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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON PRIMARY INDUSTRIES AND
RESOURCES

Reference: Assisting Australian farmers to adapt to climate change

THURSDAY, 24 SEPTEMBER 2009

PERTH

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON PRIMARY INDUSTRIES AND RESOURCES
Thursday, 24 September 2009

Members: Mr Adams (*Chair*), Mr Schultz (*Deputy Chair*), Mr Bidgood, Mr Champion, Mr Forrest, Mr Haase, Ms Livermore, Mr Perrett, Mr Sidebottom and Mr Windsor

Members in attendance: Mr Adams, Mr Shultz and Mr Windsor

Terms of reference for the inquiry:

To inquire into and report on:

- Current and prospective adaptations to the impacts of climate change on agriculture and the potential impacts on downstream processing.
- The role of government in:
 - augmenting the shift towards farming practices which promote resilience in the farm sector in the face of climate change;
 - promoting research, extension and training which assists the farm sector to better adapt to climate change.
- The role of rural research and development in assisting farmers to adapt to the impacts of climate change.

WITNESSES

HILL, Mr Alan Keith, Director of Policy, Western Australian Farmers Federation Inc. 1
**PARK, Mr Dale, Land Management and Climate Change Executive Portfolio Holder, Western
Australian Farmers Federation Inc..... 1**

Committee met at 2.32 pm**HILL, Mr Alan Keith, Director of Policy, Western Australian Farmers Federation Inc.****PARK, Mr Dale, Land Management and Climate Change Executive Portfolio Holder, Western Australian Farmers Federation Inc.**

CHAIR (Mr Adams)—I declare open this public hearing of the House of Representatives Standing Committee on Primary Industries and Resources for its inquiry into Australian farmers and climate change. Today the committee will hear from the Western Australian Farmers Federation. Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a formal proceeding of the parliament and warrants the same respect as proceedings of the House. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received a submission from the Western Australian Farmers Federation, submission No. 28. Do you wish to make a brief statement before we ask you questions?

Mr Park—I will get Alan to make a brief opening statement.

CHAIR—That is fine; thank you.

Mr Hill—Thanks, Chair. The Western Australian Farmers Federation thanks the committee for the opportunity to appear at this hearing in support of our submission of March 2009. We note with some interest that we are the only Western Australian witnesses appearing here today. In some ways that may very well be a reflection of the broader level of uncertainty on this issue not only within the broader community but within the agricultural community as well. I note that even as late as last night, and certainly on some of the media this morning, our elected leaders were going backwards and forwards playing a little bit of politics on the issue.

Over the past 30 years Australian farms have achieved a level of productivity growth approaching three per cent, about 2.8 per cent. It is extremely high and comparable only with IT and telecommunications in consistently making those gains. Those achievements have been gained through the skill and technical understanding of farm staff and farm managers and their ability to continuously adapt to the conditions on their properties. Australian farmers have always adapted to the climate and to a changing climate. In some ways we believe that this is not new and is another issue that our farmers are forced to confront. We believe that there are threats and opportunities in the current discussion for Australian farmers. What is needed are well thought out policies and strategies. In our submission we allude to some of those and we welcome the opportunity to explore them further.

CHAIR—Thank you very much. In regard to you being the only group here, maybe you have all knowledge on this matter as it is seen by rural groups in Western Australia! In your submission you raise some concerns about the Carbon Pollution Reduction Scheme. How do you think we could deal with those issues in relation to agriculture? Should we make some modifications?

Mr Park—One of our real problems with the CPRS as it stands is that farmers are saddled with all the negatives from an ETS and carbon reduction without being allowed to participate in

any of the positives. I have always maintained that farmers are part of the solution to greenhouse. As custodians of most of the land in Western Australia we are able to do things like store carbon in the soil and change farming practices such that we do that. But we need to have incentives to be able to do that. One of the things that we note is that agriculture is not going to be included in the emissions systems of almost all European countries. The one mooted for America actually gives all the positives and none of the negatives, whereas our ETS as it stands at the moment gives Australian farmers all the negatives and none of the positives.

CHAIR—What do you think of volunteer systems? Americans can buy and sell carbon on the Chicago Stock Exchange, for instance.

