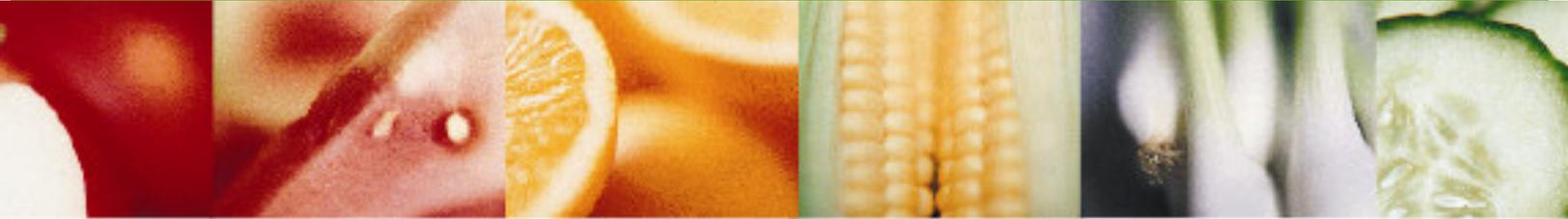




**growcom**  
together we grow



Submission to the  
**Productivity Commission**  
on the  
**Inquiry into Government Drought  
Support**

**August 2008**

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<b>Contents</b>	<b>Page No.</b>
Executive summary	3
Introduction	4
1. About Growcom	4
2. About the Queensland horticulture industry	5
3. The impact of drought on the Queensland horticulture industry	6
4. Overarching position on the national drought policy	7
5. Concerns with the current drought policy and programs	8
5.1 Exceptional Circumstances (EC)	10
6. Future outlook and developing a preparedness culture	12
7. Transition period	15
8. Agriculture and food policy	16
9. Conclusion	17
Attachment 1 Growcom submission to the Expert Social Panel	18

## **Executive summary**

Queensland is Australia's premier horticultural producing state, valued at around \$2 billion and directly employing around 25,000 people. The majority of horticulture regions in Queensland have been impacted upon by drought at some point in time since 2000. These impacts have ripple effects throughout the rural communities that rely on the horticulture industry as a key economic driver.

Growcom believes that major change in drought policy – both in preparedness and response – is necessary and long overdue. The current policy and programs have achieved some positive affects for producers who are eligible for assistance; however cater more for the needs of broad-acre and livestock industries. Concerns with the current system include the tendency to discriminate against those who successfully plan and manage for drought, as well as the lack of harmonisation between state and federal government activities. The EC trigger is also no longer appropriate and only adds significant hurdles for producers who are in urgent need of assistance.

The viability of the horticulture industry is reliant on access to sufficient irrigation supplies (95% of horticulture production in Queensland is irrigated). Drought policy must acknowledge the fact that without access to sufficient irrigation supplies, horticulture producers will remain severely impacted upon by drought. More broadly, the substantial differences in the impacts of drought on each agricultural industry must be recognised and catered for in future drought policies and programs.

Overall, future drought policy must be forward thinking, incorporating preparedness, self-reliance and risk management approaches as the first line of defence against drought events. There is a need to ensure that this policy framework delivers sound, consistent and equitable programs that respond to the real needs of industry and are free from political pressure. It is also important that a basic welfare safety net be maintained to ensure producers are protected against climatic events which are beyond even the most vigilant growers' capacity to manage or plan for.

Horticulture producers are amongst the best in the world when it comes to managing climate variability. Government needs to be build on this capacity by reallocating government funding to help industry identify what risk management strategies and tools they require to manage ongoing climate variability/change, and subsequently help industry implement them. Growcom has identified many risk management strategies and tools that will assist in developing a more preparedness culture in the horticulture industry. These require further investigation and analysis.

A transition process to the new policy platform is essential. This will ensure that current drought support recipients are not disadvantaged; an education and awareness campaign can be undertaken; and risk management tools can be developed and implemented.

