

Conference Report

The Green Dollars Forum

Driving Agricultural Profitability down Environmental Highways

**A report to the Rural Industries R&D Corporation
by
The Australian Landcare Management System Group
(The ALMS Group)**

June 2007

Summary

The purpose of the Green Dollar Forum was to identify opportunities for Australian agribusiness to benefit from international developments in environmentally based differentiation of food and fibre products, and how best to respond to these opportunities.

The Forum highlighted the need for Australian agriculture to look for new ways to remain competitive in global markets. One such opportunity is provided by the strategic move by global agribusiness corporations to include environmental considerations in their corporate policies and practices. However land managers will need a system that credibly recognises improved environmental outcomes for them to be able to take advantage of this opportunity.

Most land managers limit their investment in improving environmental outcomes because of a real and/or a perception of a lack of tangible benefits from such investment. A system that credibly recognises improved environmental outcomes will help remove this constraint as it will enable existing drivers and the emergence of new drivers. Additionally such a system will improve the effectiveness and efficiency of many publicly funded programs to improve environmental outcomes.

There is a large number of potential users and beneficiaries of a system that credibly recognises improved environmental outcomes and it will help deliver both private and public goods. Hence the involvement of both the public and private sectors is warranted.

The ALMS Group **recommends** that RIRDC, in consultation with other stakeholders, establishes a task force to identify how best to involve the public and private sectors in establishing a voluntary system for the certification of improved land management with a particular focus on future considerations of catchment and regional planning processes and funding.

The Green Dollars Forum

Purpose

The purpose of the Forum was to identify opportunities for Australian agribusiness to benefit from international developments in environmentally based differentiation of food and fibre products, and how best to respond to these opportunities.

Background

The Green Dollar Forum is part of a continuing ALMS Group strategy to find ways to increase the motivation of landholders to improve environmental outcomes. The strategy reflects the purpose of the ALMS Group which is to improve environmental outcomes in ways that recognise the achievements of land managers and their supporters.

In the three years to 2006, as part of the NHT/DAFF National EMS Pilot Program, ALMS investigated what farm input suppliers, marketers of farm produce and natural resource management agencies require to enable them to recognise the environmental achievements of landholders. The report on this research, *'Capturing market and other benefits from improved land management'*, was published in April 2006 by the ALMS Group and considered at a national workshop in Canberra in May 2006. Workshop participants supported the establishment of a voluntary Australian system or systems for certification of land management. The workshop was sponsored by RIRDC and a report, as yet unpublished, submitted to RIRDC in June 2006.

Program

International trends in agricultural production and increasing concern about the environmental impact of agriculture present great challenges and opportunities for Australian agribusiness.

Forum participants considered what Australia needs to do to prepare for these challenges and to benefit from the opportunities, what might constrain our commercial and organisational responses and how might we remove those constraints. In other words the Forum considered how best to integrate our agricultural and environmental policies to improve profitability and environmental outcomes.

The first half of the Forum was dedicated to presentations and discussions on the policy settings operating in Australia, on global and Chilean developments in agro-environmental policies and programs, on the need for product differentiation in Australian agriculture and on developments in sustainability reporting.

These presentations and discussions provided a useful backdrop to considerations by all participants during the second half of the Forum on why and how Australia might certify land management. Discussions were recorded and edited.

Participants

The Forum was advertised widely amongst relevant sectors. There was strong participation from agribusiness and land holders and several State and Federal policy analysts participated as did representatives of catchment management agencies.

Findings

1. Strategic positioning by global agribusiness -As in other sectors global agribusiness corporations are positioning themselves to benefit from emergent demands for improved demonstration of corporate responsibility, including in relation to their environmental footprint.

2. Changing basis for competitive advantage-The changing dynamics of global food and fibre production require that Australia develops sources of competitive advantage beyond those based on price and narrowly defined product quality.

3. Australia could benefit -Given the quality of its natural and human resources and the potential strength of its institutional arrangements Australia should be well placed to develop competitive advantages based on environmental attributes and other credence features, features which consumers cannot evaluate through product use.

4. Integrate public and private benefits-It is desirable for environmental management systems to be designed and implemented to meet the needs of both agribusiness and catchment/regional natural resource management agencies.

Discussion

There is an increasing disconnect between what global agribusiness corporations and innovative landholders are doing in relation to environmental considerations and what farm aligned private and public sector organisations are doing. This disconnect may limit the capacity of the Australian farm sector to benefit from the environmental related opportunities opening up in global markets.

Global agribusiness corporations are assigning a rapidly increasing strategic importance to environmental considerations and small numbers of innovative landholders are developing and implementing certified land management systems. However private and public sector organisations aligned to the farm sector are responding to the findings of traditional consumer based market research and to the beliefs, values and attitudes of representatives of broadly based farm constituencies, both of which incline towards adoption of a reactionary rather than a proactive response.

In addition to market based developments there probably never has been a more auspicious alignment of other factors to drive and enable an Australian response to the need for verification of improved land management, including:

- Prolonged drought conditions
- Increased focus on water management and climate change
- Broader acceptance of the need for a public-private partnership in relation to land stewardship and ecoservices
- Increased capabilities from the National EMS Pilot and the Pathways to EMS programs, and
- Establishment of the catchment management authorities/regional natural resource management boards.

However there are significant obstacles balancing these drivers , including:

- The State and/or commodity basis for most farm organisations, a factor reinforced by national public funding arrangements, and

- The lack of a clearly articulated and intellectually robust basis for a public-private partnership to implement a voluntary Australian land management certification system or systems

Benefits

The Forum was successful in providing an opportunity for participants from a range of perspectives to be informed and to contribute to agro-environmental policy and practice development. Additionally this report, and others arising from the Forum, will enable a wider and fuller appreciation of the need for and nature of a system or systems for voluntary certification of improved land management.

The Forum made a substantial contribution towards RIRDC's Farm Management Program goal to support research on ways to better integrate on-farm EMS with the national NRM agenda, including catchment and regional planning processes, monitoring and evaluation and capacity building.

Recommendations to RIRDC and industry and dissemination of information in this and related reports

It is now widely recognised that Australia needs to improve environmental outcomes and to implement a credible way of justifying its farm based environmental credentials-to support the 'green' part of 'clean and green'. However no such system is in place.

There is a large number of potential users and beneficiaries of a system that credibly recognises improved environmental outcomes. Furthermore it will help deliver both private and public goods. Hence the involvement of both the public and private sectors is warranted.

RIRDC has been insightful and persistent in providing support for across industry research on using management systems to improve environmental and business outcomes and to verify environmental performance. However the findings of this work have not received the attention they warrant.

The ALMS Group **recommends** that RIRDC establishes a task force to identify how best to involve the public and private sectors in establishing a voluntary system for the certification of improved land management, with a particular focus on future considerations of catchment and regional planning processes and funding.