Mr Park—One of the problems with a voluntary system is that you are looking at a far lower price than in a regulated system. In some ways it is obvious why: there are restrictions, or the amount of overseeing is less and so there is not as much rigour. I have always maintained that farmers are sick of being at the low end of most of the price cycles. The sooner we can participate in the regulated market and get some fair value for the carbon that we store the better. We would be much better off to do that rather than operate in a voluntary market. I gather that the Chicago exchange is at under \$1 per kilo of CO₂ at the moment. People would not even turn a wheel for that sort of thing now. If we are going to be dinkum about sequestering carbon we have to be operating in a market which is going to give us some return and some incentive to start doing these things.

CHAIR—It has to have a certified process.

Mr Park—It has to be a certified process. Voluntary markets are not new. New South Wales and Victoria have had voluntary markets for a while. We see on the backs of cars everywhere stickers from Carbon Neutral and a few others, and their prices have always been quite a lot lower than the international price.

Mr SCHULTZ—Would you agree that if farmers are to take advantage of carbon markets they need to be part of the Carbon Pollution Reduction Scheme?

Mr Park—No, not necessarily. You can have situations where you can have offsets. As I have said, the Americans have given the positives on one side. I am not actually sure how the Americans are going to set that up. I suspect that, if their bill gets up, places like the Chicago exchange will become their official exchange rather than a voluntary exchange, and the rules will have to be tightened up. I think there are methods whereby we can participate without being part of a CPRS. There is another way of doing it, which has already started to happen in Western Australia. People like the Japanese—Kenzai, for instance—have bought properties in the north-east of the south-west land division and are planting trees. They will actually be Japanese credits, not Australian credits, and that has been done over the long term. So there are other ways that we can participate in the market, but for most farmers to be able to do that I think we have to have a structure in Australia to be able to operate.

Mr SCHULTZ—What about the issue in relation to the ban on the clearing of native vegetation? Do you think that that should be lifted and, if so, why?

Mr Park—The only reason Australia will make its Kyoto targets will be the clearing bans in Australia. I admit that most of them are in Queensland and New South Wales. I have noticed that now the Australian government has been talking about levels from the year 2000, which of course means that the amount there for the clearing will not be counted. If we have to go back to 1990 levels, Australia is going to have to take some very large steps and make some big cuts in CO2 production. For instance, when you have a look at what has happened since 1990, you see that agriculture has increased by, I think, about one or two per cent in its CO2 production, but a lot of the other industries have increased by 30 or 40 per cent. If we are going to still use a 1990 measure, there are going to have to be some really big cuts to be able to get back to that because, as I said before, when you have a look at what our actual outputs of CO2 are and where our target for Kyoto should be, it neatly fits: the difference between those two figures is what we have saved on the clearing of land, which of course no farmers were paid for. Doing that has been a gift from the agricultural community to the Australian community.

In Western Australia, we believe that we could probably sequester just as much carbon in the soil with decent agricultural practices as we have growing on most of our country that is not cleared, which is heath country. We do not have big trees on it; most of it is fairly sandy but in high-rainfall areas of Western Australia. Most of the wheat belt was pretty much cleared before any of the clearing bans came in. What has happened is that people who have not cleared that country have refrained from doing so, usually, for pretty good ecological reasons, and are now being disadvantaged for doing that. Some of the clearing regulations have been quite draconian. Most of us take the view that, if we put in good land husbandry practices, we can keep as much carbon in the soil as there is under the natural bush.

Mr SCHULTZ—I have one final question on it. Would it be true to say that Western Australian farmers, like farmers elsewhere in this country, have cleared native vegetation from their lands under the advice they previously got from government departments and are now starting to understand, or have been understanding for a couple of decades now, that they need to change their farming practices and are—I note this—heavily involved in planting trees again? Getting back to the first question, do you think that part of the problem has been that farmers in the past have been given wrong advice on the way they should manage the land?

Mr Park—We were not only advised. Part of the obligations under which we were given CP land was that we had to clear so much of the country. So there was not a choice for most of the early farmers. You had to do it and, if you did not do it, you had your land taken from you. Having said that, to be able to have the wheat and grain exports that we have it was necessary to clear most of that land. You could not have done it without clearing the land. The realisation since then is that there has to be an integration of trees in the landscape not only for wind-blow but also for the aesthetics of it as well. I am a great believer that we should be integrating trees into an agroforestry type situation where we can actually grow trees and have agriculture at the same time. Unfortunately that is not recognised under the Kyoto protocol, but hopefully farmers will be able to do that with the Copenhagen agreement.

