

**Submission to Senate Enquiry on the National Landcare Program
From
Australian Land Management Group**

This submission is made by the Australian Land Management Group (ALMG)¹. It focuses on Landcare and on the National Landcare Program. However many of the observations and proposals relate equally to the past Natural Heritage Trust and Caring for our Country programs.

Summary

As Landcare at the national level moves into its second 25 years it is timely to protect its assets and to innovate to improve its effectiveness.

The primary Landcare asset is its wide acceptance and recognition by landholders and the broader community. However there is a need to reinvigorate Landcare in ways that link it more strongly to mainstream agriculture, that reduce transaction costs, that result in improved monitoring of outcomes and that improve the flow of benefits to participants.

The Government has stated that Landcare is a large and important programme, but that there is scope for improvement and an opportunity to deliver efficiencies. Guiding principles for the new programme are that investment in managing our natural resources be **simple, local and long-term**².

- *Simple* - delivered through simplified guidelines and application processes, and reporting requirements.
- *Local* - deliver practical natural resource management outcomes with a focus on local and regional-scale activities and on maximising community participation in the delivery of natural resource management projects.
- *Long-term* - an on-going initiative that will continue significant investment in natural resource management priorities.

We **submit** that establishing *Certified Land Management* as a nationally applicable system to verify and reward improved natural resource outcomes would dramatically improve the effectiveness of a program based on the principles of being simple, local and long-term. Furthermore such an initiative falls clearly into the national arena providing a tool for use by State and Local governments and NRM agencies to better execute their more hands on roles.

There is increasing interest from consumers in the provenance of their food and fibre purchases. This provides a wonderful opportunity for Landcare and hence for landholders to benefit from local action to verify the environmental and animal welfare credentials of their production systems. It does require however the establishment of a nationally applicable environmental and animal welfare verification system.

¹ ALMG is a not-for-profit organisation established by landholders in 2003 to improve environmental and animal welfare outcomes in ways that deliver benefits to land managers and the community more broadly (www.almg.org.au).
² https://environment.au.citizenspace.com/biodiversity-conservation/national-landcare-programme-survey/consult_view?utm_source=NACC+e-Newsletter+Database&utm_campaign=a6246dd625-NACC_template8_16_2013&utm_medium=email&utm_term=0_88e8af4f14-a6246dd625-54861065

An internationally credible and recognized environmental and animal welfare verification system would result in:

- An invigorated Landcare with stronger ties to commercial farming and improved monitoring of outcomes
- Improved environmental ,biodiversity and animal welfare outcomes
- Improved on-farm productivity and profitability
- Australian food and fibre products being able to be sold with a certification trade mark attesting to their environmental and animal welfare credentials
- Australian agriculture owning the intellectual property and market power embedded in the existing registered certification trade mark
- Evolution of a broadly based market for ecosystem services
- Reduced administrative and other transaction costs for government
- Increased clarity in the respective roles of Federal, State and Local government
- Reduced costs of legislative compliance

A reformed National Landcare Program (NLP) could help meet many of the opportunities and challenges facing land managers and governments identified at a multi-stakeholder Symposium in Brisbane in June 2014. In brief the Symposium highlighted that:

- Agriculture is in transition from being production to being consumer driven
- Provenance is important particularly in desirable higher priced markets
- Robust certification in relation to credence factors is an effective tool to underpin relationships between producers and consumers, and that
- New forms of governance are required

The most effective way of providing direct support for land managers achieving continuous improvement in natural resource management is to have wide adoption of a voluntary system that :

- Defines process and outcome standards that reflect the requirements of landholders, governments and consumers
- Ensures standards are met to the satisfaction of food and fibre and other ecosystem service markets ,both domestically and internationally
- Is applicable nationally across multiple and varying combinations of land uses/industries
- Enables and supports continuous improvement

The Certified Land Management (CLM) system developed and tested by the Australian Land Management Group (ALMG) can be delivered through existing arrangements including, for instance, the Landcare movement supported by the National Landcare Program, national resource management bodies and industry networks.

