and knowledge to manage the risks of farming in the future. A second key theme is Government also playing its part in identifying and seeking to minimise risk, particularly in areas like biosecurity and climate change. The third key theme is the importance of industry and government working together to ensure that agriculture and the rural workers and communities that depend on it, enjoy a viable and sustainable future.

The key priorities identified in this submission are:

1. Biosecurity:

- Increased funding for Plant Biosecurity to build core agency and industry capacity to reduce the risk of future biosecurity risks, to strategic analyse risk, and to promote and facilitate interstate as well as overseas trade;
- Establishing and funding a permanent Emergency Response capacity within Biosecurity Queensland similar to other State emergency services with a capacity and access to contingency reserve funding to rapidly ramp up activities as required.
- Support and funding for the National Fruit Fly Strategy

2. Climate Change and Agriculture Adaptation programs:

- A provision funding for implementation of industry action plans developed through the QFF Climate Change project
- Increased funding to QCCE to conduct vulnerability assessments of primary industries,
- Increased funding to the DNR&W's Rural Water Use Efficiency Program as a key immediate action in climate change adaptation on farm;
- Increased funding to the EPA's Sustainable Industries division to establish climate change adaptation extension services for farming small businesses, with particular focus initially on energy efficiency, climate education and risk management;
- Increased funding to DPI&F for strategic new research on identifying best practices for climate change adaptation and mitigation for Queensland primary industries.

³ Econtech "Australia's Farm Dependent Economy" Australian Farm Institute March 2005

⁴ ABARE Australian Commodities Sep 2005 p.289

3. Strategic Farm Business Training Program

- Reallocating the former State FarmBis funding to a new Strategic Farm Business Training Program to collaborate closely with industry on addressing future risks faced by Farm businesses and filling the information/training gap on how such risks could be addressed with on-ground delivery of training to farm owners and managers.

4. Primary Industries Workforce Development programs

- New funds to support the development of regional skill development programs based on the success to the Bundaberg Horticulture Skill Development Strategy.
- Funding to promote careers in agriculture as industries move out of drought.
- One off structural reform funding to the Agricultural Colleges to assist it to meet the future training needs of farm enterprises with more emphasis on delivery of on-site, short courses.

5. Reef Plan Partnership proposal

- The State to provide \$100 million over five years to add to the \$200 million Commonwealth funding for the Reef Partnerships program to assist industry and regional groups to deliver programs and incentives to landholders as possible to accelerate the uptake of best management practices in Reef catchments.

6. State Drought Programs:

- Extend the Water Fixed Charges Drought Rebate Scheme for another year and remove the \$10,000 cap. The rebate should also be made administratively easier for farmers by being paid direct to the water provider as the Victorian rebate scheme provides.
- Extend the Local Government Rates Drought Rebate Scheme for another year and extend eligibility to include receipt of all forms of Exceptional Circumstances assistance, including business assistance.

7. Improved regional, rural and agricultural planning

- Fund a full time position over three years within QFF to improve the capacity of agricultural industry to engage in regional planning initiatives state-wide.
- Invest in improving the skill base of the Queensland public service to deliver high quality regional, rural and agricultural planning services to the State.

BUDGET PRIORITY #1 BIOSECURITY QUEENSLAND

The establishment of a single State agency to combat biosecurity threats in Queensland was a major election commitment by the Beattie Labor Government in 2006. A year later, little has improved in the service provided by BQ with many industries reporting further declines in the capacity of BQ to undertake the primary tasks of market access and state surveillance. The agency has taken too long to manage machinery of government changes, has failed to address industry concerns for changes of strategy and priorities, and has not been able to provide adequate funding for capacity building of industry and agency planning due to continuing emergency situations.

The equine influenza issue highlights three things. First, it highlights what the cost can be of what happens when biosecurity threats get out of control. Second, it shows that BQ does not have the resources at its disposal to adequately deal with major threats. Third, it shows that BQ does not have the capacity or resources to continue progressing on core agency functions when dealing with a major threat. It has been intolerable that BQ has dropped the ball on some core issues relating to plant health security because resources have had to be redeployed to the equine response. Plant inspections for interstate export certification have been delayed due to reprioritisation of staff, placing Queensland exporters at a disadvantage. Progress on developing industry self assurance programs has been virtually non-existent this year due to lack of priority and staffing. BQ and DPI&F more generally continues to give inadequate attention to the need to facilitate interstate trade in horticulture and nursery products, a market worth over \$400 million a year.

