The New Australian Government’s Primary Industries Policies: Some Implications and Opportunities

Glenn Ronan
Principal Strategy Consultant

and

Carina Cartwright
Strategy Consultant
Corporate Strategy and Policy

Contributed Paper for AARES 2008
52nd Annual Conference of the Australian Agricultural and Resource Economics Society
Rydges Lakeside Hotel, Canberra, ACT, Australia, 5-8 February 2008
## Contents

Summary/Conclusions ...............................................................................................4

Introduction .............................................................................................................7

1. **Primary Industries**

**Plans**

Plan 1:  Australia’s Farming Future.................................................................8
Plan 2:  New Directions for Wheat Marketing.....................................................8
Plan 3:  Reef Rescue Plan.......................................................................................8

**Programs**

Program 1:  Climate change adaptation partnerships program......................8
Program 2:  Climate change and productivity research program....................9
Program 3:  Climate change adjustment program...........................................9

**Policies**

1.1 National Agriculture and Climate Change Adaptation Action Plan........9
1.2 Garnaut Climate Change Review ...............................................................10
1.3 Support for the evolution of Exceptional Circumstances.......................12
1.4 Strengthening the quarantine system......................................................12
1.5 Wheat export marketing............................................................................13
1.6 Grain transport infrastructure...............................................................15
1.7 Helping farmers to protect the Great Barrier Reef...............................16
1.8 Strengthening rural economic policy settings.......................................18
1.9 Strengthening rural research and development..................................19
1.10 National weeds and productivity research program...........................20
1.11 Supporting Australian food producers..................................................21
1.12 Promoting Australian produce............................................................22
1.13 Organic foods.........................................................................................23
1.14 Food labelling.........................................................................................23
1.15 Genetically modified crops....................................................................24
1.16 Fair prices for farmers...........................................................................24
1.17 Non-forestry managed investment schemes.......................................25
1.18 National Rural Women’s Network.........................................................26

2. **Resources Sector**

**Policies**

2.1 Addressing the shortage of skilled labour .............................................27
2.2 Building better infrastructure...............................................................28
2.3 Building strong and sustainable mining communities.......................28
2.4 Ensuring the future of the coal industry...............................................29
2.5 Ensuring domestic gas supplies............................................................30
2.6 Ensuring a secure supply of liquid fuels..............................................31
2.7 Increasing resources exploration..........................................................31
3. Seafood Sector

Policies

3.1 Climate Change and Fisheries Action Plan ........................................... 38
3.2 Recreational Fishing Industry Development Strategy ............................ 39
3.3 Commonwealth fisheries management ............................................. 39
3.4 Seafood marketing and promotion .................................................... 40
3.5 Improving productivity and encouraging innovation .......................... 40
3.6 Seafood safety standards ................................................................. 41
3.7 National Aquaculture Committee ..................................................... 41

References ......................................................................................... 43

Attachments

1. Labor’s Plan for Primary Industries ...................................................... 43
2. Labor’s Plan for a Stronger Resources Sector ....................................... 43
3. Labor’s Plan for Sustainable Fisheries .............................................. 43
4. The New Challenge for Australian Agriculture:
   How do you muster a paddock of carbon?
   Foreword, Australian Farm Institute, June, 2007 ............................... 44
5. Climate Change: Impacts on Australian Agriculture,
   ABARE, December, 2007 .................................................................. 45
6. National Farmers’ Federation Comment re
   ABARE Climate Change Report, 7 December, 2007 ......................... 46
7. Prime Minister Rudd’s Speech, UN Climate Change Convention,
   Bali, Indonesia, 12 December, 2007 .................................................. 48

Acknowledgements

The authors duly acknowledge helpful comments on a previous draft by Philip Taylor,
Rob Esvelt and Ian Black.
Summary/Conclusions

1. After more than a decade in opposition, the win by the Australian Labor Party (ALP) at the 2007 federal election focuses attention on their pre-election policies. The paper summarises policies for primary industries, including the resources and seafood sectors; indicates program and policy funding where it is clearly indicated in the policy papers, and commences an interpretation of the implications and opportunities that may develop as the new government proceeds to engage with stakeholders and implement its policies.

2. A major shift in the context for all primary industries policies to ‘climate change’, irrespective of whether the component policies appear to be little changed is articulated in the policy papers. The detail of climate change policy awaits the Climate Change Review by Professor Ross Garnaut in mid-2008. The immediate implications and opportunities for all specific policies is that they need to be viewed through the new and overarching lens of ‘adapting to climate change’.

3. Within primary industries (see attachment 1) there are three major initiatives:

   - Australia’s Farming Future program, promised $130 million;
   - Wheat export marketing reform, and
   - Great Barrier Reef Rescue Plan, promised $200 million.

4. Three broad programs are identified with the Farming Future plan:

   - Climate change and adaptation partnerships, promised $60 million over three years;
   - Climate change and productivity research, promised $15 million to Research and Development Corporations, and
   - Climate change adjustment, promised $55 million over four years.

The ‘adaptation’ program includes partnerships with industry for climate change workshops, replacing the Farmbis program. The ‘productivity’ program requires an extension of productivity measurement and monitoring to all primary industries and regions. The adjustment program evolves ‘exceptional circumstances’ and promises to add $10 million to rural financial counselling.

Within these programs there are eighteen (18) specific policies, with several being promised specific funding:

   - $200 million for National Great Barrier Reef Rescue Plan;
   - $35 million for regional food producers innovation and productivity, with $10 million earmarked for seafood;
• $15 million extra to the national weed research effort, with $300,000 promised for fireweed;
• $5.4 million to fruit fly eradication program;
• $5 million for Promoting Australian Produce, and
• $3 million each to NSW and WA for grain transport infrastructure.

Other policies without specific funding include:

• strengthening existing quarantine;
• strengthening existing research and development;
• strengthening existing food labelling;
• supporting the existing national framework for management and regulation of gene technology;
• strengthening ACCC (Australian Competition and Consumer Commission) powers in the area of fair pricing to farmers and consumers;
• conducting a National Grocery Pricing Inquiry, including a review of the Horticulture Code of Conduct;
• conducting a cost-benefit analysis of MIS (Managed Investment Schemes), and
• implementing a National Rural Women’s Network.

5. The ALP Resources Sector policy document (see attachment 2) detailed fourteen policies, with five promised specific funding:

• $500 million to the National Clean Coal Fund for research;
• $500 million to ‘green car’ research for secure liquid fuels;
• $100 million plus to mining community infrastructure;
• $50 million to geothermals exploration, and
• $15 million to biofuels research.

Other policies without specific funding included:

• skilled labour development;
• mining sector infrastructure (separate from community infrastructure above);
• increasing exploration;
• gas corridor from WA to the eastern states;
• uranium mining;
• emissions trading;
• adapting to climate change;
• cutting red tape, and
• harmonising state Occupational Health and Safety policies.

Significantly, the emissions trading and climate change policies emphasise that their implementation is not to compromise the international competitiveness of Australian industry. This is a challenging position as farm policy research is reporting that it will not be possible to introduce a carbon emissions trading scheme without increasing farm input costs and reducing international competitiveness.
6. The ALP seafood sector policy document (see attachment 3) detailed seven policies, including five with specific funding:

- $10 million in a new Seafood Industry Productivity and Innovation Program;
- $7.5 million in a Torres Strait Commercial Line Fishery Reallocation initiative;
- $5 million in a new Promoting Australian Produce initiative;
- $4.3 million in an expanded Fisheries Research Program, and
- $2 million to develop a new Recreational Fishing Industry Development Strategy.

Other seafood policies without specific funding include:

- conducting a review of the Food Standards Code with respect to seafood imports;
- increasing food safety standards of imported seafood, and
- continuing to work closely with the National Aquaculture Committee.

7. The seismic shift in the new Australian Government’s climate change policy conveyed in the new federal government’s primary industries policies, with their strong reference to the imminent Garnaut Report, is reminiscent of other influential rural policy papers. The 1974 ‘Green Paper’ on Rural Policy in Australia by Stuart Harris and others (Harris et al; 1974), and the 1997 Managing Change mid term report on the Rural Adjustment Scheme by Jim McColl and others (McColl et al; 1997) are stand-outs, with the 2008 Garnaut Report in prospect of scaling similar height in terms of its policy significance for primary industries.
Introduction

AARES 2002 conference in Canberra included a plenary session, where Dr Ross Kingwell, Dr John Mullen and Glenn Ronan presented perspectives on An Agenda for Farm Management in the 21st Century. Mullen (Mullen, 2002) identified farm productivity continuing to be the major farm management agenda:

A key element of an agenda for farm management in the 21st Century should be productivity on farms. The gains from productivity since 1953 have been enough to offset declines in the real price of farm outputs at least in the broadacre sector. Productivity gains will remain important to the sector in this century. For public institutions, the focus of research and extension activities will continue to switch to the management of natural resources. Farmers and policy makers will need to know the on-farm impacts of technologies and policies that will affect resource stocks over many years. A challenge to farm management professionals will be how to present this information, derived from sophisticated modelling, to farmers and policy makers. My guess is that Malcolm's ‘few figurings’ of a ‘few futures’ is the way to go.

Kingwell (Kingwell, 2002) saw the need for assistance to the farm sector to better demonstrate public benefit:

The wealth of farm businesses will become a disincentive to governments for many forms of direct assistance to farmers in the future. Increasingly governments will look to wider public benefits from the allocation of taxpayer dollars to the farm sector. A challenge for farm managers will be to develop self-reliant risk management strategies rather than hoping for access to government assistance. Increasingly, agricultural industries and regions will need to demonstrate how the government funds they receive are generating worthwhile public benefits.

Kingwell also identified the linkage of farm and environmental management as an important research agenda and the impossibility of foreseeing all future agenda:

Towards 2025 farm management research will investigate topics currently emerging such as marrying farm and environmental management and incentive systems, or the role of biotechnology in designing new farming systems; and no doubt there will be topics about which none of us here has an inkling!

Ronan (Ronan, 2002) saw Australian farm management agenda broadening and deepening, driven by global market chains and government policies reflecting triple-bottom-line thinking:

Public and private priority on the environment has reached new highs with elements of conflict and convergence of interest both in play. A complex mix of farm family determinism, market forces, government policies, international trade rules and distortions, community environmental values and social dynamics will drive farm management agenda into the twenty-first century.

These perspectives on Australia’s farm management agenda in 2002 all appear to have presence in the 2007 policy-set of the Australian Labor Party’s pre-election primary industries policies; a policy-set which are now the policies of the new Australian Government.