The ALM Group convened a Symposium on ***Innovation in Natural Resource and Animal Welfare Management – Agricultural Competitiveness*** in Brisbane in June 2014. Fifty six industry, government, Landcare and non-government organisations expressed support for the aim of the Symposium with the forty six participating representatives supporting the need for credible verification of improving environmental and animal welfare outcomes. The report on the Symposium, participant organisations and individuals and transcripts of presentations and discussions are available at <http://www.almg.org.au/events/almg-symposium>

1. ***The strengths of Landcare should be protected***

- Landcare is an iconic movement with wide community recognition. It has substantially improved the land management culture of landholders and the community more broadly.
- The tangible and intangible assets of Landcare should not be lost through ad hoc changes to the nature and extent of support for Landcare.

2. ***But innovation is needed in how landholders are supported***

- Successive reviews³ of natural resource management programs and of Landcare have recommended, inter alia, strengthening linkages between government support programs and landholder investment decisions, a greater emphasis on enabling market drivers and improved monitoring of outcomes.
- Notwithstanding opportunities to reinvigorate Landcare there has been limited policy and program innovation in relation to Landcare and in natural resource management more broadly⁴.

3. **Opportunities and challenges**

- ***Increasing profitability***
 - Increasing world population and rising standards of living underpin positive predictions for the Australian agricultural sector. Arguably however the implications of these predictions are akin to experiences over past decades with massive increases in the volume of Australian agricultural production and in world trade but with stagnated or lower farm level profitability.
 - Substantial productivity gains from increased production at stable real aggregate costs have not been sufficient to arrest falls in profitability with profitability in the mid 1990s being about one third of what it was two decades earlier.
 - The challenge is to ensure rising demand is transformed into increased profitability.
 - Increasing profitability requires gains on three interrelated fronts. First there is a need to improve productivity at all points along supply chains. Second there is a need for improved trade access. And third there is a need for greater emphasis on supplying high quality differentiated products into higher priced and more discerning markets.
- ***Consumer lead agriculture***
 - Agriculture is in transition from being production to being consumer driven.
 - Food safety, value-for-money and product consistency and availability remain as primary market requirements. These features can be met to varying degrees by most suppliers.

³ Dames & Moore (1999) NHT Mid-Term Review-- National Landcare Program; Department of Agriculture Forestry and Fisheries (2003) Review of the National Landcare Program; Agriculture and Food Policy Reference Group (2006) Creating our Future-Agriculture and Food Policy for the Next Generation; Australian National Audit Office (2008) Regional Delivery Model for the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality; GHD (2013) Multiple Benefits of Landcare and Natural Resource Management

⁴ The need for innovation in natural resource management was well articulated by Mick Keogh, the Executive Director of the Australian Farm Institute in his 2005 editorial in the Farm Policy Journal:

'On-farm natural resource management is an area of Australian farm policy sorely in need of serious innovation. It seems the whole policy area is locked into a mentality of regulatory decrees and five-year plans and indifference to measuring real outcomes. Leadership is required of governments in taking a much bolder and more sustained approach to the use of market-based-instruments (MBIs) as a core component of natural resource management (NRM) policies, underpinned by sensible, outcome-focused regulations. The focus should be on mechanisms that maximize real improvements in NRM by involving farmers as willing volunteers rather than as surly conscript.'

- Increasing community and consumer attention to what might be loosely termed the ethical features of food and fibre production presents a massive differentiating opportunity for the Australian agricultural sector. Australia is well endowed with the natural resources, skills and organizational capabilities necessary to capitalize on this opportunity.
- **On-farm productivity**
 - Four fold variations in productivity between farms grouped into quartiles on the basis of cash receipts is clear indication of the continuing potential for on-farm productivity gains⁵.
 - More recent studies point to the limited potential for these gains to be achieved through further cost cutting⁶.
 - However we now have the insights and technology to move the production function [the relationships between soils, water, plants and animals] onto a higher continuous improvement trajectory.
- **Governance**
 - whilst there are technical dimensions to the deteriorating economic, ecological and social conditions in rural Australia the fundamental need is to improve governance, that is how we manage institutions in the public, private and community sectors to meet these interdependent challenges.
 - Institutions include the traditions, values and the norms and practices of groups, organisations formed by government, industries and communities and their policies and programs and laws, regulations, codes of practice and the operation of markets.
 - Land degradation and loss of biodiversity are likely to continue unless there are changes to existing governance arrangements wherein market signals relate almost exclusively to extracted products, like food and fibre, and productivity gains come almost exclusively from increased production.