While BQ's resources and capacity have been shown to be inadequate to meet current needs, the threat profile moving forward is considerably worse. Trade movements are expected to increase markedly, with the Port of Brisbane reporting container movement increases of around 14% a year projected to increase. The IPCC report on climate change also highlighted that Queensland is particularly vulnerable to increased biosecurity risks as climate changes.

At a Federal level, the Federal Government has responded to these threats with increased funding for AQIS and Biosecurity Australia. Queensland is yet to recognise this threat and do anything meaningful in response.

To make matters worse, BQ provides considerably more funding for animal health issues over plant health issues. This is despite the fact that crops provide around half the value of agriculture in the state. Taking into account that intensive animal production is also reliant on cropping makes the issue even more stark. Yet, funding for animal health issues within BQ is 57% higher than for plant health issues.

BIOSECURITY PROGRAM FUNDING 2006-7:

| Program | Funding 2006-7 (\$m) |
|----------------------------|----------------------|
| Biosecurity Management | \$4.15m (5.4%) |
| Animal Biosecurity | \$22.01m (28.5%) |
| Plant Biosecurity | \$13.99m (18.5%) |
| Animal welfare | \$2.66m (3.4%) |
| Chemical use & food safety | \$5.39m (7.0%) |
| Fire Ants | \$13.26m (17.2%) |
| Invasive plants | \$15.65m (20.3%) |
| TOTAL | \$77.11m |
| Total DPI&F | \$367.5m |

This imbalance needs to be redressed.

In addition, the failure of the State Government to develop an emergency response funding mechanism has meant that other core capacities are starved of resources to fund emergency responses. The following extracts from the 2006-7 DPI&F Biosecurity Queensland Performance Review report highlight this difficulty:

- “The Animal Biosecurity program fully delivered 18 of the 20 Ministerial Portfolio (MPS) elements it reported to during 2006-7. The annual legislative program was not achieved due to the formation of Biosecurity Queensland and the necessary amendments to timelines to meet organisational planning needs.....Compliance audits for interstate certification accreditations was not delivered as a result of resource constraints and reallocation to higher priority activities.” (p.114)
- “Overall the Plant Biosecurity program has delivered sound progress against major targets covering surveillance, certification and market access, and incident investigation and response obligations. However, this progress has been hampered by the diversion of significant program resources and expertise to responses to incursions of sugarcane smut and other emergency plant pests. (p.132)
- “DPI&F has continued to undertake an increasing number of investigations into suspect emergency plant pests in imported items that have been referred by AQIS since a change in their policy in 2006. The bulk of these have involved pests of timber in service....Responding to these referrals has also put additional strain on Plant Security resources impacting on the ability to deliver core Biosecurity objectives. (p.133)
- “Targets aligned to the key activity areas of Early Warning Surveillance and Public Awareness and Community Assisted Surveillance are also at risk due to resource limitations caused by secondment of staff to the emergency plant responses and two key staff leaving their positions in Cairns to complete further studies. These vacancies have had a significant effect on the program’s ability to complete lower priority targets. (p.133)
- “Targets aligned to the key activity areas of Risk Analysis and Epidemiology and Diagnostic Systems are at risk due to the ongoing effects of the diversion of key staff to the emergency response to the sugarcane smut outbreak and ongoing commitments to facilitating industry management of the disease in Queensland., Resource limitations with diagnostic service providers in Delivery are contributing to this problem. (p.133)
- “The Biosecurity Queensland group achieved 91.91% of all program outputs for the five previous programs, with 4% of ongoing activities being at risk and a further 4% being unachievable. Nearly 70% of these unachieved or at risk outputs occurred in the Plant Biosecurity Program as a result of diverting resources across to sugarcane smut emergency responses. The BQ group has continued to manage some significant emergency responses and incidents which continue to impact upon resource allocation to core planned program activities. These include electric ant and Asian honey bee incursions in Cairns, suspect Hendra virus and anthrax, exclusion testing for avian influenza/Newcastle disease virus, TSE, Australian Bat Lyssavirus and sensitive animal welfare cases. These impacts have been managed.” (p.198).