The purpose of this paper is to:

- summarise the primary industries policy commitments made by the Australian Labor Party (ALP) ahead of its election to Federal Government on 24 November 2007 (see linked attachments 1, 2 and 3), and
• identify some of the implications and opportunities which may stem from these policies.

1. Primary Industries

Plans

Prior to the election the ALP announced three major new policy initiatives for the agriculture sector:

Plan 1: Australia’s Farming Future - a $130 million plan aimed directly at preparing our primary industries for a different future due to the impact of climate change.

Plan 2: New Directions for Wheat Marketing - a plan to retain single desk export regulation, but also increase choice for growers by allowing a number of selling options through the introduction of an export accreditation scheme.

Plan 3: Reef Rescue Plan - a $200 million strategy to tackle climate change and improve water quality on the Great Barrier Reef by assisting farmers to improve farm productivity through adoption of practical, on-farm measures to retain nutrients and sediments on-farm.

Australia’s Farming Future Program – Climate Change and Farming Programs

Program 1: Climate change adaptation partnerships program

Stated policy

The Climate Change Adaptation Partnerships Program will assist our primary producers to capitalise on the opportunities arising from tackling climate change by investing in climate change partnerships with national, state and commodity farming organisations to:

- Improve awareness and understanding of the impact of climate change on agriculture.
- Develop better climate modelling at a local and regional level, and increase farmers’ use of climate data.
- Link existing policy programs with climate change objectives.
- Build the capacity of primary producers to adapt to climate change, through climate change workshops and training programs.
- Improve delivery of on-farm climate change adaptation strategies, through increased investment in property planning tools such as property management plans, best management practices and environmental management systems.

Indicated funding

$60 million over four years
Potential implications and opportunities

The policy promises new partnership opportunities directly with farming organisations for informing and adapting to climate change. Opportunity presents for climate modelling at local and regional conditions.

Program 2: Climate change and productivity research program

Stated policy

The Climate Change and Productivity Research Program will assist farmers to respond to climate change. Funds under this program will be allocated to existing primary industry research and development corporations (RDCs) to facilitate the development and implementation of a Climate Change and Productivity Research Program for each major agricultural sector. Unlike other RDC funding, these funds will not require matching contributions from industry.

Indicated funding

$15 million over four years to existing RDC’s.

Potential implications and opportunities

Developing climate change and productivity research programs for each sector will require an active engagement process with industries.

Program 3: Climate change adjustment program

Stated policy

The Climate Change Adjustment Program will assist primary producers by providing financial assistance to obtain professional advice, training and re-establishment grants, and will include a $10 million funding boost for the Rural Financial Counselling Service.

Indicated funding

$55 million over four years

Potential implications and opportunities

The policy confirms support for prevailing farmer adjustment program, with a funding boost to Rural Financial Counselling Services.

Policies

1.1 National Agriculture and Climate Change Adaptation Action Plan

Stated policy

A Rudd Labor Government will fast track the development of a National Agriculture and Climate Change Adaptation Action (NAACCAA) Plan. This plan will include:
• Supporting climate change research to better understand the implications for agriculture.
• Integrating adaptation responses into agricultural policies and natural resource management programs to respond to climate risks and pressures – for example to understand the impacts of temperature changes on plant and animal health.
• Building resilience into existing agricultural management systems to better identify and manage the impacts of climate change.
• Managing the impact of climate change on native and invasive species and disease incursions in agricultural and natural resource systems.
• Taking advantage of market opportunities that may arise from climate change – including developing new tools, products and services for the domestic market and for export into growing international markets.

Indicated funding

None specified.

Potential implications and opportunities

The NAACCAA plan is aligned with program 1 above. Adapting to climate change will be a very high policy priority in research resource allocation and market development for Australian agri-food and related NRM and production services. Opportunities will present for SARDI and Rural Solutions South Australia (RSSA).

1.2 Garnaut Climate Change Review

Stated policy

The Garnaut Climate Change Review – covering similar ground to the United Kingdom's Stern Review, but with a focus on Australia – will examine the impact of climate change on Australian jobs and the economy, and recommend medium to long term policies to achieve sustainable prosperity in the context of climate change.

In August 2007, Professor Garnaut hosted the first of a series of public forums. The inaugural forum was dedicated to examining how different agriculture sectors will be affected by climate change, including:

• How management of soil, fertilisers or livestock can help to tackle climate change.
• Whether agriculture and forestry can be part of a national emissions trading scheme.

Many of Australia's primary industry leaders participated in the forum and will continue to contribute to the work of the review. Professor Garnaut's draft report is due to be distributed for comment by 30 June 2008, with a final report to be published by 30 September 2008.

Prime Minister Rudd has accorded Professor Garnaut a lead role in appreciating the economic impacts of climate change and assessing national policy options. An example of Garnaut's perspective on the global climate challenge is provided in The Australian, 30/11/07:
• Australia’s response to the challenge of climate change would shape the prospects for security and prosperity through the 21st century.
• Permits to emit greenhouse gases should be auctioned off rather than handed out for free.
• The acceleration of global economic growth would be an unambiguously good thing if it were not for the inconvenient truth, that the scaling up of the patterns of life in developing countries to the populous parts of the developed world is not sustainable without major changes in the relationship between economic activity and the environment.
• The inconvenient truth has its origins in the dependence of established patterns of modern economic growth on the utilisation of fossil fuels, especially in the energy and transport sectors

Indicated funding

No reference to funding.

Potential implications and opportunities

The Garnaut review will follow the economic impact analysis by Sir Nicholas Stern, author of the Stern Report, about climate impacts in the United Kingdom.¹ Garnaut’s review will be an important national report for policy changes, including emissions policy, and funding priorities.

Keogh (2007) contends that an emissions trading scheme will impact farm costs and international competitiveness (see attachment 4):

> While the exact design of an emissions trading scheme is yet to be developed, sufficient information is known to be able to predict, with some certainty, that farm input prices will increase, particularly fuel and electricity, and a wide range of other energy-price sensitive inputs will also increase in price, including chemicals, freight and contracting costs. The result will be a reduction in the international competitiveness of Australian farming.

ABARE modelling also indicates significant adverse medium and long term production and trade impacts on agriculture (see attachment 5):

> ……………Australian production of these commodities (wheat, beef, dairy and sugar) could decline by an estimated 9–10 per cent by 2030 and 13–19 per cent by 2050, relative to the reference case.

• These changes would also have significant implications for international agricultural trade. For example, Australian agricultural exports of key commodities are projected to decline by 11–63 per cent by 2030 and by 15–79 per cent by 2050, relative to the reference case.

• Australia is projected to be one of the most adversely affected regions from future changes in climate in terms of reductions in agricultural production and exports.

National Farmers’ Federation (NFF) take issue with the outlook and emphasise the adaptive capacity of farming businesses (see attachment 6).

The Garnaut review is likely to focus additional attention on sustainable farming systems and the order of adaptation that may challenge Australia’s cropping and irrigation industries in the long-term. Economists and others need to actively engage in Garnaut’s economic research and reporting process.\(^2\)

1.3 Support for the evolution of Exceptional Circumstances

Stated policy

Labor remains strongly committed to the objective of Exceptional Circumstances (EC) to prevent undesirable levels of industry exit from a region or industry by viable producers during rare and prolonged events that fall outside normal risk management.

However, Labor believes that EC arrangements should not be used to artificially support producers who are not viable over the longer term, and that EC policy should not reduce the need for responsible risk management by agriculture producers.

Labor believes it is important for governments to increase the number of drought ready farming businesses so that farms are more prepared for years with reduced rainfall in the context of climate change.

A Rudd Labor Government will continue the evolution of EC policy, and will work with the farm sector, including the National Farmers Federation, to examine the links between the objectives of drought support and natural resource management policy more broadly.

Intended funding

None specified.

Potential implications and opportunities

The policy hints at significant reform of EC. This may lead to ensuring that drought policy does not impede market driven evolution of farm businesses in mainstream agriculture that remains commercially oriented.

1.4 Strengthening the quarantine system

Stated policy

A Rudd Labor Government will undertake a major, independent review of the current quarantine arrangements. The review will cover the functions of both Biosecurity Australia and the Australian Quarantine and Inspection Service (AQIS).

The review panel will be asked to provide advice on the:

- Scope and adequacy of the current animal and plant policy framework.

---

\(^2\) [www.garnautreview.org.au](http://www.garnautreview.org.au)
• Capacity of existing quarantine programs to deliver an appropriate level of protection.
• Effectiveness of border control arrangements, including both import and export inspection and certification systems.
• Adequacy of consultative and review processes within Biosecurity Australia and AQIS.
• Effectiveness of the Import Risk Analysis process and capacity of Biosecurity Australia to deliver assessments in a timely and professional manner consistent with international obligations for risk assessment and management.
• Effectiveness of Australia’s quarantine research and preparedness capability.

If presented with evidence showing an unacceptable risk of establishment of exotic disease, a Rudd Labor Government will not approve any partially complete Import Risk Analyses.

A Rudd Labor Government will also invest $5.4 million to work with the horticulture sector to develop and implement a National Fruit Fly Strategy, increase diagnostic capability and commence planning to increase capacity for on-farm biosecurity plans. A Rudd Labor Government will:

• Maintain current national emergency animal disease preparedness and surveillance activities to enhance Australia’s preparedness for exotic animal diseases.
• Continue support for the Australian Animal Health Laboratory.
• Continue support for the eradication of citrus canker and red imported fire ant.

Intended funding

$5.4 million nationally to a fruit fly strategy, increased diagnostic capacity and on-farm biosecurity plans.

Potential implications and opportunities

All states and industries need to prepare to engage in the national review of quarantine. The national fruit fly strategy is likely to extend the fruit fly free areas of Australia. This may reduce program costs in some states and regions. However, if successful, it is also likely to reduce the competitive advantage of fruit-fly free fruit production in states such as South Australia.

1.5 Wheat export marketing

Stated policy

A Rudd Labor Government will introduce major new reforms to wheat export marketing. Labor proposes a new model for exporting wheat which retains a single desk for the control of wheat exports and at the same time increases choice for growers by allowing a number of selling options.

Rather than forcing growers to sell their export wheat through a monopoly exporter as is currently the case, under Labor’s plan there will be a single desk with multiple accredited exporters. Labor’s plan will improve returns to growers by introducing contestability to export marketing services and allowing competitive pressures to apply in the export supply chain for the first time in Australian history.
The single desk will be managed by a new export regulator, Wheat Exports Australia, replacing the Export Wheat Commission and providing it with additional powers to ensure sound governance of accredited exporters of Australian wheat.