The horticulture industry would be better served by a national drought policy that is encapsulated in an overarching agriculture and food policy. This overarching policy would incorporate a whole-of-government approach to supporting and encouraging growth and prosperity in the food and agricultural sectors in the face of emerging global challenges including food security, international competitiveness and increasing obesity.

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## **Growcom submission on the inquiry into Government Drought Support**

Growcom welcomes this opportunity to provide feedback to the Productivity Commission on the Inquiry into Government Drought Support. We are supportive of the national review of drought policy and are optimistic that it will bring about the policy changes that are urgently required. Growcom is also supportive of the submissions provided by the Queensland Farmers Federation (QFF) and the Horticulture Australia Council (HAC).

We understand that the national review of drought policy came about following consensus from Australian primary industries' ministers that current approaches to drought and exceptional circumstances are no longer the most appropriate in the context of a changing climate. The Issues Paper states that these ministers believe current drought policy must be improved to create an environment of self-reliance and preparedness and to encourage the adoption of appropriate climate change management practices.

Growcom is strongly supportive of this view, as we believe a major change in drought policy – both in preparedness and response – is necessary and long overdue. With the risk of climate variability continuing to change and perhaps increase, a complete rethink of the approach to Government investment and intervention must be undertaken to satisfy the needs of the whole economy and the community.

If the current drought policy and programs are modified, it is essential that governments commit to a transition process to ensure current drought support recipients are not disadvantaged; an education and awareness campaign can be undertaken; and risk management strategies and other tools can be researched, identified, developed and implemented to help growers become more self-reliant and prepared for future climatic events, including droughts.

Growcom's submission will address:

- The impact of drought on the Queensland horticulture industry;
- Growcom's overarching position on the national drought policy;
- Concerns with the current policy and programs;
- Future outlook and developing a preparedness culture;
- Transition phase;
- Development of an overarching food and agriculture policy.

Growcom would also like to stress that the economic and social impacts of drought are closely linked. Therefore, it is essential for the three assessments being undertaken under the national review of drought policy to be considered together by government during future drought policy decisions.

### **1. About Growcom**

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services to the sector. We are the only organisation in Australia to deliver services

across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, regional producer associations and corporate members. To provide services and networks to growers, Growcom has approximately fifty staff located in offices in Brisbane, Bundaberg, Ayr, Toowoomba and Tully. Growcom is a member of a number of state and national industry organisations and uses these networks to promote our members' interests and to work with other industry bodies on issues of common interest.

## **2. About the Queensland horticulture industry**

Queensland is Australia's premier state for fruit and vegetable production, growing one-third of the nation's produce. Horticulture is Queensland's second largest primary industry, worth around \$2 billion per annum and employing around 25,000 people. Queensland's 2,800 farms produce more than 120 types of fruit and vegetables and are located from Stanthorpe in the south to the Atherton Tablelands in the far north. The state is responsible for the majority of Australia's banana, pineapple, mandarin, avocado, beetroot and fresh tomato production. There are 16 defined horticultural regions with a total area under fruit and vegetable production of approximately 100,000 hectares.

The Queensland horticulture industry is:

- A major contributor to regional economies and the mainstay of many regional communities;
- The largest high quality supplier of fresh fruit and vegetables to Australian consumers;
- A diverse industry utilising a range of production methods in different locations and climates;
- A resource base for significant value adding throughout the food, transport, wholesale and retail industries;
- The most labour intensive of all agricultural industries, with labour representing as much as 50% of the overall operating costs;
- An industry with significant links to the tourism industry, providing income for thousands of backpackers and "grey nomads" each year;
- A high value and efficient user of water resources in terms of agricultural production;
- A primary and secondary source of income for many families in regional Queensland e.g. through seasonal work in packing sheds; and
- The site for a number of emerging agricultural industries including olives, Asian exotic tropical fruits, culinary herbs, bush foods, functional foods and nutraceuticals.

### **3. The impact of drought on the Queensland horticulture industry**

Since 2000, the majority of Queensland's horticulture regions have been impacted upon by drought at some point in time. This period of drought has gained the status of being the "worst in living memory" because it has been so widespread and has lasted so long. Even when a region has come out of drought, the economic and social impacts are felt for many years to come, as businesses and communities recover, crops are replanted and fruit/nut trees are re-established.