QFF has no doubt that the emergency response to equine influenza in 2006-7 will have an even greater effect on BQ's core priorities than the response to sugar smut in 2005-6. It seems that Governments continue to be 'surprised' when there are major biosecurity outbreaks. Yet in the last six years, the State has had to battle the major, virtually annual' crises of fire ants, citrus canker, sugar smut, and equine influenza. QFF cannot understand why a core 'emergency response' capacity cannot be built into BQ's structure and funding so that the other important activities can continue to go on without a re-diversion of resources. Economically, it would make sense, because if the State continues to underinvest in public awareness raising, community and industry assisted surveillance and building industry capacity, then the risk of major outbreaks (and hence the cost) of future incursions only increases. The golden rule of biosecurity issues remains that the most cost effective means of control is prevention. Yet, in many ways that activity has the lowest priority in the day to day resource allocation within BQ.

A needs based assessment by NGIQ has identified a number of criteria that need to be addressed by Biosecurity Queensland including; market access driven strategies and policy, industry training, preparedness support plus systems recognition through on-farm programs (FMS), cost minimisation including on-farm inspection fees, resourcing allocated to the development of pest specific certification guidelines (ICA`s) and the upgrading of the outdated paper based tracking systems and record keeping to an electronic format.

While BQ's staffing profile has been artificially inflated by the Fire Ant Control Centre figures over the last four years (and last year by the special allocation for smut response), and the decline of the FACC establishment has been marked, it is clear that the portfolio has not been provided with meaningful new funding for its core functions:

Biosecurity staffing

| | 2004/5* | 2005/6* | 2006/7# | 2007/8# |
|------------------------------|---------|---------|---------|---------|
| Biosecurity services | 375.86 | 350.53 | n.a. | n.a. |
| FACC | 430.55 | 366.68 | n.a. | n.a. |
| DPI&F biosecurity group | 806.41 | 717.21 | 489 | n.a. |
| Staff transferred from DNR&W | n.a. | n.a. | 181 | n.a. |
| Total BQ | 806.41 | 717.21 | 670 | 595 |

(*DPI&F annual reports, #DPI&F Ministerial Portfolio Statement)

QFF calls for:

\$8 million increase in annual funding for Plant Biosecurity to bring it up to the same level as Animal Biosecurity. The new funding would be for:

- Core capacity building priorities necessary to reduce the risk of future biosecurity risks, including supporting the development and recognition of industry biosecurity plans and systems; Early Warning Surveillance; Public Awareness; Community Assisted Surveillance;
- Work with industry to develop training and on-farm support tools that support a greater participation in pest & disease surveillance by growers and up-skill industry in all aspects of biosecurity from pest identification and monitoring to record keeping and on-farm capacity building to address biosecurity risks.

- Additional resources to specifically prioritise interstate trade and Interstate Certification Assurance (ICA) delivery, including increased availability of Plant Health Inspectors, drafting and coordinating ICA development for plant pests, linking of ICA's to FMS programs, auditor training and industry program auditing.
- Link interstate biosecurity protocols to the Farm Management System programs (e.g. BioSecure *HACCP*), including promoting acceptance of industry programs as the equivalent for meeting specific state pest protocols.
- Develop the electronic plant health system and drive it through to acceptance at a national level.
- Strategic level research to identify and meet future needs including risk analysis and epidemiology; and diagnostic systems;
- Biosecurity web based information accessible by industry covering the national up to date interstate quarantine information relevant to plant health.

\$5 million increase in annual funding to establish and Emergency Response capacity as a permanent standing function within BQ separate from the core ongoing activities. This capacity should be designed similar to other State emergency services with a capacity and access to contingency reserve funding to rapidly ramp up activities as required. The increased risk profile faced by Queensland demonstrates that major biosecurity risks are likely to be more common in the future, and are almost an annual occurrence now.

\$0.5m additional annual funding for three years as the Queensland Governments contribution and implementation of the National Fruit Fly Strategy. All State and Territory Governments, the Federal Government and industry groups have been working through Plant Health Australia since 2006 to develop a cohesive national fruit fly strategy. Fruit flies are the single most significant horticultural pest that has a huge impact on interstate and international trade. They are also a major quarantine threat to Australia with many non endemic species in neighbouring countries. The papaya fruit fly incursion in the mid 1990s was an example of an incursion that cost Governments \$30m to eradicate and industry costs estimated at around \$100m. This investment in the strategy will deliver better protection, better preparedness and better market access.