Farmers have adapted all the time. One year is never the same as the next or the last. Therefore, farmers have always adapted to what has gone on. In this drying climate, when I have looked back at the dry seasons the one which comes to my mind first of all is 1969, which was an absolutely shocking drought in this state. The yields and wheat production of that year reflected that quite a lot. But, when we look back, since then we have probably had about 10 or

15 1969s, yet the yields have not been anywhere near as low as they were in 1969, and that is because we have better methods of keeping the moisture in the soil. We have gone to min till and all those sorts of things to make sure that we use the moisture that does fall as well as we can.

Mr Hill—To supplement that, when we talk about clearing large areas of the wheat belt we are talking about fairly recent history. We are not talking about decisions that were made many generations previously. The advice, instruction and direction that were given at the time were perhaps appropriate at the time. In Western Australia land salinity is a very big issue, yet it seems to be frequently labelled as an agricultural issue, but it is actually a policy issue that was caused by the position of the day. Therefore, WA Farmers is extremely concerned when the full cost of responding to that land salinity is treated as an on-property issue. We genuinely believe that, as with the response to climate change, meaningful and commensurate levels of support are needed to assist land managers. Farmers manage 50 or 55 per cent of the state's land mass, so it needs that sort of level of response. It cannot simply be treated as the early Landcare type programs treated it—that is, a couple of rows of trees around the outside or on your most unproductive land will be an adequate response. We are starting to understand the size and scale are much greater than that.

Mr WINDSOR—To follow up on the no till, direct-drilling regime that operates here now, one of the things we have been picking up in New South Wales and Queensland—and I presume it applies to Victoria—is the changes in tillage practices that have created an adaptation to climate variability. In some of the better soils, for want of a better word, five to six inches of rainfall moisture is added into the system because of the changes in tillage practices. Have you got any figures that would apply in Western Australia, given that they are different soils here as well? Particularly in the soils that are more sensitive to wind—the sandier soils—what has changing that tillage practice meant in terms of water efficiency?

Mr Park—I cannot give you actual numbers on a plot by plot basis. When you have a look at yields that have come from similar years to 1969—and, as I said, we have had probably 10 or 15 of them since then—they have certainly been a lot higher. It is probably quite difficult to get comparisons now. I would say that at least 90 per cent, and probably 95 per cent, of cultivation these days is min till or no till. It is virtually not done anymore. I know a couple of farmers up in the north-east do still use ploughs in some of their country but they also do not put in crops every now and again because they have not got enough rain. The vast majority are min till. But, as to numbers, you are really asking the wrong people. We just recognise that it has had a great effect. Sprays have done a hell of a lot for the ability to go in while you have the moisture and worry about your weeds afterwards. Weed control is now a function of sprays rather than a function of tillage.

Mr WINDSOR—Just on the other issue, we were talking earlier about the Carbon Pollution Reduction Scheme and the negatives being accrued by farmers. As it stands at the moment, the positives will not accrue. In Western Australia, if agriculture were left out of the system, and grain producers in particular were left out, do you see any changes in what they would grow? Would they move out of the food market and into the fuel market, particularly if lignocellulosic ethanol becomes a viable option as a renewable fuel? On that side of the equation you start to tick carbon positives, whereas in the food market even the starch in the grain is carbon. Then there is the nitrous oxide et cetera that you have to use to create the yields to enhance the protein

and that sort of thing. Is there any movement in the attitude that says, 'If we are forced one way, we will move out of food and start to look at other options for our land'?

Mr Park—I do not think that the CPRS is going to have much of a difference there. First of all, we should understand what is actually included in agriculture under the CPRS. Under the CPRS, agriculture really only looks at methane and nitrous oxide greenhouse gas production. Therefore, grain growers are going to be affected almost right from the start in that their fuel is going to be looked at. There is an offset for the price rise in that the government will increase the rebates to offset the cost of carbon for the first three years. Of course, we must recognise that the costs in the first three years are probably going to be the lowest of any part of the scheme. So grain farmers are going to look at the cost there, plus the increased costs of fertiliser and transport.