The horticulture regions in Queensland that have been impacted upon by drought are significantly important to the state's economy and the rural communities that depend on it. These regions include:

- Lockyer/Fassifern region (gross value of production is around \$180 million);
- Granite Belt region (gross value of production is around \$100 million);
- Central Burnett region (gross value of production is around \$65 million);
- Wide Bay region (gross value of production is around \$170 million);
- Bowen/Gumlu/Whitsundays region (gross value of production is around \$150 million);
- Atherton Tablelands region (gross value of production is around \$120 million).

The horticulture industry in Queensland is a key economic driver in many rural communities. The impact of drought on the industry has subsequent ripple effects throughout many of these communities including reduction in rural populations and less economic activities generated. For more information on the social impacts of drought, refer to Growcom's submission to the Expert Social Panel (Attachment 1).

Growcom would like to stress the importance of the Productivity Commission and government understanding the impact of drought on the horticulture industry and how it differs substantially from other agricultural industries. These differences are essential to recognise and acknowledge when developing drought policies and programs aimed at maintaining normally viable enterprises that are adversely impacted upon by climatic events that are beyond their ability to manage or prepare for. If these differences are not understood and catered for, industry may remain in a similar situation as we have presently where many horticultural enterprises adversely impacted upon by drought are unable to access State or Federal Government support programs that may ensure their future viability.

The fundamental aspect of successful horticultural operations is access to sufficient and reliable irrigation supplies (about 95% of horticulture production in Queensland is irrigated). Without this supply, our producers will remain severely impacted upon by drought. Producers in drought affected areas struggle to keep their horticultural crops alive with what ever irrigation supplies are available to them. Those who lose permanent plantings will take many years after the drought has passed to recover, as it takes time for trees to be replanted and begin producing sufficient quality produce that can be sold for profit.

The reliance of the horticulture industry on access to sufficient and reliable irrigation supplies can mean that the impacts of drought on those producers without this access can be severe and remain evident many years after the drought has passed. Horticultural growers can remain severely impacted upon by drought many years after

other agricultural enterprises have recovered. Growcom has been raising this issue for many years, however has not been addressed in government drought policy or programs. More details on the impact of drought on the horticulture industry can be found in the HAC submission.

*Key points:*

- *Most horticulture regions in Queensland have experienced drought since 2000;*
- *Horticulture is a key economic driver in many rural communities, resulting in the impact of drought on horticultural enterprises having ripple effects throughout communities;*
- *The impacts of drought on the horticulture industry can be felt for many years, even after drought conditions have passed and other agricultural enterprises have recovered;*
- *It is essential for government to recognise that the fundamental aspect of drought in horticultural operations is access to sufficient and reliable irrigation supplies. Without this, our producers will remain severely impacted upon by drought;*
- *The substantial differences in the impacts of drought on the horticulture industry compared to other agricultural industries must be recognised and catered for in future drought policies and programs.*

#### **4. Overarching position on the national drought policy**

Recent discussions and activities around climate change, including the proposed introduction of the Carbon Pollution Reduction Scheme, indicate that the climate is changing. The climatic assessment undertaken by the CSIRO and BoM under the national drought policy review also highlighted this, with the report concluding that the intensity and frequency of exceptionally hot years has been increasing rapidly over recent decades, which is expected to continue into the future. Years of very low rainfall and soil moisture are also more likely.

One of the key challenges faced by horticulture growers is planning and managing for climate variability, including drought events that may occur. Our growers are amongst the best in the world when it comes to managing climate variability. However emerging data indicates that this variability is likely to be harsher and more frequent, and therefore more difficult to manage as time goes on. To remain viable, growers need to continue adapting to or mitigating the risks associated with this climate variability (or climate change). To do this, it is essential that individual enterprises incorporate strategies and risk management practices that ensure their future viability without relying on government support payments or hand-outs for an extended period of time.