BUDGET PRIORITY #2

CLIMATE CHANGE ADAPTATION AND AGRICULTURE PROGRAM

No industry is as reliant on climate as agriculture, and no industry faces greater challenges in responding to climate change as agriculture. Yet, the State CarbonSmart 2050 program and the State Climate Change Adaptation Program provided no new initiatives or funding to help this \$11 billion industry – an industry that employs twice as many workers as the mining industry – face its greatest challenge. QFF welcomed the establishment of the Queensland Climate Change Centre of Excellence. However, oddly, the establishment of QCCE has seen the resources dedicated to climate change and agriculture issues actually reduced in priority, as staff who formerly worked for DPI&F were given an economy wide brief, and/or not replaced. QFF is keen to engage with QCCE on the development of its science program and policy program, but is conscious that agriculture will be competing with many other industries for attention.

For farmers, climate change represents two major challenges – higher temperatures and probably reduced water availability. There is an urgent need for vulnerability assessments for all Queensland primary industries about the impact of both aspects on industry. This is particularly so for the State's \$1.6 billion horticulture industry, where the viability of whole commodities (e.g. apples, grapes, stone fruit, lettuce) is on a knife edge with rising temperatures. Vulnerability assessments for primary industries need to be a high priority research priority for QCCE and DPI&F.

In terms of water availability, all parts of Queensland (except the far North) face reductions in rainfall. The impact of the current drought highlights the sort of challenges industry needs to face. For the last seven years, the State has invested in the Rural Water Use Efficiency program, a ground breaking program of partnership with industry that has helped ensure primary producers were better prepared for the drought than they might otherwise be. However, climate change projections and competition for scarce water resources with urban communities, mining and industry show that the bar for water use efficiency will need to rise further. QFF submits that the expansion of the RWUE program with a strong incentives component for uptake of best practice technologies needs to be a key part of the State's climate change adaptation program moving forward.

Climate change adaptation needs to start today. Indeed, the best farmers are already engaging in it. However, what they need is access to advice on how to improve their risk management skills, and what changes they can make to adapt and also make a contribution to reducing greenhouse gas emissions. This will require two things: extension services to give farming businesses advice on key climate change adaptation (e.g. energy efficiency, water use efficiency, use of climate/weather tools, nutrient management, risk management strategies); second, it will require ongoing research on identifying best practices. This is particularly so in relation to mitigation (particularly on methane). A mixture of industry programs and government services could help to provide information to farming business on the current level of best practices. The government services could build on the audit capacity of the EcoBiz service within the EPA, providing more advice targeted direct to smaller businesses including farming business.

As part of a broader Climate Change and Adaptation Program, QFF calls for:

- \$1.5 million a year (for four years) to QCCE to conduct full vulnerability assessments of Queensland primary industries, particularly those in horticulture or elsewhere that are sensitive to changes in temperature;

- \$6 million a year (for four years) to ramp up the Rural Water Use Efficiency Program as a key immediate action in climate change adaptation. 75% of the additional funding is to be allocated to incentives of up to 40% of the cost of installing best practice irrigation equipment on farm.
- \$2 million a year (for four years) to the Sustainable Industries division of the EPA to establish climate change adaptation extension services for farming small businesses, with particular focus initially on energy efficiency, climate education and risk management. The bulk of the funding is to be used for industry-delivered awareness raising programs.
- \$3 million a year (for four years) to DPI&F for strategic new research into the quantum challenges of increasing food and fibre output with halved water inputs and on identifying best practices for climate change adaptation and mitigation for Queensland primary industries. DPI&F should be encouraged to partner with rural R&D corporations and Federal programs to leverage this funding to a significantly greater amount.
- \$5m a year (for four years) to industry for capability and capacity building to implement mitigation and adaptation strategies. This initiative will build on foundation projects currently underway with intensive agricultural industries to prepare action and investment plans for each sector.

BUDGET PRIORITY #3

STRATEGIC RISK-BASED APPROACH TO FARM BUSINESS TRAINING

The major changes to FarmBis at a national level bring into question the future of what was formally the State matching funding for FarmBis, worth around \$10 million a year. QFF regards this funding as important to underpin the future business improvement and development of farm businesses across Queensland, and proposes the establishment of a Strategic Farm Business Training Program to pick off where FarmBis left off. The Program would seek to collaborate closely with industry and seek to address future risks faced by farm businesses and fill the information/training gap on how such risks could be addressed. The emphasis of the program should continue to be on on-ground delivery of training to farm owners and managers, but on a more targeted and strategic basis.