Under Labor’s plan:

- Wheat Exports Australia will manage the single desk for bulk wheat exports.
- A new export accreditation scheme will be developed and administered by Wheat Exports Australia.
- Wheat Exports Australia will control bulk wheat exports by accrediting exporters.
- Growers will be able to directly participate in bulk exports through accredited Grower Cooperatives and/or Alliances.
- AWB International’s veto power will not be reinstated.
- The ‘general exemption’ from control of the Export Wheat Commission currently held by AWB International will also be removed.
- The implementation of the new wheat export marketing system and the transition of industry development functions will be informed by expert industry advice provided directly to the Minister.
- These arrangements will be independently evaluated by 2010.

Labor’s wheat export marketing policy reform is based on sound economic principles, not political compromise. The major benefits of Labor’s new direction include:

- Greater contestability.
- Greater selling options.
- Reduced risk compared with a single buyer (eg. AWB’s loss of the Iraq market).
- Additional transparency of price and cost information for growers.
- More cost-efficient marketing services.
- Long term transition of industry development functions to industry control.
- Opening up of new markets for the sale of Australian wheat.

Intended funding

No reference to funding.

Potential implications and opportunities

In 2006, Melbourne University Business School's Professor Paul Kerin commented as follows on the costs of the single export desk for wheat:

A free export market for wheat would benefit growers. Many reports have highlighted the substantial benefits to be gained by eliminating or restructuring the single desk. Accenture estimated annual supply chain savings of at least $150 million; ACIL-Tasman, savings of $11.70 a tonne in WA; Allen Consulting, $56 million to $223 million; the Centre for International Economics, $120 million to $360 million; and Kronos, at least $9.33 a tonne. ³

³ Kerin, P. AWB’s cosy deal cuts returns to growers – desk has run its course. http://www.agrifood.info/connections/2006/Kerin.html
In September 2007 Professor Kerin commented on the tortuous reform process within industry and government:

> While the single desk is a silly concept, if we are going to have one we should have the best we can. A desk constructed from first principles wouldn't look anything like the model outlined by WEMA (Wheat Export Marketing Alliance) Chairman Graham Blight. That Frankenstein is the product of constraints imposed through AWB's intransigence, our Government's ineptitude and WEMA's inability to raise funds. 4

In his final pre-election comment, Kerin referred to internationally published work by Melbourne University researchers, calculating the cost of Australia’s current wheat marketing arrangements at around $252 million annually. 5

ALP policy has adopted this pragmatism, retaining a single wheat export desk, but retaining it under a new regulator with greater contestability and more selling options. The system is to be managed by a new export regulator, Wheat Exports Australia. Implementation is to be based on industry advice to the Minister, with the system to be reviewed by 2010.

Single desk arrangements have significant opportunity costs, as Professor Kerin has noted. They generate a cross-subsidy from large growers to small since they curtail adoption of innovative marketing by bigger, sophisticated growers (in groups) in favour of reduced marketing costs for small growers. The new Federal Government’s policy is a step forward in promising implementation of some important market-based principles. Expected benefits of implementation include facilitation of local industry structural adjustment with associated lifts in international competitiveness.

1.6 Grain transport infrastructure

**Stated Policy**

A Rudd Labor Government will invest $3 million each in New South Wales and in Western Australia to set up a high-powered taskforce of growers, handlers, the National Farmers Federation, the Australian Rail Track Corporation and the WestNet Rail and the State Governments to get grain exports back on track in those states.

The taskforces will develop a solution involving public and private sector investment and open and fair access arrangements. Labor will then invest in the solutions developed by the taskforce as part of the AusLink 2 national transport funding package from 2009 to 2014. Labor’s taskforce would look particularly at the Eyre Peninsula model, which has been successfully funded by the South Australian government, private owners and a grower levy.

Labor is also committed to the $15 million Inland Rail Study and completing the upgrade of the north-south rail link between Melbourne, Sydney and Brisbane – Australia’s first ever national rail highway. In Western Australia, a Federal Labor Government will also partner with the private sector and the Western Australian State

---


Government to deliver a $180 million upgrade to road and rail networks in Esperance and improve access to the port for crucial export industries.

A Rudd Government will invest in the solutions developed by the taskforce as part of the AusLink 2 national transport funding package from 2009 to 2014.

Intended funding

- $3 million each in rail studies in NSW and WA
- $15 million inland rail study

Potential implications and opportunities

Taskforces for grain exports on the rail system are directed to examine the SA rail system on Eyre Peninsula. While flattering, there is no indication of any benefit to South Australia. It is possible that the studies will result in increased competition for South Australia’s ports and the north-south rail link.

1.7 Helping farmers to protect the Great Barrier Reef

Stated Policy

The Rudd Labor Government will invest $200 million from the Natural Heritage Trust to assist farmers to implement new leading edge farming practices which boost productivity and reduce input costs whilst improving water quality flowing into the Great Barrier Reef. Labor’s Reef Rescue Plan covers the whole reef catchment area and will be the largest ever single financial contribution to help secure the long term future of the Great Barrier Reef.

Labor’s $200 million Reef Rescue Plan is fully funded and includes:

- $146 million for a Great Barrier Reef Water Quality Grants Program which will provide matching grants to landowners and managers in reef catchments for land management practices which improve farm productivity and reduce loss of nutrients and sediments. The grants program will be delivered in partnership with peak industry groups and existing regional Natural Resource Management groups.

- $12 million for a Healthy Reef Partnerships Program to boost partnerships between a Rudd Labor Government and the state agencies, peak industry organisations and non-government organisations which support landowners with increased local expertise and extension staff. The partnerships program will build on existing programs in rural industry bodies and non-government organisations.

- $10 million for a Great Barrier Reef Water Quality Research and Development Program, a competitive research funding program aimed at improving understanding of the link between land management practices and environmental impacts and will lead to the development and application of new water-quality monitoring techniques for nutrient, chemical and sediments.

- $22 million for a Water Quality Monitoring and Reporting Program to expand existing monitoring and reporting of water quality in the Great Barrier Reef and
provide additional funding for further development and implementation of a coordinated catchment-wide water quality monitoring program. This will include monitoring and reporting of land use, land condition and uptake of best management practices, and the publication of a Great Barrier Reef Water Quality and Land Condition Report Card.

- $10 million for Land and Sea Country Indigenous Partnerships Program including at least $5 million for the employment of Sea Country Officers in Indigenous communities and provides additional funding for the Great Barrier Reef Marine Park Authority to strengthen partnerships with Indigenous communities.

**Intended funding**

- $200 million Reef Rescue Plan comprising:
  
  o $146 million for a Great Barrier Reef Water Quality Grants Program;
  o $22 million for a Water Quality Monitoring and Reporting Program;
  o $12 million for a Healthy Reef Partnerships Program;
  o $10 million for a Great Barrier Reef Water Quality Research and Development Program, and
  o $10 million for Land and Sea Country Indigenous Partnerships Program.

**Potential implications and opportunities**

This policy direction is indicative of the environment context for primary industries policies, where these policies address the negative externalities of agriculture on the Reef. Understanding the vulnerability of such a large and intricate system to climate change is a challenge. The International Panel on Climate Change has identified the Reef as being significantly threatened by rising water temperatures\(^6\). They summarise the changes in the climate that will directly impact the Great Barrier Reef as:

- Increased water temperature
- Increased sea level
- Increased severity of storms and cyclones
- Ocean acidification
- Changed rainfall and runoff
- Changes to the El Niño Southern Oscillation.

The Reef is also under threat from the additional pressures from agricultural run off as identified by the World Wildlife Foundation-Australia\(^7\).

The Great Barrier Reef Marine Park Authority realises that understanding the vulnerability of such a large and intricate system to climate change is a challenge, and has already been co-ordinating preparation of a book “GBR Ecological Vulnerability Assessment” which will consider climate change impacts on all aspects of the GBR.

---


Threats to the Reef are stated by Australian Institute of Marine Science:

*The enhanced greenhouse effect (through bleaching and ocean chemistry changes) is likely to alter the community structure of reefs, including the world’s best-managed reefs of Australia. The impacts of bleaching on coral reefs are expected to affect large numbers of other reef organisms, given that coral provides the habitat and food for tens of thousands of other organisms. There is a clear scientific consensus that reducing and reversing local human pressures on coral reefs has to be accompanied by drastic reductions in greenhouse gas emissions to limit the amount of global warming if coral reefs are to survive.*

Even with rapid global implementation of strategies to stabilize and reduce greenhouse gas concentrations, we are committed to significant rapid climate change and possibly accelerated sea level rise. The urgent scientific challenge is to understand how these rapid environmental changes will affect tropical marine ecosystems such as the Reef, and how reef communities will respond and/or adapt to the changing physical environment.

Current understanding suggests that the Reef will not disappear but its appearance and community structure will change from the coral-dominated reef that we know today. If temperatures rise to a level that is unsustainable for corals, the limestone base structure of the reef will persist. Under a worst-case scenario, however, the ecological goods and services provided by the Reef (including commercial values associated with tourism and fisheries) will dramatically alter as coral communities dwindle and reefs shift from being dominated by corals to reefs dominated by algae and filter feeders.

1.8 Strengthening rural economic policy settings

Stated Policy

*A Rudd Government will place greater emphasis on building the economic policy capacity of the agriculture, fisheries and forestry portfolio.*

*Labor will ensure that greater consideration is given to the strategic economic challenges facing primary industries to better prepare our fishing, forestry and farming sectors for medium and long term threats to business profitability. Such threats may include climate change, invasive species, pest and disease incursion or international competition.*

*Labor will ensure that research and development programs and industry development grant programs are required to report against specific economic policy milestones, including how any public investment has improved productivity and profitability of the relevant sector.*

---

8 AIMS 2007 Coral reefs and climate change
Labor will also increase ABARE’s capacity to provide routine monitoring and reporting of productivity performance in primary industries for each sector and for each major region.

**Intended funding**

None specified.

**Potential implications and opportunities**

The move to objective measurement in policy settings and performance monitoring will bring the Federal Government into closer alignment with PIRSA’s approach to industry development.

The promise to build economic policy capacity is referenced to influential research on agricultural productivity by Dr John Mullen of New South Wales Department of Primary Industries.¹¹ The policy could signal a desirable shift from ABARE productivity monitoring that is contingent on industry financial contribution. This has seen some major industries, such as horticulture, not included in ABARE in-depth analyses. Its implementation will require a major step-up in the scope and application of industry productivity reporting capacity by ABARE.