To achieve this and maintain the industry's international competitiveness, Growcom believes future government drought policy must be forward thinking, incorporating preparedness, self-reliance and risk management approaches for industry, community and governments to ensure future viability against climatic challenges. We need this new platform of programs and risk management tools, incentives and strategies to be implemented to ensure a more preparedness culture is achieved as the first line of defence against future drought and climatic events. Government funding should be reallocated to help industry identify what risk management strategies and tools they

require to manage climate variability, and subsequently help industry develop and implement those strategies and tools as part of this new platform.

Alongside this new platform, we also believe that a basic welfare safety net must continue to be available to farmers as they are to the wider community. There will always be extreme circumstances that fall outside best management practices that even the most vigilant grower could not prepare for.

Growcom would like to stress the point that the economic impacts of drought are a large factor influencing the social impacts. Encouraging a more preparedness culture amongst industry is likely to reduce the economic impacts currently felt by drought, and therefore reduces the potential for social implications. As a result, it is essential that the three assessments being undertaken under the national review of drought policy are considered together by government during future drought policy decisions.

*Key points:*

- *Future drought policy must be forward thinking, incorporating preparedness, self-reliance and risk management approaches;*
- *Producers do not want to rely on government support payments for extended periods of time;*
- *Horticulture growers are amongst the best in the world when it comes to managing climate variability;*
- *Government should build on this capacity of producers by reallocating government funding to help industry identify what risk management strategies and tools they require to manage climate variability/change, and subsequently help industry develop and implement those strategies and tools;*
- *A basic welfare safety net must be maintained to ensure producers are protected against climatic events which are beyond even the most vigilant growers' capacity to manage or plan for.*

## **5. Concerns with the current drought policy and programs**

Growcom believes that the current drought policy and programs need to be changed to ensure development of a more self-reliant and preparedness culture amongst producers. However, to ensure future drought policy and programs deliver the most beneficial outcomes for government, industry and the community, it is important to look at the concerns with the current drought policy and programs.

Growcom has been involved in drought activities and the application of drought policy for many years - as the peak body representing the Queensland horticulture industry and as a member of QFF and HAC. These activities have included a number of Exceptional Circumstances (EC) applications, reviews of State drought assistance measures, and the provision of information and assistance to members, government and industry stakeholders.

The theme throughout our experiences is that there is a lack of appropriate State and Commonwealth policies and programs to provide equitable assistance to all those impacted by extreme climatic events. Furthermore, growers do not want to rely on government hand-outs for survival, meaning that a more self-reliant and preparedness

culture must be established to maintain viable horticulture enterprises well into the future.

Growcom believes that drought programs have had some positive affects in reducing or at least postponing the negative income effects caused by drought for producers who meet the eligibility criteria. However, drought programs have catered more for the needs of broad-acre and livestock industries than horticulture and other intensive agricultural industries. It is essential that future drought policies and programs cater for the needs of horticultural producers.

Overall, Growcom has many concerns regarding the effectiveness and efficiency of the current system and government assistance measures including:

- The existing framework and current programs tend to discriminate against those who successfully plan and manage for drought by ruling them ineligible because of that success;
- The lack of harmonisation amongst state and federal government activities, programs and policies;
- There is considerable evidence that both State and Commonwealth programs have administrative processes that lead to uneven and inequitable decisions when applied to different regions or industries that likely distort normal market signals and create social cleavage. This partly stems from the requirement to 'prove' the drought event and its effects;
- Confusion amongst growers regarding their eligibility for assistance and who to talk to for advice;
- Program overload and the fact that producers are required to complete separate applications to apply for each program or assistance measure;
- Ineligibility of many horticulture producers to actually access government support programs, mainly due to eligibility criteria which is simply not relevant to the modern, intensive horticultural production systems;
- The national drought policy still lacks clear definitions and does not operate smoothly;
- Government does not provide transparency or adequate feedback/engagement loops during decision making processes;
- The policy hinges on assets and income as the key indicator that government assistance is needed. This can result in many producers being ineligible for assistance for many reasons. Some examples include:
  - The value of off-farm assets exceeding the specified limit. Growers implementing diversifying strategies by acquiring off-farm assets to ensure some income stream during difficult periods on farm are disadvantaged for doing so;
  - Many horticulture businesses purchase houses in rural communities to allow seasonal and permanent workers to stay there during the accommodation crisis. This can also mean that these producers exceed the off-farm asset limit;
  - The value of farm assets exceeding the limit. This is despite the fact that growers may be unable to sell their farms for the amount that it is actually valued at during the drought period, as the value of horticultural properties are significantly reduced if there is not access to sufficient and reliable irrigation supplies.