What QFF does NOT want to see is the funding redirected to the general Rural Skills Training programs within DPI&F, DETA and the Agricultural Colleges. QFF has been very supportive of the role that DPI&F has played in developing its Rural Skills Strategy, working collaboratively with DETA. This program is focused very much on workforce needs, not business development needs. Both functions are important, but both functions should be kept separate. QFF supports a strong and effective Rural Skills Training Program, and proposes three specific funding initiatives in the next section in that regard.

Specific priorities for Strategic Farm Business Training Program in 2007-8 should be:

- Workplace health and safety risk management training. With the major changes proposed to workplace health and safety regulation by the State Government and its concern about the high level of injuries in primary industry, a series of industry-lead training programs on improving farm owner/manager awareness and risk management skills should be the first and highest priority for the program.
- Biosecurity surveillance and risk management;
- Climate variability, change and drought preparedness. DPI&F has developed a range of excellent tools for improving risk management in response to climate variability. These could be rolled out to a broader range of industries;
- Risk management and business planning. This is a broader topic covering the crucial questions of succession planning, risk management and business improvement.

The program should continue to cover a large proportion of the costs of delivering of key programs to the key audience of farm owners/managers.

BUDGET PRIORITY # 4
PRIMARY INDUSTRIES WORKFORCE DEVELOPMENT

Finding, holding and training workers remains a major challenge for primary industries. This will be particularly so if the drought breaks and rural enterprises look to expand. Coming out of the last drought in 1997, employment in agriculture rose by 37,000 workers. Where would farmers find a similar number of workers today? And, how could these be trained.

QFF and its members have been very supportive of the DPI&F Rural Skills Training initiative, and believe that this is heading in the right direction. However, the initiative is hampered by underfunding of core needs and initiatives. QFF proposes three key specific projects that need to be funded:

- \$2 million a year (for four years) for development of regional skill development programs. Over the last year, DPI&F has been heavily involved in the development of the Bundaberg Horticulture Skill Development Strategy. This has been a huge success, bringing together industry, training providers and government in a highly effective partnership to identify and then meet local training needs. QFF would like to see this process repeated in other regions where the desire exists on the ground to make a similar strategy happen. This could include the Burnett, Lockyer, Mackay, Burdekin or Mareeba, where local groups already exist. Some continuing support for the established group in Bundaberg would also ensure that this important initiative continues.
- \$1 million a year for promotion of careers in agriculture. As agriculture comes out of drought, there will be a need to find new workers. QFF proposes that Government invest in a range of strategic initiatives to promote careers in agriculture, in close partnership with industry.

BUDGET STRATEGY #5

REEF WATER QUALITY PROTECTION PLAN

In August, a range of primary industry groups (Growcom, Canegrowers, AgForce Queensland, Queensland Dairyfarmers' Organisation, Cotton Australia and the Queensland Farmers' Federation) in partnership with the Regional Natural Resource Management Bodies (Cape York Marine Advisory Group, Terrain NRM, Burdekin Dry Tropics NRM, Mackay Whitsunday Natural Resources, Fitzroy Basin Association and Burnett Mary Regional Group for NRM), presented a ground breaking proposal to the Federal Government for a Reef Water Quality Program for Agriculture. Nursery & Garden Industry Queensland is disappointed that nursery production was not invited to participate under the Reef Water Quality Protection Plan as there are many growers who are directly impacted on along the Qld coast. The program proposed an investment of \$300 million over the remaining five years of the Reef Water Quality Protection Plan to accelerate delivery of the tools and incentives required to substantially reduce the impact of farming activities on reef water quality. The partnership argued that a significant investment in an industry led and jointly delivered and managed program will facilitate better land management and water quality outcomes in the timeframe articulated by the Reef Plan.

Farmers are often held accountable for reef water quality concerns, and while other land based activities and land managers continue to have a significant responsibility, such a program will provide the mechanism for agriculture to address these concerns effectively on a whole of Reef catchment and commodity basis. Industry Groups and Regional NRM Bodies have already demonstrated that they can deliver such programs and obtain a return on investment of up to 7:1. It is important that such an investment recognises that community benefit outcomes warrant public funding. Incentives coupled with training are key ingredients to foster rapid change in practice and to cover the short term risks of such changes.

Industry Groups and the Regional NRM Bodies recognise that a range of other stakeholders such as research agencies and State Government Departments will also be important to the success of the Program. A Program of the scale and vision proposed should attract synergistic investment from these other institutions, especially to cover aspects such as the next phase of research and development and ongoing water quality and ecosystem health monitoring.

