AGFORCE DROUGHT REFORM 2020

ADVANCING SUSTAINABLE AGRIBUSINESS
Drought Policy - Key challenges

- Complexity of the drought problem and effective response measures.
- Difficulties in defining drought, severe events and declaring affected areas.
- Each producer is at a different stage in their business with different capacity and needs.
- Politicisation of declarations and available assistance and industry lobbying (and media’s role).
- Credible and bipartisan policy commitment needed.
- Interconnections with other policy areas and questions, such as industry structural adjustment, poverty alleviation and desirable environmental outcomes.
- The significant and often seamless integration between the farming family and the farm business, making structuring of program eligibility more difficult.
- Not acknowledging the limits to the self-reliance of farmers to cope with severe drought.
Futureproofing the economy

130% INCREASED ELECTRICITY COSTS
Wholesale prices in the Australian National Electricity Market have climbed significantly, 130% in 2019, Queensland recorded their second highest electricity prices on record in 2019

66% OF THE STATE IN DROUGHT
Our farmers are among the least subsidised in the world, with acreage yields only receiving 2% of their income through government agricultural support. This compares to 50% across the EU and 16% in the US.

1,634 RURAL BASED BUSINESSES CLOSED IN 2016/17
Agriculture, forestry and fishing observed the largest decrease in business counts of any industry in 2016/17, down 0.4% or 1,634 businesses, also having the lowest entry rate of any industry in 2017/18.

STANDUPFORREGQLD.ORG.AU
Empowerment to deal with climate risk

- $6.3 billion in drought support (concessional loans) and $3.3 billion in flood relief.
- Future drought fund: 3.9 billion investment (already known).
- $300 million in grants to support flood-affected farmers, additional to the $232 million previously announced.
- New Emergency Response Fund (ERF) established with $3.9 billion.
- $130.5 million over five years to reduce the risks and impact of disasters.
- $104.4 million for new National Partnership Agreement to support states and territories in reducing disaster risks.
- $26.1 million to deliver initiatives that reduce disaster risk at a national level.
- For the first time, medium-sized businesses with a turnover of up to $50 million will be able to instantly write off assets. The threshold for these assets has been increased from $25,000 to $30,000.
Agricultural Business Cycle

- Australian agriculture operates in a highly variable business environment with dry periods a recurring feature. This operating environment requires farmers to have adaptable farm and business management strategies that consider and addresses the risks and also requires governments to establish policy settings that effectively support those efforts.

- Australia needs an enduring drought policy.

- The cycle provides a framework to organise the appropriate suite of measures that sit under each phase (i.e. Non-Drought, Drying, Dry and Recovery) and action category (i.e. social, economic and environmental actions) and of the cycle.
AGFORCE QUEENSLAND FARMERS

AGRICULTURAL BUSINESS CYCLE

A new approach to drought policy that aims move from largely crisis responses by government to empowering producers to better manage climate risk.

The Solution
The Agricultural Business Cycle is an industry-developed framework to focus policy delivery and ensures all drought phases and types impact are addressed with relevant and useful measures.
Unlocking value for the Queensland economy with land and agriculture offsets
Department of Environment and Heritage Protection
Queensland Government
Significant value has been realised through Emissions Reduction Fund contracts Queensland has been a significant beneficiary of the ERF. The state has secured almost 20% of the ACCUs contracted through the ERF. Of land sector projects, Queensland has contributed 29% of savannah burning projects, 28% of agriculture projects and 16% of vegetation projects. Based on weighted average auction prices, projects from these sectors are expected to contribute $840m to Queensland over the next decade.
The Future Drought Fund enhances the Commonwealth’s ability to make arrangements with, and make grants to, persons or bodies in relation to drought resilience. The Drought Fund consists of the Future Drought Fund Special Account and the investments of the Future Drought Fund.

The Future Drought Fund Consultative Committee is responsible for advising the Drought Minister about a draft Drought Resilience Funding Plan and about whether the proposed design of the program of arrangements or grants to be made are consistent with the Drought Resilience Funding Plan.
Land Restoration Fund

• The Queensland Government’s $500 million Land Restoration Fund aims to expand carbon farming in the state by supporting land-sector projects that deliver clear environmental, social and economic co-benefits.

• Carbon farming refers to land management activities that avoid the release of greenhouse gases or increase the carbon stored in the land. This can be achieved by planting trees, protecting native forest by reducing land clearing, managing bushfires through savanna burning and changing practices to increase soil carbon.
Natural Capital – Longer term solution

• As farmers manage 51 per cent of Australia’s land mass, they are in the best position to manage the land sustainably and protect the environment and should be encouraged to do so. Farmers need to be paid fair and equitable returns for the products and services their properties provide. The best environmental outcomes are achieved by empowering and incentivising landholders to manage their landscapes.
Natural Capital

• Taking a Natural Capital approach enables all stakeholders to be able to measure the current state of natural assets in a pragmatic manner and ultimately incentivises landholders to improve land condition.

• Providing market and financial drivers for improving natural capital lessens the requirement for regulatory control of vegetation and ecosystems and de-politicises natural resource management.
Clean Energy Finance Corporation - CEFC

- This practical guide is an important step in understanding the available technologies, approaches and opportunities.
- It brings together information on proven and emerging technologies and outlines how each can be used to reduce
  - energy consumption and lower emissions for Australia’s agricultural sector.
- Launched by CEFC and National Farmer Federation
• QUEENSLAND AND AUSTRALIA HAVE THE MOST INNOVATIVE PRIMARY PRODUCERS IN THE WORLD –

• PIONEERING NEW TECHNOLOGY, LEADING ANIMAL WELFARE EDUCATION AND CAREFULLY BALANCING PRODUCTION AND ENVIRONMENTAL OUTCOMES.

• BUT THERE ARE ISSUES STANDING IN THE WAY OF OUR FARMERS DOING THE BEST JOB THEY CAN TO FEED AND CLOTHE AUSTRALIA AND THE GROWING WORLD POPULATION. THESE FACTORS ALSO STOP THE INDUSTRY CONTRIBUTING TO THE ECONOMY.
• Major emerging programs that could provide an early focus to drought recovery include:
  • The Queensland Government’s Land Restoration Fund, which aims to support carbon farming alongside other environmental benefits
  • The Australian Government’s Biodiversity Stewardship Program, a pilot fund for farmers to receive income for projects that boost biodiversity and absorb carbon. Use this fund to provide the resource to establish baselines and farm plans to participate in these markets
  • Drought funding at national level including the Australian Government’s Future Drought Fund, established mid 2019 for drought resilience, preparedness and recovery
  • Drought funding at State level, extension through Rural Financial Counselling Services, and immediate support through crisis through organisations including Ruralaid and Country Women’s Association.
  • In other States the NSW Government’s Farm Innovation Fund and the Victorian Government’s Dry Season Support funding and programs.
  • This would also accelerate the mainstreaming of natural capital accounting
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