- Lack of understanding of the meaning and impact of drought on each agricultural industry;
- No crop insurance schemes available for producers to insure against climatic events outside their control;
- The limit placed on Farm Management Deposits (FMDs) is too low, especially for larger enterprises that turn over millions of dollars worth of product each year. The current criteria are also not suitable for some company structures.

Growcom will provide specific feedback relevant to EC below.

### **5.1 Exceptional Circumstances (EC)**

The Australian Government provides various assistance measures under the banner of EC arrangements. EC is classed as rare and severe events outside those a farmer could normally be expected to manage using responsible farm management strategies. These events:

- Must be rare and have not occurred more than once on average every 20 to 25 years;
- Must result in a rare and severe downturn in farm income over a prolonged period of time;
- Cannot be planned or managed as part of farmers' normal risk management strategies; and
- Must be a discrete event that is not part of long-term structural adjustment processes or of normal fluctuations in commodity prices.

According to the EC Handbook, the rationale for providing EC assistance is to ensure that eligible farmers and small business operators with long-term prospects for viability are not forced to leave the land or their businesses due to short-term adverse events that are beyond their ability to manage.

How all of these matters can be objectively measured remains a source of great frustration.

There are many concerns that Growcom would like to raise in relation to EC including:

- The process of getting a region EC declared is resource intensive and time consuming. It relies on peak industry bodies to work with state departments to "prove" the drought event and its effects in a specific region. Available data supporting these facts is difficult to access and even find;
- Growcom and other industry bodies have made significant investments since 2000 to obtain EC status for many horticulture regions in Queensland. These resources can not be reimbursed, and could be seen as an opportunity cost, as they could have been allocated to initiatives to increase industry's self-reliance and preparedness for climatic events including drought;
- Industry bodies put in the time, effort and resources to obtain EC status for a region, however once the area is EC declared, are left out of the support mechanisms and associated decision making processes;
- Industry advice to government on ways to improve EC assistance during severe drought events has been ignored;

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- Producers put in the time and effort to assist industry organisations to get their area EC declared, however are required to then prove their eligibility before being able to access any assistance. The fact that there are two “drafting gates” remains a source of great frustration, as producers are constantly required to “prove” the impact of drought on their enterprises;
  - Use of the National Agricultural Monitoring System (NAMS) throughout the EC process, despite substantial gaps in the data required to make it useful and relevant to the horticulture industry;
  - Variability of drought conditions within regions and across states, making it difficult to use EC as the trigger to provide equitable assistance to all producers severely impacted upon by drought;
  - Difficulty in getting areas EC declared compared to the apparent ease of revoking the EC status;
  - No support is provided to producers coming off drought assistance, which they can literally be getting one day and not the next;
  - There is no appeal process for producers still severely impacted upon by drought if National Rural Advisory Council (NRAC) lifts their EC declaration. The is despite NRAC sometimes appearing to make decisions quickly and irrationally;
  - Lack of understanding of the impact of drought on horticultural producers.

The CSIRO and BOM climate assessment report found that the current EC trigger is not appropriate in the context of a changing climate and that future drought policy may be better served by avoiding the need for the EC trigger altogether. Growcom is supportive of this view, as we believe the declaration and revocation process is resource intensive and only adds significant hurdles for producers that are in need of assistance. Areas should not have to be EC declared before a producer can access government assistance in extreme events; providing evidence that they meet the eligibility criteria once is sufficient. Future drought policy would be better served by avoiding the need for the EC trigger, and incorporate preparedness, self-reliance and risk management approaches for industry, community and governments to ensure future viability against climatic challenges.