A concern about the policy might be its stated emphasis on productivity, without reference to extending attention to the value chain from farm to food, as in the PIRSA Scorecard system. Nor does it refer to integrated triple-bottom-line reporting (economic, environment and social indicators), where development work has been occurring in the Bureau of Rural Sciences by Dr Jean Chesson and others, as well as in PIRSA.

An important challenge for research organisations will be to report the impact of research against industry productivity and profitability.

### 1.9 Strengthening rural research and development

**Stated policy**

Labor supports the current funding formula that provides for industry levies and matching funding by the Federal Government for investment in rural research. However, in recognition of declining revenues as a result of drought, a Rudd Labor Government will invest an extra $15 million in rural RDCs through Australia’s Farming Future. Priority areas for the additional investment will include:

- Improving productivity in response to climate change.
- New technologies and methods for adapting to climate change – with an emphasis on practical measures such as water use efficiency, tilling practices, deep rooted plant species, diversification of crop varieties and shifting planting seasons.
- Understanding and applying use of predictive climate modelling, improving seasonal forecasting and adopting climate risk management.

¹¹ Mullen, J. (2007), The importance of productivity growth in Australian agriculture, AARES Connections: Farm, Food and Resource Issues, Paper 20
• Understanding the impact of agriculture on climate change and the impact of climate change on agriculture.
• Understanding of options for climate change mitigation, such as offsets.

A Rudd Labor Government will also ensure more effective multi-sector facilitation and prioritisation of investment in research and development through a coordinating Rural Research and Development Council.

The Council will develop a National Strategic Rural Research and Development Investment Plan. In developing the Plan, the Council will establish a national reporting framework requiring detailed performance measurement against an agreed list of national priorities, including how the programs have addressed:

• Productivity.
• Climate change.
• Energy and/or water efficiency.
• Regional employment.
• Industry consultation and uptake of technology.
• Effectiveness and timeliness of commercialisation of research outcomes.

The Council will work closely with the rural RDCs, and rural research and industry sectors.

Intended funding
Extra $15 million in rural RDCs through Australia’s Farming Future.

Potential implications and opportunities
It is generally appreciated that agri-food research and development is a good investment\(^{12}\). The policy reinforces the central national and rural policy plank of climate change, its impacts and driving research to adapt to its effects where possible. Implementation will introduce significant opportunities and implications for all rural and regional research agencies.

1.10 National weeds and productivity research program

Stated policy

National Weeds and Productivity Research Program. A Rudd Labor Government will invest $15 million in a National Weeds and Productivity Research Program to reduce the impact of weeds on farm and forestry productivity, as well as biodiversity. The National Weeds and Productivity Research Program will:

• Establish a comprehensive national applied research program to investigate and solve the most serious invasive plant problems across the most populated parts of Australia.

\(^{12}\) Mullen, J. (2007), R&D a good investment for Australian agriculture, AARES Connections: Farm, Food and Resource Issues, Paper 19
• Bring together national experts, land managers and relevant stakeholders to develop improved understanding about the information required to effectively manage the risks associated with invasive plants in forests, pastures and native vegetation.

• Ensure better coordination and information exchange between researchers, land managers and regulatory agencies for management of invasive species.

Labor’s National Weeds and Productivity Research Program will reduce the presence and impact of invasive plants on Australian agriculture, forestry and native vegetation, and ensure greater integration of practical weed solutions within farming and forestry systems.

In addition to this program, a Rudd Labor Government will tackle fireweed – an introduced, short lived, perennial weed, found in both arable country and rangelands, which competes with pasture species and is toxic to livestock. Labor will invest an additional $300,000 from unallocated funds from the Defeating the Weed Menace program in a comprehensive fireweed research project to:

• Conduct a risk analysis and further testing of biological control agents for management of fireweed to help reduce its impact on grazing industries and biodiversity.

• Work with industry and community groups to raise awareness about best practice management of fireweed.

• Undertake further assessment of fireweed for consideration for inclusion on the list of ‘Weeds of National Significance’.

Intended funding

• $15 million in a National Weeds and Productivity Research Program

• $300,000 from unallocated funds from the Defeating the Weed Menace program in a comprehensive fireweed research project.

Potential implications and opportunities

States and industries will be offered the opportunity to participate in the research program funding.

1.11 Supporting Australian food producers

Stated policy

A Rudd Labor Government will invest $35 million over five years in a Regional Food Producers’ Innovation and Productivity Program to improve productivity, innovation and profitability of Australia’s regional food producers. The Regional Food Producers Innovation and Productivity Program will fund projects which encourage innovation in production, processing and value adding in the regional food industry. The program will be administered by the Department of Agriculture, Fisheries and Forestry and require matching contributions from industry. $10 million from the program will be dedicated to the seafood industry.

Successful projects will need to demonstrate a high likelihood of improved productivity and profitability in Australia’s regional food industry. Preference will be given to grants which develop new technologies, processing or production methods
at business level, rather than industry wide consultancies or studies. Labor will continue to support the existing National Food Industry Strategy to improve international marketing, export market development and market access.\textsuperscript{13}

**Intended funding**

- $35 million over five years in a Regional Food Producers’ Innovation and Productivity Program.
- $10 million from the program will be dedicated to the seafood industry.

**Potential implications and opportunities**

All states will be able to participate, as a whole or in part, in the national program and share in the benefits. While the policy supports ‘existing’ National Food Industry Strategy, there is no reference to revitalising NFIS Ltd.\textsuperscript{14}

1.12 **Promoting Australian produce**

**Stated policy**

A Rudd Labor Government will invest $5 million to create a Promoting Australian Produce initiative to assist Australian producers develop and implement initiatives that raise awareness of the premium quality of Australian produce, including home grown fruit and vegetables, pork and seafood products.

*Promoting Australian Produce will be directed at sectors which are prepared to invest in industry wide programs to assist producers in differentiating their produce through improved promotions and marketing.*

*The Promoting Australian Produce initiative will require matching funds from industry and the support of relevant peak bodies.*

**Intended funding**

$5 million to create a Promoting Australian Produce initiative

**Potential implications and opportunities**

With matching dollars from industry, states will be able to participate in the national program. The industries referred to - fruit and vegetables, pork and seafood products – all stand to benefit from promotion when the high Australian dollar and high labour costs are among factors decreasing the competitiveness of local produce against imported food.

\textsuperscript{14} The May 2007 Federal Budget ceased to fund National Food Industry Strategy Ltd, drawing the NFIS program back into the Department of Agriculture, Fisheries and Forestry (DAFF).
1.13 Organic foods

Stated policy

A Rudd Labor Government will work closely with the organic food sector to develop a National Standard for Organic Produce, including an agreed labelling and certification system for Australian organic produce.

Intended funding

None specified.

Potential implications and opportunities

The array of organic and sustainable agriculture standards has been recognised for some years to be limiting the growth of the sector. Adelaide hosted an international conference on organic food in 2005 where the interest of large firms to enter the category was resisted by smaller firms.\(^{15}\) A South Australian organic industry collaboration forum was also held at the time to re-assess the relationship that organic industry bodies have with each other and the government.\(^{16}\) The issue is important to resolution of conflict, product integrity and growth of the organic sector.

1.14 Food labelling

Stated Policy

A Rudd Labor Government will simplify and strengthen food labelling laws. This will include:

- A new ‘Grown in Australia’ label under the Trade Practices Act for products that are not only made in Australia, but also grown in Australia.
- Working with the organic food sector to develop a National Standard for Organic Produce with an agreed labelling and certification system for Australian produce.
- Consideration of amendments to the Food Standards Code to clarify country of origin labelling requirements.
- Strengthening compliance arrangements.

Intended funding

None specified.

Potential implications and opportunities

---

\(^{15}\) 15\(^{th}\) Organic World Congress held in Adelaide in September 2005 and included three concurrent conferences – The International Federation of Organic Agriculture Movements World Conference, the International Society of Organic Agriculture Research Scientific Conference and the Organic Viticulture and Wine Conference

\(^{16}\) Outcomes from the South Australian Organic Industry Collaboration Forum, Adelaide, 26 September, 2005
Greater clarity in food labelling will be valued by consumers and producers. However, adding value to food through standards and requirements may also add to consumer prices.\(^\text{17}\)

### 1.15 Genetically modified crops

**Stated policy**

*Labor recognises ongoing community concern about genetically modified crops being grown in Australia. We believe that genetically modified (GM) crops should not be approved for commercial release unless they are safe to health and the environment, and beneficial to the economy. Labor supports the existing national framework for management and regulation of gene technology.*

*A Rudd Labor Government will ensure that the assessment process for GM licence applications is based on rigorous science, and that any evidence presented to support claims is subject to peer review and thorough public consultation.*

*Labor will also ensure that the process for assessment of GM crops includes careful consideration of health and environmental risks. Safe and beneficial standards must be established beyond reasonable doubt and standards must be met to the satisfaction of the government, the scientific community, the consumer community and the farming community.*

**Intended funding**

None specified.

**Potential implications and opportunities**

The policy is cautious, emphasising scientific clarity before change. The farming community remains split on GM crops, with legitimate argument on both sides reflecting complexity and potential for litigation in connection with negative externalities from GM seed spread by machinery or adverse marketing outcomes connected with low tolerance for impurities. Relaxation of the moratorium for GM canola by Victorian and NSW Governments is forcing change without additional scientific resolution referred to in the ALP policy.

### 1.16 Fair prices for farmers

**Stated policy**

*Labor will act to protect the interests of farmers by ensuring they get a fair deal from major buyers, including the supermarket chains. A Rudd Labor Government will:*

- **Strengthen the role of the Australian Competition and Consumer Commission (ACCC) to monitor supermarket prices to make sure that families are getting a fair deal.**
- **Direct the ACCC to conduct a national grocery pricing inquiry to report within six months, taking submissions from individuals, consumer groups, our retailers, businesses along the supply chain, and other interested parties.**

\(^\text{17}\) New consumer preferences will force food prices higher.  
http://www.nff.org.au/read/2447388787.html
Labor will also task the ACCC to evaluate the effectiveness of the Horticulture Code of Conduct as part of Labor’s national grocery pricing inquiry.

**Intended funding**
None specified.

**Potential implications and opportunities**

Australia has the most concentrated supermarket power in the world. Research on price determination in the food industry by Dr Gary Griffiths, included in Steve Spencer’s 2004 report, have yielded modest information about market power and abuse of market power in food chains. The Minister for Competition Policy and Consumer Affairs, Hon Chris Bowen, announced an ACCC (Australian Competition and Consumer Commission) inquiry on 22 January 2008, with report due 31 July.\(^1^9\) The inquiry will overlap with the *Food and Wine Value Chains* residency during 2008 of Dr Andrew Fearne in the Adelaide Thinkers in Residence program, creating opportunity for collaboration.\(^2^0\)

### 1.17 Non-forestry managed investment schemes (MIS)

**Stated policy**

*Labor is committed to an informed debate about how to bring long-term investment into rural and regional Australia. A Federal Labor Government will consult widely with the investment and rural community to:*

- Undertake a comprehensive review of the costs and benefits of MIS.
- Develop an options paper for attracting long-term sustainable investment in rural and regional Australia.