In October, Labor Leader pledged \$200 million towards such a proposal. While very much welcome, his proposal however fell well short of the sort of funding that the industry and regional bodies in the Reef partnership identified as necessary to engage sufficient landholders to make the changes necessary to achieve the sort of uptake the Reef Plan aspires to achieve. A comparison of what the partnership requested and what was announced follows:

Resources and Responsibilities

| Component | Proposed Budget | Proposed outcome | Rudd Labor Funding | Shortfall |
|-------------------------|-----------------|---|--------------------|----------------|
| Incentives | \$220 m | Producers will be provided with the financial assistance necessary to expedite changes to management and to make the transition to these improved practices. Funding ratios would vary with variation between public and private benefit assessments and their relative importance within the broader strategy. Delivery of incentives may target, or be conditional on prior participation in skills development, farm planning and management programs etc. | \$146 m | -\$74m |
| Producer Engagement | \$60 m | Producers will be motivated to participate in the initiative and relevant information and training will ensure they have the skills and understanding necessary for on-going sustainable and productive management; e.g. risk assessment, property planning, grazing land management, farm management systems, nutrient management plans, etc. | \$12m | -\$48m |
| Links to NRM Plans | \$4.5 m | Regional NRM Bodies will lead joint activities with Industry Groups to ensure that catchment planning priorities (e.g. WQIP) are reflected in program delivery. | 0 | 0 |
| Reporting & Monitoring | \$15 m | An initiative of this scale requires strategic leadership, adaptive management, and communication and promotion activities. It will inform stakeholders through monitoring, analysis and reporting; and will periodically fine-tune the delivery and direction of the program. | \$22m | +\$7m |
| Independent Evaluation | \$0.5M | Continuous Improvement in delivery of this Program | 0 | 0 |
| Research & development | 0 | | \$10m | +\$10m |
| Indigenous Partnerships | 0 | | \$10m | |
| TOTAL | \$300 m | | \$200m | -\$100m |

QFF believes that the State Government should now come to the party and make up the difference. This would ensure that the initiative is able to reach the largest possible number of landholders and make the greatest possible difference on the ground. It was particularly concerning that the Rudd Labor proposal provides funding for just 20% of the partnership's request for industry extension activities. Experience on the ground, particularly with the Mackay Whitsunday NRM Group Sustainable Landscapes Program which is the model for the Reef Program, is that intensive one-on-one extension in the farm planning and risk assessment stage, and the project management of subsidised works, is essential to the success of the overall program. QFF proposes that the State makes up the shortfall in the Reef Partnerships program to allow this very important work to occur, as well as providing

additional funding for the Water Quality Grants Program. Additional funding to the Grants program would allow a larger number of prioritised activities and catchments to be included in the program.

BUDGET PRIORITY #6 DROUGHT PROGRAMS

The drought in Queensland continues to seriously affecting intensive agriculture. Cotton plantings are down by over 70 per cent and ABARE estimates that the state winter cereal crops although 35% up on last year will still be below what was produced prior to the onset of the drought in 2001. Coupled with the big winter crop shortfalls in the southern states this continues to create serious flow-on effects for the intensive animal, and exacerbated by fodder shortages. Horticulture production in many regions continues to be constrained by erratic rainfall patterns and even more stringent water restrictions.

SunWater storages are still at very low levels in catchments spanning southern and central Queensland which will severely restrict new season summer plantings and further jeopardize tree crops in the affected catchments. Areas such as the central and upper Burnett, Bundaberg area, Emerald, Proserpine and the Callide valley, the Lockyer, Warrill and Logan valleys in South East Queensland, and the Condamine areas are most likely to be adversely affected. As at December 7, Sunwater reports a number of storages below 30% capacity:

| Sunwater Storage | Region | Storage Level 7/12/07 |
|-----------------------------|---------------|------------------------------|
| Peter Faust | Proserpine | 30% |
| Fairbairn | Emerald | 28% |
| Fred Haigh, Paradise | Burnett | 16-17% |
| Wurumba, Cania | North Burnett | 1-5% |
| Bjelke-Petersen, Boondoomba | South Burnett | 3-10% |
| Atkinsons, Clarendon | Lockyer | 0% |
| Moogerah | Warrill | 3% |
| Maroon | Logan | 15% |
| Leslie | Condamine | 15% |