*Key points:*

- *To ensure future drought policy and programs deliver the desired outcomes, it is important to identify and analyse the concerns with the current policy and programs;*
- *Current programs have achieved some positive affects for producers who are eligible for assistance, however they cater more for the needs of broad-acre and livestock industries than for the needs of the horticulture industry;*
- *Growcom has many concerns regarding the effectiveness and efficiency of the current policy and programs. In particular, we are concerned that the current system tends to discriminate against those who successfully plan and manage for drought and the lack of harmonisation between state and federal government activities;*
- *Growcom has many concerns relating to the EC approach and are supportive of the view that the EC trigger is no longer appropriate and only adds significant hurdles for producers who are in need of assistance.*

## 6. Future outlook and developing a preparedness culture

Growcom believes that major change in drought policy – both in preparedness and response – is necessary and long overdue. With the risk of climate variability continuing to change and perhaps increase, a more strategic approach to Government investment and intervention must be undertaken to satisfy the needs of the whole economy and the community. It is important that there is a transition phase associated with any changes, which is looked at in more detail in the next section.

Future drought policy must predominantly focus on drought preparedness. This must include a new platform of programs and risk management tools, incentives and strategies that promote a preparedness culture as the first line of defence against drought events. This will be the most efficient use of tax payer investment and the only approach that will help ensure long term sustainability of rural industries. A process that rewards excellent natural, financial and physical resource management is preferred. Government funding needs to be reallocated to help industry identify what tools they require to manage climate variability, and subsequently help industry develop and implement those tools.

There is a need to ensure that policy frameworks deliver sound, consistent and equitable programs that respond to real needs (either immediate, in response to an emergency or crisis, or longer term, in response to emerging change) and free from political pressure (short-term and fleeting). It is essential that State and Federal Governments commit to keeping drought issues apolitical, delivering policies that engender broad community and bipartisan support.

The foundation of future drought policy must be based on the following principles:

- Policy development must be forward thinking, rather than based on more traditional policy formulation approaches.
- Policies delivering only conditional grants to businesses and individuals are not as efficient as broader based public incentives and programs.
- Basic welfare safety nets must continue to be available to farmers as they are to the wider community.

Future drought programs must address the needs of all farm businesses and supporting industries. This will be best achieved through greater investment in drought and climate research programs designed to create tools to prepare and manage for the inevitable fluctuation and extremes of the Australian climate.

Growcom believes there are currently many impediments for horticulture producers undertaking activities aimed at ensuring self-reliance and preparedness against climatic events, such as droughts that may occur, including:

- The current drought policy and programs incorporating the hand-out approach and discriminating against those who show initiative;
- Lack of reliable and up to date data and information relating to the critical aspects of risk management strategies including available irrigation supplies, future water storages, groundwater availability, climate predictions etc;
- Cost price squeeze, with growers' margins getting smaller resulting in reduced or no capacity to be proactive in preparing for drought and other climatic events.

The horticulture industry requires government assistance to create a favourable environment to encourage a more self-reliant and preparedness culture within the industry. This must include movement away from hand-outs to providing education and training, and increase funding to help industry identify what risk management strategies and tools they require to manage climate variability, and subsequently help industry develop and implement those strategies and tools as part of the new policy platform.

Growcom is supportive of the initiatives and activities outlined in the QFF submission. The risk management strategies and tools that Growcom believes requires further investigation and analysis include:

