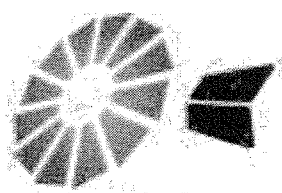


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**Victorian Farmers**  
Federation

INQUIRY INTO GOVERNMENT ROLE IN ASSISTING FARMERS  
ADAPTING TO CLIMATE CHANGE

MARCH 2009

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## THE VICTORIAN FARMERS FEDERATION

The Victorian Farmers Federation (VFF), Australia's largest state farmer organisation and the only recognised, consistent voice on issues affecting rural Victoria. The Victorian Farmer's Federation (VFF) welcomes the Department of Planning and Community Development's review into the current local law making system.

The VFF represents 17,000 farmer members across 15,000 farm enterprises. Victoria is home to 25 per cent of the nations' farms. They attract neither government export subsidies nor tariff support.

Despite farming on only three percent of Australia's available agricultural land, Victorian's produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our State's dairy, livestock, grains, horticulture, chicken meat, pigs and egg producers.

## INTRODUCTION

Climate change is expected to alter climatic conditions and expose agriculture and the land management sector to new and potentially unprecedented pressures. Some important points to note that frame VFFs views on adaptation are:

- Any acceleration in the frequency of extreme weather events will reduce the window of opportunity for rural communities to recover before the next event
- Agricultural production itself is very susceptible to increased adverse weather events
- There is a limit to the capacity of individual farmers to manage those increased risks
- Long-term planning is complicated by the extreme difficulty in predicting climate outcomes accurately. Rainfall predictions on a regional and seasonal basis are extremely broad, and their (in)accuracy does not enable detailed planning to address potential agricultural, human or environmental impacts.

The VFF believes that there are two main areas the agricultural sector will require assistance adapting to – changes in climate, but also Government policy in response to changes in climate (such as the proposed CPRS). This submission will discuss the role of government in assisting farm adaptation under those two broad headings.

The VFF also supports innovation and new technology/methodologies in climate change adaptation efforts.

## ADAPTING TO GOVERNMENT POLICY

### GOVERNMENT CPRS POLICY (ADAPTING TO A CARBON ECONOMY)

The VFF believes that agriculture should not be covered in the CPRS until such a scheme includes mechanisms that send correct signals to industry to reduce emissions, without being overwhelmed by compliance, reporting and measurement costs.

Even as an uncovered sector agriculture will face increases in production costs that will impact on competitiveness for Australian production in world markets. Great care must be taken in ensuring that the introduction of mitigation policy does not impact on the capacity of farmers to implement adaptation strategies.

The Government role in this area should be ensuring that agriculture is not included in the CPRS until empirical evidence is able to provide mechanisms to deal with the complexities of agriculture. This includes the difficult and imprecise ability to measure agriculture's net emissions, and importantly the impact this would have on Victorian

agriculture's competitiveness unless similar costs were imposed on producers in countries producing competing products.

The majority of agriculture's emissions are part of a natural carbon cycle and not a release of long sequestered carbon, and this should be acknowledged in the decision regarding agriculture's coverage.

Recognition of the unavoidable and cyclical nature of the bulk of agricultural emissions should be reflected in Government engagement of the sector. Considerable consultation between the Government and industry is required to deal with the complexities of agriculture in assessing the barriers to being a covered sector; establishing appropriate offsets to deal with the impact of farm competitiveness of the CPRS in 2010; and the renegotiation of the international accounting rules.

#### Carbon Accounting Requirements

Regardless of agriculture's inclusion (or exclusion) in the CPRS, there will presumably be carbon accounting requirements for farmers at some level. There may be alternate complementary policies designed to incentivise early action for farmers instead of inclusion into the CPRS. Under either scenario the Government has a role in ensuring members of the agriculture sector are educated, trained and provided with assistance in complying with carbon accounting requirements.

It is impossible to know at this point the extent of administrative burden within a new carbon economy enforced through government policy, but the government's role is to help the agricultural sector adapt to those administrative and transitional issues. There may also be some role for Government in assisting farmers with the administrative costs of measuring and reporting emissions.

