

Turning Subsidies into Stewardship – A Proposed Future for Australia’s National Drought Policy

Submission to the Productivity Commission Inquiry into Government Drought Support

Kate Stothers
December 2008

Summary and Recommendations

- The picture is grim within the social and biophysical rural landscape and this does not bode well for the transition to environmental and social sustainability, including farmer self-reliance that must happen under a changing climate.
- Debt is prominent, including landholder debt but also landscape debt – the number of threatened species in rural landscapes is increasing, the condition of our natural assets are degrading and the process of desertification is on the increase under our current land management practices.
- The challenge with the effects of climate change on the rural environment is the challenge of bringing a more holistic “Australian” brand of natural resource management into the everyday life of the modern farmer.
- We need to galvanise rural services to face the challenges ahead, and most prominent in this is combining the services of natural resource management extension (building stewardship of our natural assets into the operations of the whole farm) and social welfare extension (that which helps landholders face a transition environment).
- The Duty of Care under our changing climate is increasing and urgent assistance is needed to help match the current land and water capabilities with land management options. Current subsidies should become stewardship payments that assist landholders to meet this increasing duty of care.
- Create the not-for profit organisation Rural Stewardship Australia (RSA). This organisation would become the leading extension service employing people with skills from both the NRM and social welfare sector to direct farmers towards the more holistic land management needed within this changing climate. RSA would have arms that include fee-for service advice (to target the ‘tree changers’) and rural training delivery.

The Dire Situation

There is no doubt there are some huge challenges ahead in this carbon-constrained future, with the traditional agricultural sector of Australia, arguably, the worst-placed to rise to these challenges. This sector has been left out of the proposed federal 'Carbon Pollution Reduction Scheme' Green Paper until 2015 with the reason given - 'uncertainty in the carbon accounting area'. This denies the sector the immediate opportunity of innovation and resourcefulness to participate in this 'new market economy'. Water scarcity is paramount – the majority of farmers within the Murray Darling Basin are again without any significant water entitlements this year. There are widespread cases of suicide, depression and family breakdown in rural communities. Farmers are either selling up – farms are getting bigger and more intensively managed, corporations are moving in, turnover of properties is high – or living off overdrafts – the average debt of farmers in parts of the wheat sheep belt is over \$500,000. The picture is grim for the social rural landscape – a situation that does not bode well for the challenges ahead or the transition that needs to be made.

The State of the Rural Environment

Our relationship with and use of the rural environment must change to meet the reduced and increased variability of rainfall and increased temperatures that are already manifesting themselves with climate change. We urgently need to reverse the desertification of our landscape currently underway¹. The weather patterns of the last 10 years provide an insight into what the new playing field will be in southern Australia. The latest CSIRO report has what we now deem as drought conditions (once in 25 years) occurring every other year. The current way we manage our natural resources must change to create resilience in the rural landscape to meet these new conditions – and we need the farmers to remain in the landscape to do this management.

Farmers are mostly practical, proud, resourceful people. They generally don't like talking about emotions, financial matters, or family situations. They do like talking about their farm and they do have the desire, mentality, machinery and equipment,

¹ An example of this is the spread of desert loving birds (eg Galahs and Crested Pigeons) towards the coastline.

ingenuity and support networks to work productively in the rural community. That's why we need them to stay. What we need them to recognise however, is the different approach to 'farming' needed in the current climate.

Why Stewardship?

Stewardship used in this context has several levels. Firstly, it's the stewardship of the land – the active management of the rural environment's natural resources for the benefit of the wider public and future generations. It differs substantially from the notion of subsidises which is largely paying for the status-quo. Reforming the whole basis of farmer payments, including EC Relief Payments, EC Interest Rate Subsidies, Exit Assistance, Farm Management Deposits, Irrigation Management Grants and rate rebate schemes, to move towards financial assistance for large scale sustainable practices better reflects our changing climate and our changing relationship with the land. Such practices may be now occurring but on a scale smaller than what is required. They include destocking of marginal agricultural land and instead sustainably harvesting native herbivores and managing pest plant and animals, adapting to managing and enhancing native perennial grass swards within grazing systems – particularly native grasses in SE Australia² that can take advantage of variable and summer rainfall, increasing the quantity and quality of native vegetation through specific management actions (herbivore control, ecological thinning etc) that can both buffer the effects of extreme climate and provide refuges for flora and fauna species, and undertaking large-scale revegetation on the 'new dryland' – large tracts of land previously irrigated. All these actions have the potential to greatly increase the amount of carbon retained in both the soils and vegetation throughout rural Australia, whilst not greatly affecting our ability to produce food and fibre. The challenge with the effects of climate change on the rural environment is the challenge of bringing a more holistic "Australian" brand of natural resource management into the everyday life of the modern farmer.

Stewardship also exists at another level – in a more social sense. Social workers, welfare agencies, government employees have become stewards of farming families in regards to their health and wellbeing. They reach a wide range of people with the

² Sampling on native pasture-based paddocks in the Albury district regularly identified 15-17 species of native grass in one paddock.

hope of sustaining the social fabric that holds rural communities together. They service the day-to-day demands well; even the longer-term planning can be catered for. What this relationship is in desperate need of is the skills and advice to help the farmer meet the land use capabilities and change that will ultimately keep farming families on the farm. Unless we give farmers workable options in regards to what they do on their land and how they manage it, the cycle of reliance on social welfare and health related issues will continue.

Towards self-reliance

1. Combined Extension Skills

We need to work together to provide farmers with the appropriate mechanisms and information to meet the challenges of climate change – that is, by combining the skills that social workers have combined with the knowledge that Natural Resource Management Extension Officers bring. Farmers are at a forefront of a transition which has been likened to the wartime effort. During that time, everyone rallied together – this is what has to happen now. Social and natural resource management workers need to unite to assist farmers through this transition. Each field needs to understand each others tasks, responsibilities, and areas of expertise and collaborate on common objectives. Government needs to support this effort by translating farming subsidies to real stewardship payments for real public outcomes. Only when we change the current reactive style of assistance to one of vision and collaboration will we reach a socially and ecologically resilient rural landscape.

2. Create the not-for profit organisation ***Rural Stewardship Australia***

Rural Stewardship Australia (RSA) would become the leading extension service employing people with skills from both the NRM and social welfare sector to direct farmers through this transition. A not-for-profit organisation will have the ability to react rapidly (given the urgency of the issue) free from the strains of bureaucracy and seek co-investment through government, industry and philanthropic funding streams. The organisation would be based in the rural environment and employ rural people.

3. Funding for Stewardship and Creating Self-reliance

The benefits from interventions funded through government programs do not have to result solely in private gain (in fact, preferably they do not). There can be strong

public gains in terms of better land management principles and natural resource protection, while still creating self-reliance of farmers on farms. What is urgently needed is the combined skilled organisation of RSA to guide farmers through this transition otherwise we will continue to see the depletion of the natural resources in the rural environment beyond a point of no return. The current trend towards market-based incentives for delivery of incentive programs targets those activities that are above and beyond the 'duty of care'. The duty of care under global warming and the resulting changing climate is rising higher and higher, to the point where it is getting out of reach of many farmers. By combining current drought assistance payments such as the EC relief payments and the transitional income support scheme to support a more stewardship approach to land management gives the farmer a purpose to stay and gives the public some real outcomes from expenditure. Self-reliance is reached once the farmer has adopted a truly sustainable relationship with their land. Their duty of care has been achieved, as well as a productive, low-input, adaptive farming system is in place that better reflects the land and water capabilities.