- **Multi-peril crop insurance** – Presently, growers are unable to access insurance that provides them with any protection from the impacts of events outside their control. We believe that growers should be able to access some sort of insurance that covers these risks. Government should be directing some of the resources already invested in the farming sector to underwriting this type of insurance scheme. This could provide the incentive for undertaking risk management strategies by making access to the insurance contingent upon implementing these strategies. *Growcom seeks an investigation into innovative Government-supported insurance programs that would allow growers to access affordable insurance to protect themselves against events outside their control.*
- **Farm Management Systems (FMS)** - There is clear evidence that farm management tools which incorporate climate variability have been operating with some degree of success for non exceptional droughts. Growcom has developed an FMS which benefits growers by allowing them to be proactive in identifying business risks and implementing strategies to reduce those risks. *Growcom seeks commitment from government to help industry develop a FMS module aimed at identifying business risks associated with climate variability and extreme climatic events, and identifying strategies to mitigate or adapt to those risks.*
- **Financial planning tools and systems** – One fundamental aspect of producers' ability to be self-reliant and prepared is access to efficient and effective financial systems and tools. This is particularly important during difficult periods, such as drought when there are substantial pressures on growers' finances, including substantial increases in input costs such as water. *Growcom seeks an investigation into financial planning tools and systems that may be used by producers as effective risk management tools to enhance their self-reliance during the difficult times.*
- **Farm Management Deposits (FMDs)** – Has been a good risk management tool for growers as they are likely access these deposits during crisis when input costs and financial pressure on their farming enterprises have substantially increased. For larger businesses, the current cap is not sufficient. Allowing growers to place greater funds into FMDs could mean they are completely self-sufficient during drought periods. Furthermore, the current criteria are not suitable for some company structures. *Growcom requests a review into FMDs with the aim of enhancing their capacity of being a successful risk management tools for producers.*

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- **Long range seasonal forecasts** - One of the major issues confronting the horticulture industry is climate variability. Producers do not currently have access to reliable forecasts that allow them to adequately identify and prepare for predicated climate variability or climatic events. *Growcom seeks commitment from government to undertake research in this area to ensure producers have up-to-date and relevant climate forecasts that are easily accessible and understood.*
  - **Climate change response strategy** – Growcom has identified the priority needs for the Queensland horticulture industry in relation to a climate change response strategy. The key strategies relevant to the national drought policy include:
    - Build a detailed understanding of how climate changes with affect horticultural industries and horticultural production regions;
    - Deliver an industry information campaign to increase awareness and knowledge of climate change amongst fruit and vegetable growers;
    - Develop and deliver information on management practices and responses that are effective for climate change adaptation;
    - Encourage horticultural commodity and regional scale action and research investment in climate change issues;
    - Develop communication plans to guide information sharing and flow within and between industry, government, consumers and the general public regarding climate change and horticulture issues.

*Growcom seeks commitment from government to further investigate and deliver on the strategies outlined in Growcom's climate change response strategy.*

- **Water management, planning and associated infrastructure** – Secure access to reliable supplies of good quality water is essential for horticultural businesses. Transparent and consistent water planning and allocation processes within government and river or scheme operating rules by irrigation water providers as well as mature water trading markets are all necessary to underpin water supply risk management by growers. Currently all of these aspects of water management require improvement across Australia. Further, it is essential that water management and planning processes and infrastructure development are linked with drought and climate change policies and projections. *Growcom seeks commitment from federal and state governments to improve water management arrangements and ensure water markets and allocation processes provide timely and accurate information to growers that allow them to properly plan for available water supplies and manage the risk of low supplies. Water regulations also need to provide for flexibility in growers capacity to source, store and use alternative supplies (particularly recycled water, ground water or overland flow water) in the context of climate change driving changes to the volume, timing and intensity of rainfall events.*
- **Diversifying strategies** – To reduce the overall risks facing a business, it might be necessary to undertake a variety of diversifying strategies both on farm and off farm. These may include alternative cropping techniques, numerous farm sites or acquiring rental properties in cities. *Further investigation is required on diversifying strategies that producers could implement to reduce the overall risks facing their farming enterprises.*

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- **Water use efficiency** – An example of a successful industry delivered water use efficiency program is the Rural Water Use Efficiency Initiative, a partnership between the Queensland Government and industry groups. This program has generated over \$250 million in water savings and increases in productivity since it began in 1999. *Growcom seeks a commitment from government to enhance the opportunities for industry-delivered programs such as water use efficiency as a key step forward in changing practice on-farm.*
  - **Incentives** – Producers require an incentive to change business practices and implement risk management strategies and tools that may increase their overall operational costs. *Growcom seeks further investigation on a range of incentives that can be used as a catalyst for developing a preparedness culture.*
  - **Industry engagement and involvement** – One of the frustrations with the current drought policy and programs is that once an area is EC declared, industry bodies are left out of the support mechanisms and associated decision making processes. *Growcom seeks commitment from government to involve industry bodies in industry support mechanisms and decision making processes to ensure the most beneficial outcomes are achieved for industry, government and the community.*

Overall, risk management tools need to be bought together and promoted as a package. Education and information is the key step moving forward, with government support needed to promote.