Whether they go into alternative fuels versus food will be a function of the market. I am convinced of that and I do not think that it is really going to matter much with the CPRS. Having said that, CPRS could change what happens to the values for fuel, for instance, under that regime, and that will be part of the market. Therefore growing green fuels will provide more incentive and it will be more attractive to farmers to do that, but I think that will be a function of the market rather than the function of CPRS.

Mr WINDSOR—By saying CPRS, we are talking about something that is happening now. But if agriculture were included theoretically in an emissions trading scheme at some stage in the future and these market signals were still there in terms of most of them being negative in the food business, won't that bring about a change in the way things are done? The CPRS currently before the parliament actually incentivises a change in land use from food to farm forestry so there is a policy shift away from food production in the document that is there now. I am just wondering whether people are concerned (a) that it is happening now, and (b) that if there are three markets operating—a food, a fuel and a carbon market—that does not necessarily mean that maybe everybody who has grown food in the past will grow it in the future.

Mr Park—I definitely agree that that is right. I think though that the food market and the carbon market do not have to be mutually exclusive. Having said that, under the Kyoto protocols that a CPRS will have to operate in that is actually true, because if you have a thick stand of trees you cannot actually grow too much food in between the trees or underneath them.

One of the things that I would like to see is that we could increase soil carbon and have those sorts of things recognised. That would mean that the food market and the carbon market would not be operating contrary to one another. One of my real problems with trees is that they really are a fairly transient method of sequestering carbon. Victorians should understand this—they have had the bushfires—but I do not think that in New South Wales perhaps they do. Over here, if we start going back to forestry or large, thick clumps of trees, we are going to have real fire problems. We have got a regime at the moment in most of our national parks and bushland of preventative burning and fuel reduction, and when you actually have a look at the graphs of the number of wildfires we have had in this state—and they go back to about 1915, and I have seen the graphs come all the way for the last hundred or so years—the number is quite high at the beginning of that graph and really slows down to almost minimal levels in the last 20 years. That is almost converse of the amount of organised burning that we have done, and then it goes up. The two graphs virtually meet in the middle and as you go up, these ones come down.

So, to my way of thinking, if we are going to start having stands of trees where people are not interested in the reduction of the amount of fuel in those forests, there is only one sure thing: we will burn them in a natural way, mainly through lightning strikes. The real thing that worries the WA Farmers Federation about that is that if a fire starts on a neighbouring property and then goes into bush that has been sold under carbon sequestration, I do not think that any farmers in Western Australia have got big enough third-party public liability to cover the cost of what they might face with that. So that is another problem that we as a state and as bushfire organisations are going to have to face. I just do not see why we should be putting carbon into trees. I would far rather see us putting it into charcoal and those sorts of things, which are going to be a lot more stable than green trees.

Mr WINDSOR—In addition to that, what about the Aboriginal burning policies?

Mr Park—To be honest, I do not really understand how they operate. One of the problems we have with the fuel reduction schemes is that they are going to be counted under CPRS because they will be anthropogenic. I think with the Aboriginal burning that they are talking about up north they are going to take some of the savannah burning. It is a while since I have seen the figures, but I think savannah burning is 26 per cent of agricultural emissions.

CHAIR—It is higher, I think.

Mr Park—Is it?

CHAIR—I think it could be, yes.

Mr Park—I assume that comes mainly from nitrous oxide, so I am not quite sure how they fit into that. Some of the playing around worries me. I have said this in other places. I have a nightmare that what might happen here is that we will spend a hell of a lot of money over the next 20 or 30 years doing these things and we will have a look in 20 years time and find that we have gone up to 500 parts per million of CO₂, after spending all this money, because we actually have not kept our eye on the main game. The main game is to try and get our carbon dioxide levels in the atmosphere back down to something close to 400. We are at 390 at the moment. If we keep going the way we are, 500 is not that far away. If we are going to spend all this money keeping a lid on CO₂, let us make sure we actually do that: we count everything and we monitor what is going on. I really do believe that the clearing band offsets were a little bit of trickery in some ways in that I do not think they are looking at the real problem of reducing the amount of CO₂ in our atmosphere. I think we have to make sure we keep an eye on the main game, and that is the excessive greenhouse gases. We do not want to get rid of greenhouse gases, because that is why we are here, of course. We would all have been frozen if we did not have natural greenhouse gases. We are obviously overcooking the thing a bit at the moment, so let us just keep an eye on making sure we reduce them.