4. Role for government

- The prime responsibility for natural resource management rests with landholders. However in mixed economies such as in Australia there is a role for government when the market alone is unlikely to deliver the optimum societal outcome, that is when market failure is likely to occur.
- Market failure occurs in natural resource management due to factors such as the production of public goods⁷, externalities and fragmentation between legislatively established industry-by-industry organizations.
- In line with the directions recommended by the Oxford-Martin Commission for Future Generations⁸ new governance arrangements need to strengthen linkages between government support programs, landholder investment decisions and communities.

5. Role for Landcare

- One of the intangible assets of Landcare is its use as a conduit to influence the activities of land managers. The importance of this feature is arbitrarily discounted by the very limited range of activities widely deemed to be 'conservation' activities including by organizations such as the ABS and ABARES. However

⁵ Synapse Research and Consulting (1992) Review of Rural Adjustment Scheme

⁶ MLA (2014) Northern Beef Situation Analysis

⁷ A public good or service is one which when produced provides benefits that are non-excludable, that is one cannot stop a person obtaining those benefits, and are non-rival, that is the benefit to one person need not distract from another's benefit.

⁸ Now for the Long Term, The Report of the Oxford Martin Commission for Future Generations 2013
<http://www.globalforesightbooks.org/Book-of-the-Month/oxford-martin-commission-for-future-generations-now-for-the-long-term.html>

the reality is that virtually all activities undertaken by landholders affect natural resources, either positively or negatively.

- The narrow definition of what constitutes a ‘conservation’ activity isolates environmental management from the main causes of impacts on natural resources, for instance which beef genotypes are used, which crops are planted and what stocking pressure is applied. It is conceivable that the most effective ecological decision a land manager might make could be her/his decision on what tractor to buy or when to sell livestock.
- The 2014–15 Budget specifies that the Australian Government will commit \$3 billion over the next four years to natural resource management, biodiversity and land management in Australia⁹. This is an important investment. However, even if it related only to land used for agricultural purposes, and we don’t suggest that it should, then it would represent less than two percent of landholder expenditure affecting natural resource management, biodiversity and land management in Australia. In reality public expenditure is likely to be less than one percent of total expenditures affecting land based natural resources.
- The implications of this ‘impact’ understanding of natural resource management are significant for it highlights how critical it is for the government dollar to be spent in ways that positively influence expenditures by landholders and others managing natural resources. It is time for both government and industry to put aside the misconception that improving NRM and animal welfare is something separate from everyday operations. Improving NRM and animal welfare needs to be an integral component of most investment and operational decisions. It needs to be embedded in each business not because it is imposed but rather because it is integral to the success of each business. Within bounds NRM support should be customized for individual businesses. Each business—each farm—needs to identify its own priorities and strategies within a landscape context and having done that there is a need to avoid external prescription about how managers should manage their environmental impacts.
- Currently project funding is a major form of government support for improving natural resource management. There have been multiple efforts at the margin to improve its effectiveness and to lower transaction costs. However delivering the majority of government support through the project format has serious deficiencies, including:
 - It has limited the degree to which natural resource management programs, including the National Landcare Program, have influenced landholder investment and expenditure decisions.
 - The duration of funding is totally out of kilter with ecological and commercial considerations.
 - The transaction costs are very substantial in financial, skill and motivational terms.
 - Accountability arrangements are costly, ineffective and very de-motivating.
 - Project funding relies on processes for picking winners which are external to and not customised for commercial business, and most importantly
 - Project funding at best partly addresses the symptoms rather than the causes of market failure
- The government has stated that Landcare is a large and important programme, but that there is scope for improvement and an opportunity to deliver efficiencies. As part of this the government will be emphasising delivery of local priorities taking into account the views of community groups, particularly Landcare groups¹⁰.