*Key points:*

- *Future drought policy must include a new platform of programs and risk management tools, incentives and strategies that promote a preparedness culture as the first line of defence against drought events;*
- *There are currently many impediments for horticulture producers to undertake drought preparedness activities. These are likely to be overcome by a major change in drought policy and government assistance in creating a favourable environment to encourage practice change;*
- *Growcom has outlined many risk management strategies and tools that will assist in developing a more preparedness culture in the horticulture industry. These require further investigation and analysis;*
- *Risk management tools and strategies need to be packaged together and promoted as a key component of an information and education campaign.*

## **7. Transition period**

Growcom is supportive of a major change in drought policy. With this change, it is essential that governments commit to a transition process to ensure current drought support recipients are not disadvantaged; an education and awareness campaign can be undertaken; and risk management strategies and other tools can be researched, identified, developed and implemented to help growers become more self-reliant and prepared for future climatic events, including drought.

We believe a five to ten year time frame is required for transition; however some aspects of change may be able to be incorporated alongside current policy and programs during the transition period.

Throughout the transition period, there are many activities that need to be undertaken including:

- Gathering and analysis of data on current drought support assistance recipients;
- The scope of ABARE data collection and analysis expanded to include the horticulture industry;
- Enhancing NAMS to make it more useful for horticulture producers;
- Development and implementation of an education and awareness campaign. It is important to note that it will take time to communicate to producers and achieve practice change on farm;
- Generate investment to ensure development and implementation of risk management tools and strategies to encourage a more self-reliant and preparedness culture;
- Investigation of the risk management strategies and activities outlined above and in other industry submissions.

Activities throughout the transition period need to incorporate a cooperative approach between government and industry to ensure the most beneficial outcomes are achieved for industry, communities and the economy.

*Key point:*

- *Government must commit to a transition period to ensure current drought support recipients are not disadvantaged; an education and awareness campaign can be undertaken; and risk management tools can be developed and implemented.*

## **8. Agriculture and food policy**

A common theme throughout Growcom's submission is that national drought policy must include many components such as climate change, labour strategies, water resources, natural resource management and supply change aspects. Throughout this discussion, it is becoming more and more apparent that looking at drought issues outside other factors is impractical. What the industry needs is an overarching agriculture and food policy which incorporates a whole-of-government approach to supporting and encouraging growth and prosperity in the food and agricultural sectors. This is becoming increasingly important alongside key issues including food security, global population and food needs, international competitiveness and increasing obesity.

*Key point:*

- *The Australian Government needs to work alongside industry to investigate the development of an overarching agriculture and food policy.*

## **9. Conclusion**

Growcom believes that major change in drought policy – both in preparedness and response – is necessary and long overdue. Future drought policy must be forward thinking, incorporating preparedness, self-reliance and risk management approaches as the first line of defence against drought events. There is a need to ensure that this policy framework delivers sound, consistent and equitable programs that respond to the real needs of industry and are free from political pressure.

Further investigation and commitment is required to help industry identify what risk management strategies and tools they require to manage climate variability, and subsequently help industry develop and implement those strategies and tools. Building on those strategies and tools outlined in Growcom's submission will be a positive step forward in achieving this task. Consideration of the development of an overarching agriculture and food policy is also warranted.

Growcom looks forward to working with government to establish and implement a new national drought policy and associated programs, risk management tools, incentives and strategies for the benefit of the Queensland horticulture industry.

# **ATTACHMENT 1**

Growcom submission to the Expert  
Social Panel August 2008