QFF has been very appreciative of the policy package developed by the State Government last year which provided for water charges rebates and rates rebates for last year and this year. These rebates have targeted some key government charges which add to the financial burden faced by drought affected farmers. However, with the drought prolonged and no sign yet of drought breaking rains, QFF is of the view that this package will need to be extended and improved. There is increasing demand from drought impacted farmers looking for additional assistance and advice. Preliminary QRAA data for October showed a substantial rise in Interest Rate Subsidy (ECIRS) approvals with another 342 primary producers approved for substantial grants averaging \$35,371 this month (\$12.1 million in total). This means the four-month total now stands at 1,006 farmers receiving \$32.513 million to help service interest payments on farm debt, both figures being well up on the comparable figures for last year.

However, slow uptake of the state's Drought Water Charges and Rates rebates is a concern to QFF. As at August 31, apparently 1,247 irrigators had received \$1.538 million in water rebates (average \$1,233), and rate rebate numbers are likely similar. These figures are well below the budgeted amounts for the rebates. The QRAA data shows that the cap and sliding scale are limiting use of this important scheme. It also highlights the inefficiency of requiring producers to claim the rebate after the event rather than having the rebate paid direct to Sunwater. QFF proposes:

- Removal of the \$10,000 cap on the Drought Water Charges Rebate to improve uptake of the assistance. At the very least, the rebate should be set it at a level comparable

with current DRAS limits on freight subsidies. Feedback from growers also suggests that the sliding scale could be adjusted to simplify assessment of the rebate. The Victorian Government, whose rebate scheme provided the initial model for the Queensland scheme, has recently removed the cap it placed on support for the payment of water charges in irrigation schemes.

- Payment of the Drought Water Charges rebate direct to the water provider. The Victorian scheme is also by means of direct payment to the water provider, reducing the red tape burden on drought affected farmers. With Queensland producers in some valleys facing their sixth year of water allocations below 20%, the changes now enacted by Victoria make a lot of sense for Queensland as well.
- Extension of eligibility for the Rates Rebate to include primary producers in receipt of any form of Exceptional Circumstances assistance, be it income support or interest rate subsidies. If a primary producer is receiving interest rate subsidies, it is because the farm is making a negative income but has been assessed by QRAA as being financially viable when the drought breaks. It makes little sense to exclude this class of primary producers from relief on what is a major business cost –local government rates.
- Extension of both rebates schemes into at least 2008/9. Even if Queensland sees drought breaking summer rains, it will still be six to twelve months before that rain is turned into an income stream for most Queensland farmers.
- Urban water restrictions have created severe financial pressures on the nursery industry and will continue into the future with the drive to maintain ‘permanent water saving measures’. The industry would like to see a plan to negate the impacts of water restrictions on the nursery industry.

BUDGET PRIORITY #7 REGIONAL, RURAL AND AGRICULTURAL PLANNING

The last 5-10 years has seen a major new focus on regional planning in Queensland, following an increasing awareness of the need to better manage resources and growth across the state.

The farming sector is currently struggling to participate in a meaningful way in a plethora of regional planning exercises for population growth management, economic development, water resource development and allocation, natural resource management and water quality protection and improvement. All of these planning processes have the potential to significantly influence existing agricultural operations and shape or constrain their future opportunities. Agricultural businesses are also increasingly finding themselves in competition for scarce land and water resources with other industries and interests or in conflict with adjacent land uses.

QFF is concerned that many regional planning processes are failing to adequately consider or address the specific needs of agricultural businesses and value chains in regions. There has generally been poor consultation with agricultural stakeholders and less than rigorous processes used to identify agricultural issues and define solutions in regional plans.

Agricultural industries are also highly concerned about the potential for inconsistent or uncoordinated strategies across the various plans being developed in regions.

QFF member groups are keen to work with the Queensland Government to facilitate significant improvements to regional and rural planning arrangements and processes. To progress this, QFF calls for:

- \$200,000 per year over three years for a full time position based within QFF to improve the capacity of agricultural industry to engage in regional planning initiatives state-wide and ensure the development of well designed strategies that address the needs of the intensive agriculture sector. The position would also help drive greater coordination and integration of regional planning for economic development, population growth management, water and natural resource management and water quality improvement.
- Investment in improving the skill base of the Queensland public service to deliver high quality regional, rural and agricultural planning services to the State.

December 2007