

18th October 2018

Department of Agriculture and Fisheries
Level 6, GPO Box 46
Brisbane Qld 4001

Property Rights Australia submission to: Drought Program Review

Property Rights Australia (PRA) is a not for profit organisation with members in all states but mostly in Queensland. PRA was formed primarily to protect a range of property rights, including rural property rights. It aims to promote fair treatment of landowners in their dealings with government, businesses and the community. Our philosophy is that if the community (or business) wants our resource for any other purpose such as environmental protection then the community must pay fair and unsterilised value for it.

Drought Preparedness

In preparing for this submission and asking for member's thoughts I was struck by the number of people who separately put forward the idea, which should be self-evident, that there is and has been for some time, a profit drought which impedes ability to prepare for drought.

Producers also feel confused by the exhortations on one hand to prepare for drought and then finding that legislation is preventing them from doing so in the most effective and efficient manner.

Present measures

Present measures should remain but this particular drought shows that a quick response to distance limitations is required. It is shameful that truckies and trucks donating time to carry hay to drought stricken producers are fined as a result of small differences in state law. This needs to be addressed early in a drought rather than the belated response that we saw.

Much has been written about the difficulty of the paperwork to access Farm Household Assistance. It needs to be much, much simpler.

The addition of support funding to have silt cleaned from dams during the drought, which is the only time when it can be done but when funds are in short supply would be beneficial.

Property Rights Australia is not in favour of requiring courses or accreditation being mandatory in order to access assistance. There are many reasons why people have difficulty in taking up particular accreditations.

Legislation

There is no doubt that present legislation falls short of encouraging drought preparedness and in some cases actively mitigates against it. This particularly applies to Vegetation Management and Water legislation.

There is usually lip service to the triple bottom line but in reality if environmental imperatives have been enunciated they invariably take precedence over economic and social factors including drought and drought preparedness.

There needs to be a hair trigger responsiveness and legislative mechanism to free up environmental water whether it is begged, borrowed or bought in the case of a drought or other emergency. (Not for State)

There needs to be a somewhat less pedantic attitude towards animals grazing national parks. There is little evidence that grazing in National Parks does any permanent damage and is more likely to be beneficial.

It has been impossible to source nutrition in some areas at any price even though farmers could have fodder available given water entitlement. This has led to animal feed being trucked huge distances and has shown the inflexibility of some governments where volunteer hay runners who are making nothing out of the deal have incurred heavy fines as a result of differences in regulation across state borders. Any truckies who have suffered this fate should be able to apply to have their fines negated and money returned if already paid.

All suggestions that help will be available for those who do not prepare and will cause people not to prepare is a ridiculous argument and should be banished from the conversation. Farmers and graziers always prepare to the extent that their bank account and time allows them but both factors are limiting after years of losses rather than profits.

Drought Committees

There needs to be a process of review for drought committees and Shires who are either tardy in declaring drought or lift a drought declaration too soon. They need to be agile and responsive and subject to review at the request of landowners.

Vegetation Management Act and Water Act inhibit Drought Preparedness

There are many legislative impediments to drought preparedness relating to both water and feed availability.

Governments have, and are, letting us down in this area with policies designed to achieve other agendas without account taken of knock-on effects to other aspects of farming.

Once drought conditions become apparent, all codes with respect to feeding of Mulga should be lifted. The ownership of Mulga country IS the drought preparedness of those who own that sort of country until unworkable interference by government. South West Queensland landowners have sustainably managed their Mulga to feed livestock for close to 200 years. When the locals tell us that the code is unworkable I think we should believe them but all representations in this area have been in vain.

That codes were tightened rather than lifted in the midst of a six to seven year drought with no thought given to the knock-on effects and the constant denial of problems shows how little regard and respect urban politicians have for rural inhabitants.

The number of species allowed to be pushed for drought feeding should be expanded so that other edible species can be used during a drought.

However, impediments to drought preparedness are far more wide ranging.

As an example, limits or proposed limits to capture of overland flows for water in dams, as is proposed in the Draft Water Plan for Far North Queensland all mitigate against drought preparedness and should be dropped. The suggestion of 97.5% environmental water in every catchment is unnecessary and mitigates against any expansion of industry or population in the target area. Such proposals should sound warning bells in every catchment.

Reductions to irrigation entitlement when resources companies in the same areas have unlimited ability to take and interfere with water is the height of government hypocrisy.

Apart from water any livestock producer's major resource is grass. Production of this resource has been limited over decades by successive tranches of legislation. This legislation has resulted in lower production, lower profitability, reduced ability to deal with encroachment while facing greater and greater penalties with those penalties reaching levels which are outside any concept of natural justice with no ability for many producers to pay the fines.