CHAIR—Mr Windsor mentioned the issue of capturing moisture in the soils. We have touched on soil health a bit in this inquiry—carbon levels in the soil et cetera. Is there much work going on in the west here in relation to ground cover and changing what is being put in or what grasses are being kept?

Mr Park—Western Australia, unlike the eastern states, does not actually have many natural native grasses. Virtually all our grasses in our pastures are introduced, either voluntarily or otherwise.

CHAIR—Are they Mediterranean?

Mr Park—They are Mediterranean mainly. Our problem grasses are often from South Africa. Then again, one person's problem grass is another person's feed, so it really depends on who you talk to. For cropping people, for instance, probably the biggest grass problem is Woomera rye grass, which originally came from South Australia. But graziers like me think that Woomera rye grass is one of the best thing that ever happened to this state. So it really does depend on what you are trying to do and who you talk to. As for native grasses, we just do not have the sorts of native grasses that you do. Western Australia did not have grasslands, for instance. Virtually all of it was bushland or heath. We had none of the open grass country that you have in the top of Victoria and the bottom of New South Wales, on the plains and that sort of thing.

The other thing that is happening is that we are starting to look at charcoal. In Geraldton Dr Paul Blackwell is doing a lot of work on biochar and that sort of thing, so there is a bit of work starting to happen in that area. There is a lot of evidence around that the more carbon we can get into our soils the better off from an agricultural point of view we are as well. That is another win-win that we can put into the process.

CHAIR—There is also the issue of young coal being used, putting carbon back into the soils using coal. I have not read the whole submission but it is along the same line as the biochar issue. I would like to go to the role of state governments and giving farmers the opportunity for adaptation as you are talking about in trying to stop or reduce emissions. Who do you think should be paying for this? How do we do that? How do we get the information out there and the research done to allow farmers to build the skill and information bases they need?

Mr Park—Research for a start. I do think that the federal government is going to have to help out here. As you would be well and truly aware, almost all the production industries, wool, grains and meat, levy producers to be able to put research money into production benefits for farmers.

CHAIR—Does the system work all right, do you think?

Mr Park—It works quite well. One of the things though when you start to look at carbon is that the production benefits for having a low-carbon industry do not offset the cost of doing it. The margins are such in almost all agricultural industries that farmers cannot afford to be putting more and more money into research which actually does not pay them back for doing it. Therefore, I believe that, with the research into carbon sequestration and lower carbon methods of producing agriculture, the responsibility starts coming back to federal government. I am not quite sure how they would fund that but, certainly, if they have a CPRS or an ETS in place, funds from there should be put into making headway on how we can better sequester carbon in the soils. Getting this information out to farmers once you have it—because I actually do not believe that the research has been done, it is in progress and probably nowhere near as much as should be being done is being done at the moment—I really believe the thing that farmers really

do understand is the dollar. If you give them a financial incentive to actually do these things then I think you will be surprised how quickly they will take up the new technologies.

CHAIR—We have had submissions from local and regional groups sometimes starting from a research base of farmers in a local or regional area. Do you think that is one way to go, to fund or to help those groups in a regional sense? They might be in the grain industry. In Victoria in the Mallee, there is the Birchip group. There are quite a few of those who have grown into a whole range of slightly different areas than they may have started off in but are playing a bigger role. They seem to be meeting some of the challenges.

Mr Park—From a Western Australian point of view everybody would welcome that. One of the real grizzles of almost all of Western Australian farmers is that for the amounts of levies that we pay into the RDCs, the research and development corporations, very little comes back to Western Australia. Certainly, we have heard the argument that comes back that the work done in the eastern states has application in Western Australia as well.

Conversely, we also must recognise that the mechanisms for having lower carbon agriculture have not only a north-south divide but definitely an east-west divide, and that happens in the north and south too. Not a lot of what happens even in the Kimberleys can be compared with what happens in Queensland. We are reasonably close in our agriculture in the south-west land division to some of what happens in Victoria, but there is a hell of a lot of that is a lot different as well. One of the things that have definitely been lacking in quite a lot of research is the recognition that things are different in the west and the east.

CHAIR—And also in regions.

