

SUBMISSION TO THE DROUGHT POLICY REVIEW

**RESPONSE TO THE DRAFT REPORT OF THE
PRODUCTIVITY COMMISSION'S INQUIRY INTO
DROUGHT SUPPORT POLICY**

**HORTICULTURE AUSTRALIA COUNCIL
DECEMBER 2008**



Horticulture Australia Council (HAC) is the peak national industry body representing the Horticultural industries. HAC welcomes the opportunity to provide an additional submission to the Review, with specific responses to the Draft Inquiry Report.

Members of HAC are the national peak industry bodies (PIBs) for the Horticultural industries, and some State grower organisations. Horticulture Australia Council (HAC) represents over 97% of the Australian horticulture industry, and its Member organisations include:

- Apple & Pear Australia
- Agricultural Investment Managers Australia
- Avocados Australia
- Australian Banana Growers' Council
- Australia Custard Apple Growers
- Australian Dried Fruit Association
- Australian Mushroom Growers Association
- Australian Nut Industry Council
- Australian Passionfruit Industry Association
- Ausveg
- Cherry Growers of Australia
- Citrus Australia
- Fruitgrowers Victoria
- Growcom
- NSW Farmers' Association
- Northern Territory Horticulture Association
- Nursery and Garden Industry Australia
- Persimmon Industry Association
- Strawberries Australia
- Turf Producers Australia

Horticulture in Australia

Horticulture in Australia is intensive, generally irrigated, agriculture. Horticulture is a diverse industry, spread across the continent in a wide array of climates. Horticulture is the second-largest and fastest growing industry in agriculture; with some 30,000 businesses nationally, and a farm gate value of \$9 billion. Total horticultural exports in 2006/07 were \$763 million. As the most labour intensive of all agricultural industries, Horticulture employs around one-third of those employed in agriculture. The industry is the principal driver of many local communities and economies in rural and regional Australia.

Members of the Horticultural industries take seriously their responsibilities to operate within the constraints of environmental and climatic conditions; significant research and extension work has taken place within the industry over the past decade to ensure that Horticulture's Water Use Efficiency (WUE), for example, is world's best practice.

However, in the past few seasons, growers have been struggling - for the first time ever - with insufficient water to produce a crop. More critically, those with permanent plantings

(fruit and nuts) are struggling with issues of long-term viability as they strive to keep their orchards/vineyards/groves/plantations alive. HAC is pleased that the Productivity Commission has recognized this historical 'first' as the "irrigation drought".

The current situation for many in Horticulture during the current drought (particularly in, but not limited to, the deepening crisis in the lower MDB) has resulted in an unprecedented process of unplanned structural adjustment on a massive scale. Consequences of drought directly impact on growers, farming families, local businesses and regional communities. Unfortunately, there has not to date been a strategic or systemic response to the crisis from governments - particularly in regard to assisting non-viable growers to exit the industry, rewarding those growers who invest in long-term sustainability, or in building community resilience and social infrastructure.

With the risk of climate viability continuing to change and perhaps increase, there is a need for a more strategic approach to Government investment and intervention to satisfy the needs of the whole economy and community.

To generate a good policy outcome - i.e. that Government, businesses and the community are better prepared for future droughts/extreme weather events - HAC supports the proposed reform of many of the current programs. These reforms should be concurrent with the implementation of a new platform of programs and risk management tools, incentives and strategies; while promoting and rewarding a preparedness culture as the first line of defence against drought (and other extreme weather events). In the longer-term, growers are looking for support for those who have made the adjustments, taken the risks, and moved towards sustainability.

In the longer-term, HAC is looking for a move away from EC, towards a more strategic view of Drought/Disaster Preparedness and Drought/Disaster Relief, incorporating:

- ❖ **a basic welfare safety net must remain available to growers (just as for the wider community), in recognition that some climatic events and associated impacts are beyond even the best-prepared grower's ability to predict, prepare for, or manage;**
- ❖ **implementation of a new platform of programs and risk management tools, incentives and strategies;**
- ❖ **while promoting and rewarding a preparedness culture as the first line of defence against drought (and other extreme weather events);**
- ❖ **support for those who have made the adjustments, taken the risks, and moved towards sustainability.**

However, HAC is strongly of the view that, whatever changes are made to the Drought Support Policy settings, some transitional arrangements are a critical step.

Overall, HAC believes that future drought policy must be forward-thinking, incorporating preparedness, self-reliance and risk management approaches as the first line of defence against future drought/climatic events. With the risks around climate variability continuing to change and perhaps increase, a much more pro-active and strategic approach is required for government investment and intervention to satisfy the needs of industry, the community and the economy.

HAC is supportive of the work being undertaken by the Productivity Commission, and the direction the Draft Report is taking; however we are keen to further develop the discussion around several key issues, such as irrigation drought, broadening the strategic approach beyond a narrow focus on drought, and risk management strategies. This is essential to ensure the desired outcomes are achieved for the Government's/community's investment.

HAC supports Growcom's proposal that several additional recommendations would enhance the final report:

Recommendation 1

Establishment of a joint government/industry taskforce to investigate the development of an overarching food policy which incorporates a strategic long term approach to ensuring our food sector remains sustainable into the future.

Recommendation 2

Further investigation and response by both state and federal governments to issues relating to irrigation drought, including:

- Detailed regional information on climate, temperature and rainfall being made available and easily accessible to producers to enhance their ability to manage or respond to risks by knowing what to expect in the coming planting/harvest periods;
- Review of state and national water management arrangements with the review's recommendations implemented to ensure water markets and allocation processes are:
 - Providing timely and accurate information to growers that allow them to properly plan for available water supplies and manage the risk of low supplies.
 - Ensuring water market planning and processes work effectively, including water licensing and trading.
 - Allowing flexibility in growers' capacity to store, source and use alternative supplies (particularly recycled water, ground water or overland flow water).
- Enhancing the opportunities for industry-delivered programs that deliver on-farm improvements in water use efficiency practices and technology.

Recommendation 3

Undertake additional consultation and analysis to determine whether the proposed temporary income scheme would meet the needs of producers impacted upon by irrigation drought (and other impacts of extreme weather events). This needs to include ABARE or similar undertaking an analysis of assets levels to determine the appropriate asset cap that should be applied to a temporary income scheme for horticulture enterprises.

Recommendation 4

Establishment of funding programs and initiatives to identify, develop, implement and evaluate the specific risk management strategies, tools and supporting information that is required by each industry to enhance their self-reliance and preparedness in responding to or managing future climatic events such as drought. This should include:

- Significant investment in climate research programs.

- A specific funding stream that focuses on irrigation drought.
- On-farm programs that tailor solutions to individual requirements and circumstances.