## ADAPTING TO CLIMATIC CHANGES

Adaptation to climatic change is equally as important as efforts to mitigate change. While mitigation has an important role to play in halting dangerous climate change, it would be shortsighted to ignore that at least some adaptation will be inevitable. Regardless of the cause, Victoria has already experienced some change in climate. A study conducted by the Bureau of Meteorology (BoM) and the Commonwealth CSIRO in 2008 found that eastern and southwestern Australia has become dryer through reduced rainfall from 1950.<sup>1</sup>

The Victorian agriculture sector has evolved and adapted to previous variability by developing industries, and production systems within these industries, to cope with the Victorian climate. This responsible attitude has:

- Provided careful and caring stewardship of Victorian land, water, plant and animal resources
- Underpinned the economic base of rural Victoria

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<sup>1</sup> CPRS Green Paper, pages 4-5, from the Bureau of Meteorology and CSIRO.

- Provided a boost to Victoria's economy through strong growth in production efficiency, value adding and exports

Due to the predicted rate of climate change and the scale of impacts from this change, significant adaptation from the agricultural sector will be required. Farmers have a severely depleted capacity to manage this adaptation because of the recent years of drought, and so Government support in this matter is vital.

The VFF believes that in order for abatement policy to be most effective, it needs to be linked with other relevant policy areas, such as drought and water policy, and regional development.

### **Drought Policy**

Climate change policy will be strongly tied to drought policy and support measures. The VFF supports a model that focuses on preparedness and adaptation, in addition to emergency response and mitigation.

The VFF's position on drought preparedness has been articulated in the submission to the drought support review processes. In principle these views are a move to a broad-base preparedness system that

- Provides incentives to implement more resilient production system
- Facilitates the building of risk management knowledge and skills
- Encourages the adoption of risk management strategies
- Strengthen rural communities by diversifying the economic base
- Assisting where necessary structural adjustment to increase the sustainability of communities, industries and the agricultural sector.

This model of drought support focuses on assisting viable farms to manage the impacts of drought, while also allowing those farmers who are unable to continue to exit in an informed and supported manner.

### **Water Policy**

Climate change abatement policy should also deal with the predicted reduced water availability. Management of water resources is likely to be a critical issue for climate risk management. The current state of water infrastructure leads to significant losses of the total amount of water captured both for domestic and commercial use. The capacity to improve this infrastructure must be explored.

The VFF believes investment in infrastructure to minimize losses through seepage and evaporation; and in the development of efficient on farm irrigation productions systems including exploration of new crops as well as advanced irrigation techniques, is necessary to combat falling water resources. Investigation into building new dams to take advantage of changing rainfall patterns is may also be required.

### **Regional Development**

The impacts of predicted climate changes in rural and regional Victoria, such as more frequent drought and extreme weather events, will not be confined to the agricultural industry alone.

It is likely that existing problems such as depression and isolation will be exacerbated by the impacts of a changed climate, especially increased drought and disaster events such as floods and fire.

The resilience of rural communities has been worn down over the recent years of drought, and their capacity to adapt to further stress is greatly reduced. Greater emphasis on regional development and capacity building, in the form of adequate access to health and employment services, education and training, and social services could cushion the impacts of climate change.

The VFF believes that regional development and community capacity building are an integral part of climate change adaptation. The VFF also supports regional development as a general principle, regardless of extreme circumstances or events. Rural residents are entitled to have equal access to appropriate financial, health and social services as their urban counterparts.

## INCREASED FREQUENCY OF EXTREME WEATHER (DISASTER EVENTS)

Climate change is predicated to bring about an increased frequency and severity of disaster events that will affect the agriculture sector. Increased flood, fires and extreme winds can be expected to severely impact affected areas production level. Extreme weather events are much more difficult to adapt to through research and development.

Mechanisms and/or policy instruments that provide the support necessary to facilitate as fast a recovery as feasible after an extreme weather event will be important. As the frequency of events increase the obvious outcome is less time between events to recover and rebuild the viability of rural businesses.