**Intended funding**
None specified.

**Potential implications and opportunities**

Non-forestry MIS investment operated successfully in some states as an alternative enterprise model, attracting considerable city capital into agri-food industries. The extra demand for land contributed to higher prices and allegations of tax bias against partnerships and sole traders; that is, the category into which most local farm businesses fall.\(^2^1\) A block was placed on the non-forestry schemes.

---


The pre-election ALP policy is more favourable to MIS investments, referring to their economies of scale and high local labour requirements. Alert to the controversy, but interested in the benefits that MIS have brought to some regional communities and the scale competitiveness of MIS-funded enterprises, the ALP policy flags a cost-benefit analysis of the schemes. The policy difference on non-forestry MIS between the previous government and ALP policy was the subject of a recent article in the Business section of The Advertiser on 1 December.22

### 1.18 National Rural Women's Network

**Stated Policy**

A Federal Labor Government will to strengthen the voice of rural women in shaping rural and regional policy. Labor will convene a National Rural Women’s Summit to identify and discuss the scope of issues, and determine processes for addressing them. Following the Summit, Labor will strengthen the capacity of rural women to participate in policy debate affecting rural and regional communities by establishing a National Rural Women’s Network to work in partnership with existing allied rural women’s networks. The National Rural Women’s Network will be a joint initiative between the Departments of Primary Industries, Regional Development, and Youth and Women. The network will provide high level advice to the Ministers of these portfolios on a range of issues affecting rural and regional communities.

**Intended funding**

None specified.

**Potential implications and opportunities**

Rural women are an underutilised resource in understanding and responding to the changing global food market and its impacts on rural communications. The policy should be welcomed as it builds on the recognition of the skills and achievements of rural women that has been occurring in the past decade or two, where high-achieving rural women in all states have been recognised and awarded.

http://www.agrifood.info/connections/2006/Kerin.html

2. Resources Sector

Summary of Stated Policies for the Resources Sector

The Rudd Labor Government's Plan for a Stronger Resources Sector will:

- Work with industry and State and Territory Governments to build a coordinated national agenda for securing, sustainable long-term growth in the resources sector.
- Implement practical initiatives to overcome capacity constraints, encourage new investment and support the expansion of existing operations.
- Ensure that future generations of Australians share in the benefits of the current strong international demand for our natural resources.

There are fourteen stated polices covering the Resources Sector (see attachment 2).

Policies

2.1 Addressing the shortage of skilled labour

Stated Policy

The shortage of skilled labour is a major capacity constraint on the resources sector. A more highly skilled workforce will help the sector to grow and provide greater choices and economic opportunities. By investing in greater skills development, and increasing the workforce participation and productivity in the future, we can achieve higher output, increased living standards and sustained economic prosperity.

The Education Revolution will include a comprehensive Skilling Australia for the Future plan, to increase and deepen the skills capacity of the workforce. This will close the skills gap in the Australian economy in three key ways:

- Funding an extra 450,000 skilled training places over the next four years.
- Ensuring that 90 per cent of these places lead to a higher qualification.
- Placing industry demand at the heart of the skills training system.

Indicated funding

No specific funding identified.

Potential implications and opportunities

Workforce shortages are a key to further growth in the resource sectors. We will need to ensure the funding is guided to the best benefit for the flow of activities into the resources sector, particularly to ensure increased numbers of apprenticeships and increased university graduates. This should help reduce the projected skills shortage and retain the resources sector research capacity.
2.2 Building better infrastructure

Stated Policy

Infrastructure constraints and export bottlenecks are a serious barrier to the further development of the resources sector. The lack of adequate road, rail, port and other facilities means that the sector is unable to access export markets in the most efficient and cost effective ways possible.

- Work with industry, the States and Territories, and local government to address critical infrastructure deficiencies.
- Create an Infrastructure Fund to give Western Australia its fair share by reinvesting Petroleum Resource Rent Tax revenue from the Gorgon gas project.
- Focus transport policy and funding on Australia’s national economic priorities, particularly productivity gains in our export supply chains and integrating land transport with ports.
- Appoint a Minister for Infrastructure to be responsible for developing a nationally coordinated infrastructure strategy.
- Establish Infrastructure Australia, a new agency with responsibility for coordinating, planning, regulating and developing infrastructure.
- Conduct a national audit of our infrastructure assets.

Indicated funding

- $100 million plus, mostly to West Australia and the Northern Territory.

Potential implications and opportunities

The Minister for Trade, Simon Crean, has already reiterated that he will coordinate a review of export bottlenecks. This will likely lead to a more strategic approach to infrastructure. Streamlining freight movement is an opportunity to improve the Australia’s export supply chains, the challenge lies in ensuring our supply chains are efficient and globally competitive.

2.3 Building strong and sustainable mining communities

Stated Policy

Many rural and remote mining communities lack the community and social infrastructure that most Australians take for granted such as schools, hospitals, housing, child care, emergency services, law and justice, recreation facilities and libraries. The lack of these basic services is as much of a barrier to the future development of the resources sector as the lack of modern physical infrastructure such as roads, telecommunications, railways and ports. The development of strong and stable and effectively functioning communities that are sustainable beyond the life of a mine is a key challenge now and into the future.

This Government will:

---

• Support the further development of strong and sustainable regional mining communities.
• Foster the development of Northern Australia to create economic, social and environmental benefits.
• Work with industry and other levels of government to give greater priority to the provision of social infrastructure in mining communities.
• Work with industry and other levels of government to ensure that mining communities have better access to essential services.
• Build the capacity of local government to collaborate with industry and facilitate community engagement in the development of mining communities.

Indicated funding

None indicated

Potential implications and opportunities

Many regional towns are struggling to cope with the demands of supporting mining communities\(^{24}\). Often there are limited housing options, and the supporting businesses also struggle to develop in line with mine demands\(^{25}\).

These Policies cover issues important to developing sustainable regional mining communities, and will need high level engagement to ensure this policy is delivered to regional Australia. This is an interesting shift to accept the true value of mining to regional development, and looks to ensure those communities that initially rely on mining for jobs, are sustainable beyond the life of the mine. Effective implementation will require involvement by all levels of government.

2.4 Ensuring the future of the coal industry

Stated Policy

_Australia's national interests demand that our response to climate change includes putting the coal industry on an economically and environmentally sustainable footing._

A Rudd Labor Government will:

• Protect coal industry jobs by helping the sector to move forward on an economically and environmentally sustainable footing into the future.
• Ensure the future of coal through a National Clean Coal Fund to accelerate the development and deployment of clean coal technology, with the ultimate objective of having clean coal generated electricity in the national electricity grid by 2020.

Indicated funding

Investment of $500 million to the National Clean Coal Fund towards:

• $50 million in a National Carbon Mapping and Infrastructure Plan.


• $75 million in a national research program, including $25 million to support CSIRO research into the development of clean coal technologies.

Potential implications and opportunities

In order to change behaviours that will lead to reducing greenhouse gas emissions will require a response on multiple fronts. Hastening and diversifying the delivery of clean coal technologies is another way to invest in delivering greenhouse gas emissions reductions.

This policy represents significant investment into supporting the coal industry through the provision of funds to move towards cleaner coal technologies without threatening jobs.

2.5 Ensuring domestic gas supplies

Stated Policy

Securing adequate supplies of natural gas will be important over the next decade. With its competitive emissions profile, natural gas could help to meet our growing energy needs as Australia makes the transition to a more carbon-constrained economy. This Government will:

• Encourage the development of the gas industry to open up additional supply for export and domestic use.
• Support the increased use of gas as a transitional fuel to meet our energy needs as we move to a more carbon constrained economy.
• Encourage a greater number of domestic gas producers to supply the market including those sourcing their gas from coal seams.
• Examine options for linking the vast gas reserves in north west Australia with the eastern States.
• Include projections of future gas supply and demand in a regular National Energy Security Assessment to better inform industry and the energy sector about future gas use.

Indicated funding

None indicated.

Potential implications and opportunities

This moves strategically towards encouraging the use of the more environmentally friendly natural gas. This is another example of the policies being surrounded by issues of the environment, and the carbon constrained economy in which the policies sit. A more stable investment environment will result from an industry better informed about projections of future use.
2.6 Ensuring a secure supply of liquid fuels

Stated Policy

Australia's energy security demands that this government will investigate a diversity of sources for our liquid fuels and alternative technologies that are less reliant on liquid fuels, like electric powered cars. This Government will:

- Use the National Clean Coal Fund to support projects that deliver ultra clean synthetic fuels from coal with minimum carbon emissions.
- Encourage the development of gas-to-liquids projects that can convert some of our vast gas reserves into liquid fuels.
- Support the research and development of new biofuel technologies, including the production of ethanol from cellulose. This will include a new $15 million grant program to help develop next generation ethanol technology. These grants, worth of up to $5 million each, will help Australian companies to commercialise new technology using sugar cane waste and other woody material as alternative fuel sources.
- Establish a Green Car Innovation Fund to generate $2 billion in investment in the automotive industry and tackle climate change by manufacturing low emission vehicles in Australia.
- Include projections of future liquid fuel supply and demand in a regular National Energy Security Assessment to better inform industry about the probable use of liquid fuels in the future.

Indicated funding

- $500 million Green Car Innovation Fund
- $500 million for the National Clean Coal Fund
- New biofuel technologies research and development will be supported through a new $15 million grant program to help develop next generation technology. These grants, worth of up to $5 million each, will help Australian companies to commercialise new technology using sugar cane waste and other woody material as alternative fuel sources.

Potential implications and opportunities

This policy encourages a diversity of technologies to assist reducing greenhouse gas emissions from Green Car research to and alternative biofuel technologies. This presents opportunities for development of capacity in innovative new technologies and possibly an opportunity for revisit the struggling biofuel processing plants. Opportunities should be identified to develop biofuels based on feed stock that does not compete with food crops.

2.7 Increasing resources exploration

Stated Policy

Exploration is fundamental to continued growth in the resources sector. This Government will:

- Encourage intensified minerals, oil and gas exploration effort and the development of new exploration science and technology.
• Promote investment in exploration by allowing the selective use of flow through share schemes for smaller operators in the gas, oil and mineral exploration industries.
• Allocate $50 million to assist with the cost of geothermal drilling, of which individual companies can access up to $10 million in support through the scheme if they match the allocation of funds.