Mr Park—Yes. I would support the idea of having regionally based research, but that can be national as well. Through some of the Australia's Farming Future funding for biochar there is a group that is the amalgamation of all our universities and the ag department, and CSIRO in Western Australia is participating in that through the national program.

CHAIR—Do you think we need a national body like the ministerial council to make sure that we are not doubling up in research and that there is some oversight?

Mr Park—Very early on in this debate I actually said that we should have an RDC that looks into carbon farming, carbon sequestration and the whole carbon cycle in Australia. Everybody who knew promptly told me that was not a possibility, we would have to use the RDCs that where there and to not even think about it. In the back of my mind I still believe that an RDC on carbon is probably what we really need in this country and that we should have one, and I will stick with that.

Mr Hill—An example of that is what we have seen in the south-east of Australia with water. Water is such a key input in so many industries, yet traditionally irrigation research was done on a per commodity, per funding unit basis. We have now started to take a much broader approach. The challenge will always be to ensure we are bringing in efficiencies and better communication rather than creating additional levels of administration.

CHAIR—I did not quite understand what you said about the original research in irrigation.

Mr Hill—In the model where industries funded their research through a levy, the outcomes and projects that were funded would include, taking horticulture as an example, citrus research that would look specifically at an effect on citrus. The principles would probably equally apply to other tree crops, but they were very isolated in their extension and continuation work. If you looked across to a similar tree crop you may find they were doing almost the same work. We have started to see that change in the last 10 years or so.

CHAIR—Maybe that is the science. This committee did a good report on bees and the difficulties of bee and insect scientists not really working together, even though the connections in pollination et cetera are enormous.

Mr Hill—Yes, the activity is the same but the location it occurs in is different. In the past we have funded the other way.

CHAIR—They like to be in a little box, but maybe we need to have a broader picture.

Mr SCHULTZ—I was reading your submission and in the last paragraph on page 13 you refer to a bipartisan approach assisting in addressing the continual arrangement of state based extension services. That is pretty close to the bone for me and the member for New England, because about 15 years ago we sent a warning message to the New South Wales parliament, which we were members of, that the amalgamation of the Soil Conservation Service with the lands department would kill off the only service which was making a significant contribution to farming.

In the paragraph you talk about the dissemination of information to farmers being affected by the number of research and information providers and you are saying that there is an overload there. People are giving advice but they are giving advice in different ways. The people on the receiving end of it are getting all sorts of suggestions and conflicting advice, and that is creating a problem for them. Would you like to expand on that a little bit. I know you are talking about a bipartisan approach and you say that the number of research and information providers contribute to a ‘perception of information overload among clients’ and that this can contribute to a ‘weakening of the consistency of delivery of the program’s core principles’. I think that they are very good points that you have made there and I understand what you are talking about, but would you like to elaborate and perhaps give us some suggestions as to how you think that should come about.

Mr Park—Alan is obviously going to have a few words as well. One of the problems that we have as farmers is that we use the round filing cabinet in the corner of the office pretty regularly, and it fills up very, very quickly too. Huge amounts of stuff come into our offices every year from all sorts of—

Mr SCHULTZ—We can relate to that!

Mr Park—The real difficulty for an on-the-ground farmer like me is being able to work out what is relevant, what is not relevant, and who you should be talking to. And with the demise of information coming from the ag department, which was always seen as an independent arbiter almost, we have to get our information from either consultants or proprietary firms and it just makes life a lot more difficult for us in trying to work. As for a solution to that, I am sorry—

Mr SCHULTZ—The solution would appear to be for the state government, instead of reducing the extension services that it provided for decades, to get back to those extension services and let us do away with all of the pay to agronomists that come out to your place and all of the firms that are sending you the paperwork. We felt very passionately about that because the extension service officers were actually delivering practical services and experienced services on farm. That seems to be the thing that is concerning you most about this particular issue in your submission. Am I correct in saying that?

Mr Park—You are dead right. Right at the beginning of a lot of this, two or three years ago when people started talking about carbon sequestration, many members of ours at branch meetings and things like that, were saying, ‘How do we participate in this? Do we buy the trees or do we let someone plant the trees?’ I just said to them, ‘Look, before this all ends, there will be a hell of a lot of snake oil bought and sold. Just make sure you do not buy too much snake oil.’ That advice still stands. I am still not sure who we should believe and who not when you look at those sorts of things. What will catch farmers will not be what happens right now; it will be undertakings that they make now that they will find have locked them into trees, for instance, in a 100-year cycle. That worries me a lot.

