

RURAL BUSINESS DEVELOPMENT CORPORATION

SUBMISSION TO SENATE STANDING COMMITTEE ON RURAL AND REGIONAL
AFFAIRS AND TRANSPORT

Climate Change and the Australian Agricultural Sector

Thank you for the opportunity to respond to the Senate Standing Committee on Rural and Regional Affairs and Transport invitation to make a submission on the above.

The Rural Business Development Corporation (RBDC) is a statutory authority established by the Rural Business Development Corporation Act 2000 and its board of Directors is appointed by the Western Australia Minister for Agriculture and Food to administer and oversee schemes of assistance to WA farmers.

In Western Australia, the RBDC is the administering authority for the Rural Adjustment Scheme Exceptional Circumstances (EC) Interest Rate Subsidy, as well as for a number of State assistance packages, including State funded Dry Season assistance.

In response to the specific terms of reference the Board would like to make the following comments.

Terms of Reference i. the scientific evidence available on the likely future climate of Australia's key agricultural production zones, and its implications for current farm enterprises and possible future industries

- Urgent need for downscaled climate change information to a regional and even sub-regional basis.
- Need to co-ordinate downscaled climate change predictions with existing databases and knowledge i.e soil, landscape, vegetation.
- Educate and train farmers in the use of this scientific data to a practical on-farm decision making tool.
- Increased/improved research and development of models for the prediction of climate change consequences.



Terms of Reference ii. the need for a national strategy to assist Australian agricultural industries to adapt to climate change.

- Agree that there needs to be a national strategy, but it needs to reflect on a regional and/or industry priorities, and be delivered at a regional or industry level.
- Allowances to be made in legislation for appropriate land aggregation – whereby if a number of farm enterprises/properties in an area are not economically efficient due to climate changes since their initial usage, by changing land use and are aligning/changing property boundaries, this may allow for more positive land use and environmental impacts, whilst retaining the social fabric of the community.

Terms of Reference iii. the adequacy of existing drought assistance and exceptional circumstances programs to cope with long-term climatic changes.

- Current programs are of limited use.
- Need to speed up the process so that assistance gets to those who need it when required, not too long after the event. Assistance could be provided in a timelier and less complex fashion.
- The current system of providing an interest rate subsidy across all farm debt means in practice that considerable assistance is provided to those farmers who have a high debt prior to the EC event and conversely farmers who operate under low debt scenarios as a matter of course receive less. The level of debt that a business has prior to the EC event will be a function of the stage the business is in i.e. expanding versus consolidation, but high debt levels could also reflect an accumulation of trading losses. This would mean that greater assistance would be going to poor performing businesses. This inequity can be divisive within affected communities where all farmers have been impacted by an adverse season.
- EC welfare support (ECRP) has been very beneficial to farmers as it had at least “put food on the table” whilst the farmer sorted out the other impacts of drought. This was an effective means of support as Centrelink had established a different set of criteria for farmers.
- Income support and business support are two very different issues.
- Need to be more targeted. Uncoupling government assistance from a debt-related measure, towards a suite of positive measures, which supports all farm businesses and farmers adversely impacted by the adverse event, is required.
- Use a combination of farm business planning advice and benchmarking approach. Encouraging Farm businesses to develop a business plan with the aid of a suitably qualified professional has been shown in Western Australia to be greatly beneficial in educating farmers to manage risk. Collection of data on a national data base that farmers could access and compare their position against industry benchmarks in their own farming location would also be of benefit.
- Use existing analysis tools to identify and define types of land use that may be innovative and different.
- Identify and prioritise to build capacity in key areas of vulnerability – i.e. coordination, capacity building, innovation, contingency planning and resilience, along with communication on a variety of levels including mental health.

- There is a need to recognise that Government needs to have a response to long term climate change, but it still needs to deal with “exceptional “ deviations from the long term trend where individual businesses or entire industry sectors are at risk of losing long term resources or productivity based competitive advantages. The financial assistance for these “exceptional impacts” should be targeted in a way which addresses the specific risks to the resources or the likely set backs to previous productivity gains. For example : where an event is likely to lead to redundancy of employees the assistance could be targeted to the assistance in paying wages, or finding alternate employment in the same location so these trained individuals would be available to rebuild the industry when the exceptional impact event ceases to put their employment a risk. Where an event leads to a high risk of land degradation, the assistance could be targeted to encourage the implementation of measures that would reduce this risk.

The basic premise of this assistance would be to assess each “exceptional impact” event and put in place assistance that would produce the best long term result for the industry being assisted, taking care not to corrupt normal market forces which favour the more efficient producers with good long term strategies to deal with a changing environment (both financial and physical).