Indicated funding

• $50 million towards drilling costs

Potential implications and opportunities

This policy provides companies with access to the $50 million for geothermal drilling, with up to $10 million per company contingent on matched investment dollars. These are important funds for the early stages of the resources operations.

2.8 Uranium exports

Stated Policy

Australia’s uranium resources offer significant economic and employment opportunities for the nation, but will only allow the mining and export of uranium under the most stringent conditions. This Government will:

• Remain strongly opposed to the development of a nuclear power industry in Australia, as well as the importation and storage of nuclear waste that is sourced overseas.
• Allow uranium exports from mines that have been approved by the relevant State or Territory Government.
• Ensure stringent environmental controls on uranium mines, based on world’s best practice standards.
• Strengthen export control regimes, and the rights and authority of the International Atomic Energy Agency, and tighten controls on the export of nuclear material and technology.
• Only allow export of Australian uranium to countries which observe the Treaty on the Non-Proliferation of Nuclear Weapons, and which are committed to non-proliferation and nuclear safeguards.
• Reinvigorate diplomatic efforts towards nuclear disarmament and the responsible use of nuclear technology.

Indicated funding

None indicated.

Potential implications and opportunities

Nuclear power plants are off the agenda, but this policy will allow the mining and export of uranium under stringent conditions\(^\text{26}\).

\(^\text{26}\) Company releases uranium mine plans  
2.9 Protecting trade exposed emissions intensive industries

Stated Policy

The transition to a more carbon-constrained economy has the potential to disadvantage emissions-intensive trade exposed industries. This Government will:

- Ensure that Australia's international competitiveness is not compromised by the introduction of emissions trading.
- Consult with industry about the potential impact of emissions trading on their operations to ensure they are not disadvantaged.
- Establish specific mechanisms to ensure that Australian operations of emissions intensive trade exposed firms are not disadvantaged by emissions trading.

Indicated funding

None indicated.

Potential implications and opportunities

An 'economically responsible' emissions trading scheme is promised, with an ambit long-term target of cutting emissions by 60 per cent of 2000 levels by 2050. Industry and state government engagement in the negotiation and implementation of this scheme will follow the Garnaut report (see attachment 7). Engagement and encouragement of debate around the economic impacts of emissions trading will be essential in Australia.

2.10 Tackling climate change

Stated Policy

A Rudd Labor Government will establish an economically responsible emissions trading scheme, with a long-term target of cutting emissions by 60 per cent of 2000 levels by 2050. Given our substantial reserves of coal and gas, Australia's national interests demand that our response to climate change includes putting our fossil fuel industries on an economically and environmentally sustainable footing. This Government will:

- Ensure that Australia's international competitiveness is not compromised by Australia’s response to climate change.
- Ensure that Australian operations of emission intensive trade exposed firms are not disadvantaged by emissions trading.
- Ensure the future of coal through a National Clean Coal Fund to accelerate the development and deployment of clean coal technology, with the ultimate objective of having clean coal generated electricity in the national electricity grid by 2020.

Additional confirmation of the commitment to emissions trading is included in the Prime Minister’s presentation to the UN Climate Change Summit at Bali, Indonesia (see attachment 8).
Indicated funding

- $500 million towards the National Clean Coal Fund.

Potential implications and opportunities

There will be an ‘economically responsible’ emissions trading scheme, with a long term target of cutting emissions by 60 per cent of 2000 levels by 2050. Engagement in the Garnaut Review and the implementation of an emissions trading scheme will be a policy priority during the next year or two.

The need to move to a carbon-constrained economy is clearly stated in the Australian Financial Review recently by Allan Fells and Fred Beachley:

> The Confederation of British Industry has released a hard headed report calling for higher prices, more informed consumers to make difficult life-style choices, transport energy curbs and tougher building regulations. And Britain’s climate ambassador warns that curbing global emissions will be “the most difficult piece of diplomacy that humanity will ever attempt.”

Climate change implications for Australia are reported by the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report. This panel predicts that by 2030 the impact of climate change on southern Australia will see:

- Intensified water security problems.
- Decreased production from agriculture and forestry, largely due to increased drought and fires.
- Increased intensity and severity of storms and coastal flooding.

Stern captures the essence of the climate change issue and its general remedies in economic terms (p xviii):

> Climate change is the greatest market failure the world has ever seen, and it interacts with other market imperfections. The first is the pricing of carbon, implemented through tax, trading or regulation. The second is policy to support innovation and the deployment of low-carbon technologies. And the third is action to remove barriers to energy efficiency, and to inform, educate and persuade individuals about what they can do to respond to climate change.

Lovelock reminds us that ‘ground truth’, or solid facts science, remain more convincing than modelling. Lomberg presents a different view on climate, acknowledging the need to fix global warming in the long-run, but critical of policies that will not achieve the outcome.

---

31 Bjorn Lomberg, Bjorn Lomberg presents a different view on climate. The Australian Financial Review, 7 December 2007, p9
2.11 Driving regulatory reform to promote development

Stated Policy

The Productivity Commission has found that implementing competition and regulatory reforms affecting transport, energy and export related infrastructure and planning could add to national output by two per cent. In recent years, however, the regulatory reform process has stalled, and it remains a significant capacity constraint on the development of the resources sector. This Government will:

- Progress reforms through the Council of Australian Governments as a matter of priority.
- Remove unnecessary regulatory constraints on the resources sector.
- Adopt a 'one in, one out' principle for all new business regulation, meaning that when new regulations are proposed, they must be accompanied by proposals to remove existing regulations.
- Task a minister to oversee cuts in regulation and a senior public official to enforce the restrictions across the public service.

Indicated funding

None indicated.

Potential implications and opportunities

This regulatory reform agenda is directed through Commonwealth legislation, with the goal of reducing the impact on business and will adopt a 'one in, one out' principle for all new business regulation.

Often new regulations are taken to promote economic efficiency. In making the economy work better, it promotes economic growth which, in turn, brings more jobs and higher incomes. So regulations are developed to prevent market failures. However, whilst we need to be aware that policies designed to compensate for market failures have not always had the effects intended by their architects and sometimes they have had unintended negative impacts, often in sectors of the economy apart from those targeted.

Moreover, because such regulations are often slow and difficult to change, it tends to persist long after its original purpose has ceased to exist. Consequently, it becomes a major inhibitor of the change necessary for an industry to adjust to different circumstances. The result of these problems is that government intervention can often hold back economic growth, both in the targeted industry and other sectors. Quite often, in time, even the original industry proponents of a particular policy (usually the potential beneficiaries) are worse off.
2.12 Generating opportunities for Indigenous Australians

Stated Policy

The resources sector is a leader in providing innovative employment and training programs for Indigenous Australians. A Rudd Labor Government will encourage Indigenous Australians to become involved in the resources sector to maximise employment, business, education, training and community development opportunities. A Rudd Labor Government also acknowledges that mining operations may have an impact on Indigenous communities and traditional landowners and will work with these communities and mining operators to identify and minimise any adverse impact, including proper resourcing of communities for Indigenous land use agreement negotiations.

Indicated funding

None indicated

Potential implications and opportunities

Ultimately indigenous employment engagement will need to provide a variety of opportunities. There are some good examples of indigenous employment in the resources sector. However issues remain around retaining the indigenous workers and building a career path for them. An alternative is to facilitate indigenous engagement is the involvement at developing indigenous enterprises.

2.13 Occupational health and safety

Stated Policy

The resources sector has identified that a consistent approach to OHS regulation is critical. A Rudd Labor Government is committed to taking a leadership role in developing a national strategy to radically reduce the regulatory burden on business. Part of this process involves working with the States and Territories to harmonise OHS regulations within five years. Specifically, a Rudd Labor Government will seek to:

- Adopt more common laws, with consistent legal definitions for key processes in the calculation of premium and workers compensation payments.
- Cut red tape by more closely aligning premium processes and procedures.
- Improve service and assistance to help employers manage their claims and help injured workers return to work.

Indicated funding

None indicated.

Potential implications and opportunities

Opportunity presents for the national harmonisation of OH&S policies, which can be expected to be beneficial to the national resource sector.
2.14 Industrial relations

Stated Policy

A Rudd Labor Government will get the balance right in industrial relations. It will:

- Ensure fairness for working Australians, whether they are in high skill or low paid jobs.
- Provide flexibility for business to operate efficiently.
- Deliver stability for the national economy.

A Rudd Labor Government will implement sensible transition arrangements that allow existing Australian Workplace Agreements (AWAs) to continue until their expiry date. Employers who currently use these agreements will be able to use Individual Transitional Employment Agreements (ITEAs) for a two year transition period until 2010, then, employers and employees will be able to choose from simple and flexible awards, collective agreements or individual common law agreements. This Government will also allow high end flexibility for employees who earn over $100,000 a year. These employees will be entitled to the protection of Labor's ten National Employment Standards, but their terms and conditions will not be covered by awards.

Under a Rudd Government, awards can allow for all rates of pay and rostering arrangements that reflect individual industry conditions. Under this Government collective agreements will be required to contain new clauses that provide flexibilities relevant to the workplace. Under this Government, business will be protected from unlawful or disruptive union activity by clear, tough rules that ensure protected industrial action is limited to bargaining, is supported by mandatory secret ballots and there will be no strike pay. This Government will retain the Australian Building and Construction Commission until 31 January 2010, after which its responsibilities will be transferred to a specialist division of the inspectorate of Fair Work Australia.

Indicated funding

None indicated.

Potential implications and opportunities

The Government has maintained it’s commitment to sensible transition arrangements for industrial relations. A scheduled has been delivered to the Council for Australian Governments, with some changes coming online now, and some in two years time. The first bill to Parliament in 2008 will end the signing of new Australian Workplace Agreement. The second bill, will be a more substantive bill, and will address other aspects of the industrial relations system including unfair dismissals. This transitional approach seems a sensible approach as this allows consultation to occur with stakeholders at all levels, and will minimise implementation problems.

---

3. Seafood Sector

Summary of policies for the Seafood Sector

A Rudd Labor Government’s Plan for Sustainable Fisheries will assist Australia’s seafood producers to return to profitability, improve recreational fishing opportunities and ensure the long-term sustainable management of our marine and freshwater fisheries resources. And will fast track the implementation of a Climate Change and Fisheries Action Plan.