You are right, the reason that ag departments do not do those sorts of things is because the government saw them as far too expensive and it was a great way of cutting their bills. As to going back to where you are talking about, I really cannot see it happening, but it would be nice—

Mr SCHULTZ—The bottom line is that it would have been a cheaper way of resolving some of the problems that have cropped up over the years that are contributing to the need to look at what we are looking at now.

Mr Hill—Just to comment on that, there is a great divide between two messages that we are currently getting. One is that by the middle of the century we are going to have to double our food production. The other one, of course, is that we are getting a reduction in investment in the core services that support food producers in this country. When you marry those two statements up, you simply cannot follow the reasoning behind them. Clearly, if farmers are expected to increase their productivity and their level of net output from a reducing area of land, they will need some level of support. We would suggest that feeding safe-quality food to Australians is a core activity of government at all levels. So there definitely needs to be a rethink about the independent advice that is provided to farmers on this and other issues.

CHAIR—There is an argument, of course, that we could import most of our food and not bother about growing it here. People have these sorts of conversations from time to time. It is also about arguing that industries have to pay their way and, if extension has to be paid for, people should buy that extension. I think that is where a lot of the arguments have come from to begin with. Through this inquiry, people such as farmers and farmers groups have been saying to us, ‘If companies are giving us advice but are selling us inputs as well, how do we know that we are getting good advice?’ Some say, ‘The cheques we write out to these companies are so big that they wouldn’t dare not give us the right advice,’ but others are quite concerned that they have not got extension services that come from government or an independent process. So it is a genuine issue. I think Alby raised this. There is still considerable debate in our community about that.

Mr Park—On that, I was going to say that the advice probably is reasonable. There are points where we do get into trouble. There have been a couple of cases down south where spray companies have been very slow to accept responsibility for bad batches of spray and the ensuing damage that has been done by them. Some of that damage has been almost open ended, in that it will last for up to 10 years. The companies are certainly not willing to accept any responsibility for that going on. So, whereas their advice on run-of-the-mill agronomy is probably fairly accurate and can be trusted, the problem is then being able to have an independent arbiter at some stage when things do go wrong. As we in this room all know, on average most things work properly but, on the occasions when they do not work properly, they can really have some long-lasting effects on individuals and can send some farmers broke—

CHAIR—Or the ecology.

Mr Park—because of the extra costs. In some of these places, they cannot grow decent crops on the land for years afterwards. Certainly no companies are going to put their hands up to help out on that sort of basis.

CHAIR—And the cost of litigation is not cheap.

Mr Park—No, and the big company is always going to win against a small farmer.

CHAIR—Especially with the legal system. There is a question I want to go to. Drought, climate change and a whole changing dynamic for our rural people mean that they are going through real difficulties. There are social issues that have come out of recent droughts. We have lost some people who have found it too difficult. We need to build things into the process to make sure there are proper processes for people to get the help they need at a social level, from the community or family through to the individual. I know there have been some schemes over here in the wheat belt areas. Do you have any comments you want to put to us in relation to the social side of rural communities and the need for governments?

Mr Park—You touch on something you said earlier there, about almost a user-pays type system, which most farmers will agree to in the long term—and we are really starting to talk about how the market interacts with them. When you look at it, if most farmers are not making enough money out of producing a certain product, they should stop producing that product. One of the fallacies in that area, though, is that most are stuck producing grain. They can go to either meat or fibre, but they are also going to industries that have very low profit levels. This will wash out in the market if you let it, but there will be a lot of pain to go through before that happens. What you are asking now is how you get over that pain.

CHAIR—Well, help people through it, I think.

Mr Park—But the whole problem is that people are enjoying low-cost food at the moment. The price of food in real terms has been dropping for the last 50 years. One of the presentations by the Department of Climate Change the other day was by the technical options group that is looking at how agriculture could fit into CPRS, and they put up a graph showing that the amount paid—I cannot remember the exact numbers—by the average consumer for food over the last 50 years is just dropping all the way. In other words, what that is showing is that in real terms farmers are getting less and less for their product and people are paying less and less for food.

