

Submission to: The Future Drought Fund Consultative Committee

Mr Brent Finlay, Dr Wendy Craik AM, Dr Kate Andrews,

Dr Elizabeth Peterson & Ms Caroline Welsh

Submission from: Granite Belt Growers Association Inc

Date: 11th December 2019

Subject: Drought Resilience Funding Plan 2020 to 2024 Consultation Draft

The Granite Belt Growers Association represents horticulturalists on the Granite Belt in Southern Queensland. It is a nationally significant horticultural region with a gross production value estimated at \$300M annually (Source: Southern Downs Regional Council – Economic Development Unit report 2013).

Being at the headwaters of the Border Rivers, the region is heavily reliant on above ground irrigation water storages. We are therefore highly exposed to evaporation losses from those water storages which reduces our water reliability.

A recent survey of GBGA members identified a very significant reduction in forecast production in 2019/20 due entirely to a lack of reliable irrigation water. The lost production translates into an estimated \$100M drop in economic activity and wages.

We thank the Future Drought Fund Consultative Committee for the invitation to join the briefing in Toowoomba and the opportunity to provide feedback on this draft plan. The Granite Belt Growers Association makes the following submission based on the consultation draft plan and the four headings in the contents of that draft plan.

Any correspondence concerning this submission or the Future Drought Fund should be directed to

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Preface

Acknowledging the incremental, transitional and transformational changes needed to build drought resilience is insightful and very important. It may take many years to lift the average Australian farm from dependence on in-drought support to a position of drought preparedness and resilience.

The Future Drought Fund should recognise the negative impact this drought will have had on the equity and cash resources of farming businesses, and the Australian Government should be prepared to support them concurrently with further in-drought support as the need arises, and future drought funding as they transition to a position of drought preparedness and resilience.

We strongly support the scope of the fund to provide funding at different levels, especially farm level. Projects of a minimum value or scope should be able to be administered directly with the landholder.

We also agree that the Future Drought Fund should focus on drought preparation and building resilience, rather than in-drought assistance. This may include assisting primary producers to adapt their production systems in the face of increasing climate variability.

The Fund

We understand that the Drought Resilience Funding Plan is not designed to specify what projects are and are not to be funded. However, we suggest that a list of example projects be included in the Funding Plan to emphasize how projects may achieve one or more of the three strategic priorities as outlined in the Funding Principles.

We support the inclusion of research and training projects in the criteria for project funding. We acknowledge the role research and training has played in lifting farm productivity over the decades. But we strongly submit that physical drought preparedness should be the main priority of the fund. Rural communities are stressed in the current drought due largely to lost employment opportunities. Only physical drought preparedness projects can deliver the production and employment reliability in the short-medium term. Research projects can deliver increased production and productivity over the medium-long term.

We support the flexibility of how funds could be distributed, especially a competitive grants process where projects that demonstrate multiple benefits are given a strong weighting. Applications for funding from primary producers for projects at farm level should be given the strongest weighting. To support this weighting in favour of funding for primary producers we propose that minimum amount be set aside each year for these applicants.

Furthermore, we submit that funding for primary producers for projects at farm level should also be given the highest ratio of funding towards the project. This is in recognition that primary producers are personally at the front line of the effects of more severe drought and it is their projects that can fulfil the purpose of the fund immediately upon completion of their project.

When considering a project for funding and what alternative sources of funding may exist, we submit that the Future Drought Fund should be dedicated to improving the drought resilience and the reliability of production of existing farm businesses. This may include expansion of an existing business or diversification within their existing agricultural sector.

The effects of more frequent and more severe droughts should be taken into account during the feasibility study, planning and financing process for new agricultural developments or entities entering the industry, and they should not rely on the Future Drought Fund to prop up their feasibility. Concessional loan schemes, such as the Regional Investment Corporation can play a role in assisting new developments in a different sector of the industry or an entity entering the agricultural industry for the first time.

We agree that one role of the Future Drought Fund should be to support the growth of Australian agriculture to the goal of \$100 billion by 2030. Horticulture has grown at a rate of 40% over the last 5 years to be a \$13.2 billion sector (Source: Hort Innovation) making it now about 17% of the agricultural industry (Source: Abares).

It is possible that given the recent rate of growth, horticulture could contribute 25-30% of the 2030 target value. With this in mind we submit that the horticulture sector should be a high priority for funding under the Future Drought Fund.

Operating environment

We broadly agree with the content in this section.

Regarding rural communities, we strongly agree that a local economy and community are equally exposed to the effects of drought as primary producers. Community and environmental water resources are equally important as agricultural water reliability.

We submit that water generally is so inherently linked to drought that it must be addressed in this section of the Funding Plan. We do not believe the Funding Plan should seek to alter existing water management regulations, but that a core purpose of the fund should be to improve water reliability for livestock operators, irrigators and communities alike.

Surely this funding plan can acknowledge that water is a key ingredient to the strategic priorities as listed in the funding principles:

- Water reliability is essential for economic resilience because when production stops, the need for inputs from local retailers and contractors stops.
- Water reliability is essential for environmental resilience because when water users in a catchment each have access to reliable water within their entitlements, the streams and rivers between them must therefore be reliable.
- Water reliability is essential for social resilience for two reasons:
 - If water is reliable then so are the jobs that are associated with production from it. This is related to economic resilience.
 - Social resilience is maintained when indigenous and community groups have access to water. This is not unrelated to environmental resilience.

When making this submission on water reliability, we acknowledge the detrimental effects the current drought is having on communities and primary producers across the Murray-Darling Basin in particular, and the mixed responses the Consultative Committee is likely to receive on this subject. We repeat that the Funding Plan should not seek to alter existing water management regulations, but the Fund and the Consultative Committee cannot shy away from this issue. Water and water reliability is a key element for most producers and the major challenge to drought resilience.

Drought Resilience Funding Plan

We broadly agree with the content of this section.

In particular we support the need to share the benefits of the Fund between the community and private businesses. We believe the 19 guidelines for disbursement of the fund are comprehensive and appropriate and the Granite Belt Growers Association look forward to collaborating with the Future Drought Fund as a farming group.

We support the Vision, Aim and Strategic priorities of the Fund.

We support the three objectives of the fund. We submit that the performance of the agricultural sector should be measured in productivity, profitability and reliability. Reliable production is linked to profitability, but points to a sector that can enjoy the good seasons and mitigate the bad seasons over the cycle of years and decades. Reliable production equates to resilient farming businesses.

We agree that, where possible, funding should go to projects that contribute to all three strategic priorities.

We support the detailed actions for economic resilience. In particular we strongly support the funding of farmers to adopt new or under-utilised technology and innovations to mitigate risks associated with a changing climate.

We support the detailed actions for environmental resilience. In particular we strongly support the funding of projects that adopt new or under-utilised technology and innovations for better natural resource management.

We support the detailed actions for social resilience. We submit that social resilience is built on stable employment. Any project that seeks to ensure greater reliability of farm production will in turn provide stability to employees of that farming business and deserves the support of the Future Drought Fund.