### **Fire risk**

Farms, particularly those adjacent to State and National parks, will be at increased threat of fire damage in the absence of a concerted effort by land managers to mitigate these fire hazards. It is unreasonable to expect one sector of the community to face a greater risk simply because they live and operate adjacent to public land.

Programs that as much as practicably possible minimise the occurrences and severity of fire events will be of increasing priority for the community as the climate heats up and dries out.

The impact of fire events affects different agriculture industries in different ways. Some industries face a year-long recovery while others face many years before production is recovered. For example, the bushfires that recently ravaged Victoria swept through some blueberry and walnut plantations. The plants have been completely destroyed, and it will take up to 6 years to re-establish and produce a crop.

Support programs that recognise the unique nature of industries would help re-establish profitable and sustainable production regardless of industry type.

## **Preparing Infrastructure for a Disaster Event**

Reasonable response capacity for natural disasters such as storms, floods and fires requires placement of infrastructure near those areas where it will be needed. Factors to be considered include: changes in frequency and severity of such events; and possible or likely changes in population and settlement.

It may be that some areas will have fewer human and physical emergency resources, placing them at greater risk. The VFF recommends

- *Invest in programs that increase the capacity of local communities to prepare for emergency events.*
- *Invest in R&D to maximize the resilience of the built and natural environment.*
- *Invest in programs that allow for an increase in the scale, and rapidity of emergency service response.*

## **INCREASED VARIABILITY OF PRODUCTION LEVELS**

The impacts of climate change particularly through any increase in climate variability will pose significant challenges for agricultural systems on a regional and sectoral basis. To increase the resilience of agriculture on these levels a well supported and activated adjustment will bring positive benefits.

## **Research and Development**

Research and Development will continue to play an important role into adaptation. As well as dealing with reducing carbon emissions from farms, R&D should be focused on farming system responses required to deal with the effects of climate change and variability; accurate climate models and decision tools to allow effective forward planning for agricultural businesses and governments; and 'sustainable production' initiatives.

## **INCREASED VARIABILITY OF ON-FARM INCOME**

### **Farm Exits**

The VFF Policy Council has recognised the current situation facing increasing numbers of farm families may not be recoverable and a life outside of agriculture may be in the best interests of some.

The problems in dealing with this very sensitive issue make it difficult to effectively facilitate a farm family through this decision. While the financial situation will play a large part in the



discussion, deciding to sell what is not only the family business but in most cases also the family home and provides the sense of identity to many farmers is driven by many factors.

In general those exiting the industry will be in their 50's may never have had a different job, and may feel very insecure about future employment opportunities. In many cases they will not have a superannuation fund and the only reserves available to find a new home, a new career and possibly an approaching retirement, will be the equity remaining in their business.

The changes to the financial packages to the Commonwealth's FarmHelp program are welcome. However, additional support in identifying, communicating and assisting in the decision making and transition from farm to non farm life, will further aid this adjustment process.

- Identifying the families most at risk of business failure is sometimes difficult. The experience has shown that one reaction of some farmers to dire financial crisis is to withdraw from the community. The Outreach workers operating through Local Government have proven to be very effective at reaching families that otherwise have withdrawn from contact. The VFF would suggest an expansion of these positions.
- Those families that indicate they are willing to consider an exit from agriculture should be supported with a case worker approach. This approach has been effective in some circumstances and the VFF considers a one on one approach to assist farm families deal with the emotional as well as financial issues will be of great assistance.
- Employment post farm life will be an uncomfortable prospect for some. The age and perceived skill levels of farmers may lead them to believe they have no employable skills to offer. To assist this recognition of prior learning and skills should be provided in written form.
- A specified employment placement agency could be engaged to specialise in finding employment for exiting farmers. This will allow the agency to build up a high level of understanding of the skills farmers can provide, and conversely the types and areas of employment most attractive to farmers. There may also be a role for Government in providing training for farmers, such as in agri-service industries.
- Grants should be available to other viable farms to employ exiting farmers so these skills are not lost to agriculture and they are encouraged to remain in agriculture and in their community (similar to apprentice/drought force but not tied to drought mitigation works)