With many decades of science clearly demonstrating that the production of grass decreases exponentially at 20%-30% tree cover many producers have had production of one of their most important factors of production severely curtailed by vegetation laws which are being tightened, rendered impractical over time and pay lip service only to encroachment which has become a severe problem.

Drought preparedness requires not only skill but money and there is no doubt that there has been a money drought as well as a water drought which has undoubtedly been exacerbated by government green tape which has tied up production.

Any review of drought policy should include a systemic examination of laws which makes drought preparedness more difficult and arrangements made to lift or amend them. This will require self-examination on the part of governments who have been unduly influenced by environmental organisations in the blunt application of all environmental laws when in reality they require judgment, finesse and skill which has been notably absent.

Recent amendments to the Vegetation Management Act have expressly forbidden the clearing of vegetation for the purpose of growing fodder, among other things. There have been cases of farmers wanting to clear areas to plant fodder for hay but there is no efficient or certain mechanism to clear for such a purpose.

One landowner was told that he already had cleared country and to put his centre pivot on that rather than clear an area. Why would he waste valuable water and electricity on any country but his best for such an operation?

Others have just come up against the blanket prejudice against clearing and are unable to get a patch on their most fertile ground to an economic size to grow hay or fodder.

Long Term Research, Development and Extension

With the decimation of government advisors for agriculture, regeneration proposals such as those proposed by Major General the Hon. Michael Jeffery¹ have no natural means of extension. The implementation of these proposals would require a truly co-operative effort rather than the punitive and adversarial role of government in agriculture which has been a feature of the last two decades.

The hollowing out and abolition of the research and extension functions of the Department of Primary Industries means that modern drought mitigation measures are not being researched in all bioregions, and what is being made available is at a private level and out of the reach, in terms of time and money, of many producers.

I hesitate to mention aspects such as increasing Carbon in soils and available programs as governments and green groups are prone to jump on the bandwagon of such programs and make them mandatory for various purposes up to and including legislation and fines for non-compliance. This is unacceptable.

A Rural Development Bank?

Drought preparedness by farmers requires profitable years in order to be able to put aside funds in such instruments as Farm Management Deposits. It is an instrument that requires a good run of years without setbacks and spare cash. This is not always the case.

Other on-farm measures require capital outlays. Investment decisions require financial security.

The Banking Royal Commission highlighted that the live cattle ban to Indonesia, a very hasty government decision, has played a huge part in the sales, often forced, of properties in Northern Australia.

The live export ban was followed almost immediately by a drought and the lowest cattle prices on record adjusted for inflation, in 2013-14. This drop in cattle prices was Australia wide, with meat processors making record profits.

Producers cannot suffer successive hits such as this and still have the money and resilience to prepare for drought.

In 2016, there was a discussion as part of the Queensland government's Rural Debt and Drought Taskforce, about creating a Rural and Industries Development Bank to provide tailor-made loans to farmers as part of a drought review. The recommendation to set up such a body was rejected by the state government.

The Senate Standing Committee on Economics had also recommended against a similar proposal in the form of the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013, which attracted 145 submissions, as there was no perceived need for it.² Australia is the only developed country not to have a development bank.

Philosophy behind the proposal was to create a market for stressed agricultural loans.

¹http://www.soilsforlife.org.au/about/Policy_Paper_Soils_for_life_December_2017.pdf

²https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Economics/RBA_Amendment_2013/Report

In the wake of the Hayne Banking Royal Commission, the suggestion has again surfaced. It has become obvious that the commercial banking sector does not understand the non-regular cycles that agriculture is subjected to and its inability to fit within regular banking cycles.³

Governments have a lot to answer for with legislation and policies which rain body blows on the ability of agriculture to respond to the known unknowns of an agricultural enterprise. This includes policy omissions as well as policy initiatives.

As one example, Australia has, until very recently had very weak competition laws which were incapable of protecting agriculture. The jury is still out on whether a strengthening of laws and the creation of a dedicated agriculture commissioner will make a significant difference.

Communities and non-agricultural businesses

It has at last been recognised that in a drought that non-agricultural businesses and their communities in rural and regional areas also suffer.

Charities working in the area have recognised this and now, where possible, distribute vouchers to be spent locally in lieu of goods. Government needs to build on this.

Governments need to consider what can be done to support local business when their clients are financially constrained.

Charity Fodder

It is unknown how strictly Livestock Production Assurance (LPA) will be audited and the likely consequences. It is without doubt that the uncertified fodder which has been transported across the country as drought aid would not fit within the biosecurity plans of most producers. I suspect that at the moment there will be some leniency but it cannot be guaranteed that will always be the case.

If this is to be a long term, all-encompassing policy review, LPA should be approached to come up with a drought protocol if it has not already done so.

Yours sincerely

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³ <https://www.afr.com/business/banking-and-finance/financial-services/banking-royal-commission-calls-for-hayne-to-consider-rural-development-bank-20180702-h124wf>