Summary of Indicated funding

There are seven sustainable fisheries policies (see attachment 3) with five funded as follows:

- $10 million in a new Seafood Industry Productivity and Innovation Program.
- $7.5 million in a Torres Strait Commercial Line Fishery Reallocation initiative.
- $5 million in a new Promoting Australian Produce initiative.
- $4.3 million in an expanded Fisheries Research Program.
- $2 million to develop a new Recreational Fishing Industry Development Strategy.

3.1 Climate Change and Fisheries Action Plan

Stated Policy

Funding for the Climate Change and Fisheries Action Plan will be provided under the $130 million Australia’s Farming Future initiative for Australia’s primary producers. This government will fast track the implementation of a Climate Change and Fisheries Action Plan. The plan will be developed through the Natural Resource Management Ministerial Council and the Primary Industries Ministerial Council, in partnership with the commercial and recreational fishing industry. This Plan will address major knowledge gaps about the impact of climate change on our seafood industry, including analysis of the impact of changing sea temperatures, ocean acidification, currents and wind on:

- Distribution and abundance of marine species.
- Vulnerability and resilience of marine systems.
- Ocean productivity.
- Social and economic systems using marine environments.

Indicated funding

None specific, but comes under the Australia’s Farming Future initiative.

Potential implications and opportunities

The marine environment and the status of fisheries provide key indicators of climate change. The policy provides opportunities to help the seafood industry prepare for climate change impacts. This policy articulates fisheries management in the context of climate change.
of climate change, and this demonstrates a shift away from single species management to ecosystem management and informed by the impacts of climate change. The implications of this will be the requirement to improve Australia’s research capacity in the areas of reporting and managing the fisheries sustainably.

### 3.2 Recreational Fishing Industry Development Strategy

#### Stated Policy

*There is a need for national representation from the recreational fishing sector in future planning for the recreational fishing industry. This strategy will:*

- Provide effective national representation of the recreational fishing industry.
- Development of a revised Recreational Fishing Industry Development Policy.
- Advise the Minister on initiatives to promote sustainable fishing, education, and best practice environmental standards.
- Work closely with FRDC to invest in leadership training and education and awareness campaigns for the recreational fishing industry.

#### Indicated funding

$2 million

#### Potential implications and opportunities

Significant economic benefits from recreational fishing flow to many regional areas including jobs in the tourism, tackle, boating, and charter industries. For this sector to maintain access to this resource, the sector will need to be able to display its credentials in terms of environmental stewardship and sustainable fishing.

### 3.3 Commonwealth fisheries management

#### Stated Policy

*The Rudd Labor Government is committed to the continued development of International Fisheries Partnerships to ensure the sustainable management of migratory species currently managed by Regional Fisheries Management Organisations. This Government will also work with the seafood industry to:*

- Examine incentive schemes for innovation of new fisheries technologies to reduce the impact of fishing on by-catch, non-target and endangered species.
- Consider how improvements can be made to assess the economic and social impacts of fisheries management decisions before those decisions are taken.
- Consider the productivity of the seafood industry, and examine changes that may be required to better assess, measure and consider productivity within the overall fisheries management and fisheries research framework.
- Maintain support for the continuation of the new Australian Fisheries Management Authority Commission structure.
- Review the feasibility of increased fines and longer suspensions for domestic fisheries offences.
- Increase domestic enforcement and compliance.
**Indicated funding**

$4.3 million to Bureau of Rural Sciences (BRS) and Australian Bureau of Agricultural and Resource Economics (ABARE). In recognition of the recent major structural adjustment to the Commonwealth fisheries fleet, the ALP policy promised to invest an additional $4.3 million to provide a total of $17 million over four years in an expanded Fisheries Research Program. This increased investment will support the expansion of the research currently conducted by BRS and ABARE in relation to Commonwealth fisheries. In particular, the expanded Fisheries Research Program will provide for further research to facilitate the classification of Commonwealth-managed species currently classified as ‘uncertain’.

**Potential implications and opportunities**

The policy will provide improved information on fisheries resources important to the fisheries industry. Australia benefits from strong representations by the Federal Government at the global level, which delivers good, stable fisheries management regimes. This is essential for delivering a good climate for investment in the Australian seafood industry.

3.4 **Seafood marketing and promotion**

**Stated Policy**

*A Rudd Labor Government will establish a new Promoting Australian Produce initiative to assist producers to develop and implement strategies to raise the profile of premium quality of Australian produce, including seafood products.*

**Indicated funding**

Investment $5 million

**Potential implications and opportunities**

These seafood marketing and promotion activities will need to be delivered in coordinated manner with Australian government and the seafood industry. The seafood industry will benefit from any increase in demand for local produce, and is particularly appreciated in a time of high Australian dollar.

3.5 **Improving productivity and encouraging innovation**

**Stated Policy**

*A Rudd Labor Government will encourage innovation and improved productivity in the seafood industry through the broader $35 million Regional Food Producers Innovation and Productivity program. Successful projects will be required to demonstrate a high likelihood of improved productivity and profitability in the aquaculture and broader seafood industry sectors. Projects will be targeted at innovation in production, processing and value-adding in the seafood industry. Preference will be given to grants which develop new technologies, processing or production methods at business level, rather than industry-wide consultancies. Strict guidelines will ensure that preference is given to grants at business-level rather than industry-wide consultancies or studies. The program will be administered by the*
Department of Agriculture, Fisheries and Forestry and require matching contributions from industry.

Indicated funding

This Government will establish a $10 million grant program to encourage innovation and improved productivity in the seafood industry as part of a broader $35 million Regional Food Producers Innovation and Productivity program.

Potential implications and opportunities

The opening paragraph (sect 3) states the goal to “assist Australia’s seafood producers to return to profitability”. This is a very noble cause in an environment where even maintaining enterprise profitability is difficult due to of reducing fish catches and fishing closures.

Improvements in productivity are essential to maintain profitability of existing businesses, however, more important may be strategic shifts to identify more profitable outcomes through developing value adding opportunities from existing catches.

3.6 Seafood safety standards

Stated Policy

A Rudd Labor Government will review the Food Standards Code relating to seafood to ensure they adequately address the known risks, and will review existing testing protocols for seafood imports and consider measures necessary to improve the food safety standards of imported seafood products.

Indicated funding

None specified.

Potential implications and opportunities

The seafood industry benefits from strong food safety standards and it is important to remain engaged in this to ensure it remains in place and seafood standards are delivered to address global food safety requirements. This will reduce trade barriers for the seafood industry.

3.7 National Aquaculture Committee

Stated Policy

Labor acknowledges the key role played by the National Aquaculture Committee in representing the aquaculture sector and will work closely with NAC and sectoral organisations to continue the sustainable development of the Australian aquaculture industry including key priority areas such as marketing and promotion, trade and market access, biosecurity, food health standards. This Government will work with the Australian aquaculture industry to develop markets in the premium end of the domestic and international seafood market.
Indicated funding

None specified.

Potential implications and opportunities

The seafood industry benefits greatly from good national representation of the Aquaculture industry, through the National Aquaculture Council. For the government, a coordinated and aligned view from the aquaculture industry provided by the Council provides for a better facilitation route for State government to interact with industry.

References


http://www.agrifood.info/review/2002/Kingwell.html

McColl J. C., Donald, R. and Shearer, C. 1997. Rural adjustment: managing change, Mid-term review of the Rural Adjustment Scheme, Department of Primary Industries and Resources, Canberra, ACT.

http://www.agrifood.info/review/2002/Mullen.html


Attachments

Attachment 1: Labor’s Plan for Primary Industries

Attachment 2: Labor’s Plan for a Stronger Resources Sector

Attachment 3: Labor’s Plan for Sustainable Fisheries
Attachment 4: Foreword to *The New Challenge for Australian Agriculture: How do you muster a paddock of carbon?* June, 2007 (see p 44)

Attachment 5: Climate Change: Impacts on Australian Agriculture, ABARE (see p 45)

Attachment 6: National Farmers’ Federation Comment on ABARE Climate Change Report (see p 46)

Attachment 7: Prime Minister Rudd’s speech to the High Level Segment of the 13th Conference of The Parties United Nations Framework Convention on Climate Change, Bali, Indonesia, 12 December 2007 (see p 48)
The implementation of a greenhouse emissions trading scheme for Australia by either 2010 or 2012 (depending on the outcome of the next Federal election) presents potential challenges and opportunities for Australian farmers and the wider agriculture sector.

While the exact design of an emissions trading scheme is yet to be developed, sufficient information is known to be able to predict, with some certainty, that farm input prices will increase, particularly fuel and electricity, and a wide range of other energy-price sensitive inputs will also increase in price, including chemicals, freight and contracting costs. The result will be a reduction in the international competitiveness of Australian farming.

There are, however, potential opportunities that may arise for the farm sector to provide greenhouse offsets, which may generate income to counteract the anticipated additional costs. To have these offsets recognised within a national emissions trading scheme will, however, require concerted action by farmers and their leaders over the next year.

This discussion paper has been prepared with the objective of providing Australian farmers with a comprehensive collection of relevant information about this issue, so that farmers can participate fully in forthcoming debates and ensure Australian agriculture’s international competitiveness is retained.

Mick Keogh
Executive Director
Australian Farm Institute

Source:

Attachment 5: Climate Change: Impacts on Australian Agriculture, ABARE

Don Gunasekera, Yeon Kim, Catherine Tulloh and Melanie Ford

- Agriculture plays an important role in the global and Australian economies. However, potential changes in climate may reduce productivity and output in agricultural industries in major producing countries, including Australia, in the medium to long term.

- ABARE analysis indicates that future climate changes and associated declines in agricultural productivity and global economic activity may affect global production of key commodities: for example, global wheat, beef, dairy and sugar production could decline by 2–6 per cent by 2030 and by 5–11 per cent by 2050, relative to what would otherwise have been the case (the ‘reference case’).

- Furthermore, Australian production of these commodities could decline by an estimated 9–10 per cent by 2030 and 13–19 per cent by 2050, relative to the reference case.

- These changes would also have significant implications for international agricultural trade. For example, Australian agricultural exports of key commodities are projected to decline by 11–63 per cent by 2030 and by 15–79 per cent by 2050, relative to the reference case.

- Australia is projected to be one of the most adversely affected regions from future changes in climate in terms of reductions in agricultural production and exports.

- There is a continuing need for the agriculture sector to maintain strong productivity growth in order to cope with the potential pressures emerging from climate change. In this context, adaptation measures, including improved agricultural technologies, will be particularly important in reducing the potential impacts.

- There is also an urgent need for policies that encourage rather than impede adjustment in vulnerable sectors in agriculture, including already marginal farming enterprises.