If people expect to keep doing that, more farmers will get out of producing food. Up until now, without a CPRS, they have not had any option other than to produce food or fibre. If you start giving them the option to go into forestry, that is an option that they might take and so they might not produce food. The antidote to having cheaper and cheaper food and farmers doing less well is to produce less of it so that the people who are eating it will have to pay more for it. It is a pretty long term market cycle. Up until now, really, they have not had an alternative, but now they do. One of the things we have seen down through the south-west of Western Australia is a lot of country go to pulp through blue gums and those sorts of things, and the social effect on a lot of those communities has been quite harsh. But they did have the alternative, and if you start giving them more alternatives and making food production less attractive they will keep taking more of those alternatives.

Mr WINDSOR—If I could pick up on that, because I think that is a very important point, and it follows on from what Alan was saying a while ago: they are getting mixed messages. In a theoretical sense at least, the carbon market may actually drive the food market up so that in the end, even though the farmers bear extra costs, their profitability could theoretically increase because the carbon and renewable fuel markets will create a shortage of food—and how that will be played out globally or politically is anyone's guess. But we saw what happened with the Brazilians in the sugar market and what George Bush did to the corn market with grain based renewable fuel, including the impact that it had here on our grains and the consequences that played out in some parts of the world where people could not afford to pay the extra cost for the food. The carbon market, as you say, might encourage people to move out of food into a more profitable line of business, and the current government is actually encouraging that through the CPRS by encouraging people to move into forestry for sequestration reasons—which presumably means they have to move out of food to move into the carbon business.

Mr Park—The possibility for adverse outcomes in a lower carbon world is huge. One of the things that we have been looking at in the technical options group is what happens when you do things in agriculture, looking at adverse outcomes. For instance, if we manage to breed cows or find ways to feed cows to lower their emissions, it will mean that we will be able to run more cows per hectare. The overall outcome will be that we will produce more methane per hectare, even though we will produce less methane per head or per kilo of meat that we produce. Those sorts of things are not just in agriculture but everywhere. That is what I mean when I talk about my nightmare. We need to make sure that we keep our eye on the ball and on what is actually happening and that we have a reality check fairly regularly to see what all these things are doing to either food production or carbon dioxide production.

CHAIR—I guess that is what is trying to be achieved by innovation, whether in generating energy, new electric vehicles or other things.

Mr Park—Another avenue of agricultural income would be to produce biomass to burn one way or the other. I would prefer to put it into pyrolysis, and you generate energy with that as well. Giving farmers another option is quite important. Things like bioenergy mean that we will keep people in those rural areas, whereas forestry traditionally has taken people out of those areas and reduced our populations. Maybe some of these new green industries can help keep that population in those country areas.

Mr WINDSOR—Could I make a comment, Mr Chairman? We are having more of a discussion, which is great.

CHAIR—We are, but we always do that in this committee!

Mr WINDSOR—I was recently in England and talking to some of the farm leaders over there about when we get to the food end of the deal in terms of an emissions trading arrangement, although it is very theoretical at the moment. They produce probably as much grain as Australia does in a little country, but they are not self-sufficient. For the first time they are starting to wonder what all this will mean in terms of their capacity to feed themselves. We have the advantage of being overproducers, so we are not going to run into the situation of not being self-sufficient for quite some time, unless there is a shift in land use.

Mr Park—There is a fellow who calls himself a water expert who says that WA should not be worrying about putting water from our aquifers, for instance, into irrigation because Western Australia feeds itself, or can do quite easily, and is mainly an exporter. But we have to recognise that we do not live in a vacuum anymore. As Alan has said, the world has to produce twice as much food by 2050. That means that Western Australia especially is going to have to increase its production, as will everybody else. The food riots or whatever that ensue from not having enough food in the world are going to affect us just as much as they affect anybody else in the world. Us thinking that we are overproducing food, for instance, is not going to matter that much if there are wars on food, water or the like. We have a responsibility to feed the world. To think ‘we’re all right, Jack’ is a good enough reason for not doing anything does not count.

CHAIR—That is very true. You are a broad-thinking organisation and it is very good that you are. We always go into these broader discussions in this committee. There are enormous challenges as well as opportunities for agriculture with the changing world, and there may be some parts of the world that need to grow more food for themselves. Thank you very much for your submission and for coming today. We appreciate it and look forward to seeing you again.

Resolved (on motion by **Mr Windsor**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.35 pm