- In order to respond to climate change in an efficient manner and maintain and enhance the productivity and international competitiveness of Australian industries, further research and development is required in both climate change adaptation and mitigation technologies and measures.
Attachment 6: National Farmers’ Federation Comment re ABARE Climate Change Report
Doomsday scenario for farming ‘only if we do nothing’, 7 December 2007

“It needs to be stressed that the latest ABARE forecasts for farming in the face of climate change assume the technologies and production techniques will remain unchanged... of course, that’s a furphy,” National Farmers’ Federation (NFF) President David Crombie said. “Australian farming never stands still.

“In fact, Australian farmers over the past 20 years have averaged productivity growth of 3.8% a year – at the same time leading the way as Australia’s primary industries reduced greenhouse gas emissions by a massive 40% over the past 15 years.

“With the sole exception of the IT and telecommunications sector, modern farming has earned Australia’s leading productivity growth rate.

“ABARE’s Climate Change: Impacts on Australian Agriculture supports what farmers have known for some time, and the NFF has been saying for years, climate change is a risk we need to prepare for and adapt to – only if we do nothing will the ‘Dooms Day’ headlines be right.

Australian Government must bolster targeted R&D spending

“Australian farming’s nation-leading productivity growth has only been achieved on the back of the adoption of new technologies and sustainable farm practices, which deliver efficiency gains that secure and maintain our internationally-competitive edge. These are entirely underpinned by a focus on research and development (R&D).

“While farmers have been investing in innovative research solutions to address climate change, developing sustainable environmental management and new agricultural technologies, in real terms, Australia’s Federal and State Government spending on R&D in the sector has stood still.

“The new Rudd Government, if it is serious about climate change adaption and mitigation, must take up the NFF’s mutual obligation drought-proofing initiative, sooner rather than later. It must invest in robust R&D programs that are relevant at the local and regional levels, where farm decisions are made, and assist farmers develop tools to adapt their farm systems to climate risk.

“These should be the new Government’s immediate priorities. As the NFF stated in our recent national television advertising campaign highlighting our plan to deal with drought in the face of climate change, a lot is riding on agriculture’s ability to meet these challenges.

What is at risk?

“Enabling Australian farming – which accounts for 20% ($30 billion) of Australian merchandise export income, underpins 1.6 million Australian jobs, manages 60% of Australia’s natural environment and provides the lion’s share of this country’s daily food needs – to keep pace with climate change, is essential.
“Australian farmers are ready to meet the challenges presented by climate change, while at the same time continuing our contribution in the national effort to reduce net greenhouse emissions.

“The challenges for agriculture have been made crystal clear in ABARE’s report. The analysis shows that without actions to adapt to a changing climate and to mitigate the effects greenhouse gases, Australian production of wheat, beef, dairy and sugar could decline by up to 10% by 2030 and 19% by 2050.

“Further, the study suggests that Australian agricultural exports, currently valued at $30 billion annually, could plummet by 63% by 2030 and 79% by 2050, if nothing is done.

“In a time of increased competition for global food supplies, it is vital that Australian farmers adapt to a changing climate to continue their proud record of productivity growth – and in doing so, avoid the potential outcomes highlighted by ABARE.

“What we need are relevant research and tools, backed by political will, to partner with the farm sector in moving forward.

Farmers already active on climate change – Government must join us

“Even today, beset by the worst drought on record, modern farmers are achieving results that were unimaginable 20 years ago. Despite our harshest drought ever, our farmers produced 9,800,000 tonnes of wheat in 2006-07 – well down on the 26 million tonnes of 2005-06. But had they been using 1980s farm techniques, they would have produced less than 3,000,000 tonnes.

“To produce almost 10 million tonnes amidst the prevailing drought tangibly illustrates how modern, innovative farm practices make our farmers the cream of the crop. Environmentally-sustainable farming is making modern farming more productive than ever before.

“Farmers adapting to changing circumstances is ‘the norm’ – the adoption of crop rotation techniques to manage soil, introducing new crop varieties to suit regional profiles, improved water reticulation systems to use markedly less water, diversification of production systems to adjust to seasonal conditions... these are just some of the things modern farming does to produce more in a changing climate.

“With the lifting of the GM moratoriums in NSW and VIC, a new wave of opportunities is also becoming available to combat the climate change threat. Increasing production volumes from low emission farm systems – where Australia leads – is in everyone’s interests – reducing total global emissions.

“We can, and need to, do more. But new and better research and development is the starting point. The new Rudd Government must join us in our vision to better drought-proof Australia and ensure an adaptable, profitable and sustainable farm sector into the future.”
Attachment 7: Prime Minister Rudd’s speech to the High Level Segment of the 13th Conference of The Parties United Nations Framework Convention on Climate Change, Bali, Indonesia, 12 December 2007

His Excellency, the President of Indonesia, Susilo Bambang Yudhoyono, His Excellency, the Secretary-General of the United Nations, Ban Ki-moon, fellow national Leaders, Ministers, Excellencies, ladies and gentlemen, and all people of goodwill committed to the future of our planet.

I join with the Secretary-General and with the President of the Indonesian Republic in expressing our combined condemnation of this obscene terrorist attack in Algiers. An attack on innocent civilians, an attack on the agents of peace, those working for the United Nations, and therefore, an attack on us all. And I join with them in extending our thoughts and our prayers to those directly affected by this obscene attack.

A little over a week ago I had the honour of being elected as Australia’s 26th Prime Minister. In my first act as Prime Minister, I signed the formal instrument for Australia to ratify the Kyoto Protocol. And just a few moments ago I handed, personally, that instrument of ratification to the Secretary-General of the United Nations. I did so, and my Government has done so, because we believe that climate change represents one of the greatest moral, economic and environmental challenges of our age.

Australia now stands ready to assume its responsibility in responding to this challenge – both at home and in the complex negotiations which lie ahead across the community of nations. For Australians, climate change is no longer a distant threat. It is no longer a scientific theory. It is an emerging reality. In fact, what we see today is a portent of things to come:

In Australia, our inland rivers are dying. Bushfires are becoming more ferocious, and more frequent. Our unique natural wonders – the Great Barrier Reef, Kakadu, our rainforests – are now at risk.

This will sound familiar to many of our Pacific neighbours who are experiencing the impacts of rising sea levels, more frequent severe weather events and diminishing access to freshwater. And regrettably it is now an increasingly familiar story across the globe, as reflected in the critical conclusions of the Fourth IPCC Report released last month.

Climate change is the defining challenge of our generation. Our choice will impact all future generations. This is, therefore, a problem which requires a global solution. It requires a multilateral solution. Unilateral action is not enough. We must all share the burden.


Australia was, in fact, among the first to sign the Framework Convention on Climate Change in 1992. In the past we have been willing to put our shoulder to the wheel. And what I say to this conference today is that under the Government I lead, we are doing so again.
For too long sceptics have warned of the costs of taking action on climate change. But the costs of action are far less than the costs of inaction. We must lift our national and international gaze beyond the immediate horizon - to comprehend the magnitude of the economic and environmental challenge that is unfolding before us.

Action to tackle climate change will not be easy. It will require tough choices. And some of these will come at a political price. But unless we act, the long-term costs will threaten the security and the stability of us all.

The truth is that we – the community of nations – are in this together. The truth is that this challenge of climate change transcends the old ideological, political and developmental divide.

As our host, President Yudhoyono, said to me when we met yesterday, there can be no North or South, given the dimensions of this challenge. Together we are custodians of the planet. Together we are custodians of the planet’s future. That’s why these deliberations here are so important.

That is why climate change is a top priority of the new Australian Government. We have embraced a comprehensive plan of action. The Government has committed to reducing Australia’s greenhouse gas emissions by 60 per cent on 2000 levels by 2050.

Last year – when my party was not in government – we commissioned a major study to help us to set shorter term targets along the way. This study, the Garnaut Review, will report in mid 2008. Together with modelling underway in the Australian Treasury, and also critically, informed by the science, this Review will drive our decisions on short and medium term targets. These will be real targets. These will be robust targets. And they will be targets fully cognisant of the science.

And they will set Australia firmly on the path to achieving our commitment of a 60 per cent reduction in emissions by 2050. But it is not enough just to have targets. We have to be prepared to back them with sustained action – because targets must be, must be translated into reality.

- Australia will implement a comprehensive emissions trading scheme by 2010 to deliver these targets.
- We will increase the proportion of renewable energy to 20 per cent of our national electricity supply by 2020.
- We will invest in research and development to deliver transforming technologies.

But whatever one country does alone, it will not be enough. This conference must agree to work together on a shared global emissions goal. A goal that, on the best advice available, recognises the core reality that we must avoid dangerous climate change. We must now move forward as a truly ‘United Nations’ with developed and developing countries working in parallel. We expect all developed countries to embrace a further set of binding emissions targets – and we need this meeting at Bali to map out the process and timeline in which this will happen.
And we need developing countries to play their part – with specific commitments to action. And we need all developed nations, all developed nations – those within the framework of the Kyoto Protocol, and those outside the framework – to embrace comparable efforts in order to bring about the global outcomes the people of the world now expect of us.

The approach we take must be comprehensive and must incorporate critical challenges, including deforestation. Australia believes that action on climate change and action on development must proceed in tandem. We understand that development is a top priority.

We strongly support the Millennium Development Goals, reinforced by our policy as a new Government of Australia, to increase our level of ODA from current levels to 0.5 of GNI by 2015.

We must all respect the aspiration of developing nations to secure their economic development and deliver rising living standards for their people. But failure to act on climate change will make the development goal even harder to achieve. Australia recognises the particular responsibility of the developed countries to assist developing nations in this process of transition:

- In the form of technology transfer;
- In the form of financial incentives, and
- In the form of support for adaptation.

Around the world, great steps forward are being taken by individuals, by households, businesses, communities, organisations, scientists and governments. But the effectiveness of all those efforts rests on the negotiations that begin here.

As we work towards achieving a new global compact in 2009, Australia is committed to working hard to build bridges between nations with differing circumstances and differing outlooks. The world expects us to deliver binding targets. The world expects us to deliver specific commitments. It expects us all to pull together and for us all to do our fair share.

The Government I lead is only 10 days old. It is a Government that is realistic about the difficult challenges ahead, particularly in the two years leading up to the Copenhagen conference. It is a Government now prepared to take on the challenge, to do the hard work now and to deliver a sustainable future. The community of nations must reach agreement. There is no Plan B. There is no other planet that we can escape to. We only have this one. And none of us can do it alone. So let’s get it right. The generations of the future will judge us harshly if we fail. But I am optimistic that with clarity of purpose, clear-sightedness, courage and commitment we can prevail in this great task of working together to save our common planet.

I thank you.