⁹ <http://www.nrm.gov.au/funding/nlp/index.html>

¹⁰ <http://www.nrm.gov.au/funding/nlp/index.html>

- This might go part of the way to linking the government support to land management. However it is a distant second best to enabling that support to positively influence the decision making and actions of individual land managers as can be achieved through the application of the Certified Land Management (CLM) system. Additionally unless it runs in parallel with national initiatives it does not enable the effective national use of tools leading to the evolution of complimentary drivers for continuous improvement, for instance from improved market access and premiums consequent upon having credence attributes credibly embedded in food and fibre products.

6. Certified Land Management (CLM)

- Certified Land Management (CLM) is a nationally applicable, whole- of- farm, externally audited and landscape linked management system that can be applied across all combinations of land uses.
- CLM is a registered certification trade mark and it complies with the ISO14001 internationally recognised environmental management standard.
- Certified Land Management verifies that the land manager is continuously improving environmental and animal welfare outcomes and that the management system:
 - operates across all activities operating on the land for which the certificate applies
 - takes account of landscape-wide environmental considerations
 - provides support for biodiversity conservation, and
 - complies with the internationally accepted ISO14001 management standard
- Certified Land Management can be easily adapted to include additional requirements, for instance regional, market or climate change requirements.
- Certified Land Management operates at the point of influence, that is at the point of decision making by individual land holders.
- Certified Land Management can be delivered through existing arrangements including, for instance, the Landcare movement supported by the National Landcare Program, national resource management bodies and industry networks.
- Certified Land Management landholders access a unique bank of farm related information and review their farm operations using custom-designed web-based software. They are guided by measurements of their soil-plant-animal performance. They develop and implement CLM management plans and monitor their progress. Accredited auditors work with landholders to identify pathways for continuous improvement and to assess progress against certification criteria.
- Key features of Certified Land Management include:
 - *Continuous improvement:* CLM assists land managers to achieve continuous improvement through targeted training and access to diagnostic processes and relevant information through specialized internet based software.
 - *Credible verification:* Accredited auditors verify the conditions for certification are met. CLM complies with international environmental management standards [ISO14001] and meets the Australian Competition and Consumer Corporation (ACCC) requirements for registration as a certification trade mark.
 - *Creativity:* CLM enables the creativity so critically necessary for improving land management. It does this primarily through not imposing prescriptive management strategies ill suited to catering for the variability in management requirements between managers and over time and space.
 - *Commitment:* by providing an on-going basis for recognizing and rewarding superior outcomes.

- A national voluntary roll out of Certified Land Management would underpin and accelerate a portfolio of government policies and programs including:
 - A continued commitment to natural resource management, biodiversity and land management through, for instance, the National Landcare Program, the Reef 2050 Plan, Working on Country, the Land Sector Package and investments in the Great Barrier Reef Foundation.
 - The Carbon Farming Initiative
 - The Emissions Reduction Fund by enabling aggregation across large numbers of landholders who otherwise will find it difficult to compete with more concentrated sectors such as the electricity supply sector.
- In addition to greenhouse gas abatement Certified Land Management delivers benefits to government, industries and landholders by:
 - Providing an efficient way to deliver support for improving environmental outcomes
 - Strengthening trade and market access negotiations related to the 'clean-green' factor
 - Improving agricultural profitability and competitiveness in higher priced domestic and international markets through enabling product differentiation on the basis of verified environmental and animal welfare
 - Improving agricultural profitability through moving farm ecology [soil-water-plant –animal functions] onto a higher and continually improving trajectory
 - Reducing dependence on regulatory mechanisms
 - Improving on-farm productivity through training, improved management processes, outcome monitoring and group learning experiences
 - The multi-benefit nature of CLM enables many drivers to be brought to bear for any particular desirable outcome, for instance lower CO₂-e emissions, carbon sequestration and biodiversity conservation.

See a landholder video on CLM at http://www.youtube.com/watch?v=jpG5d_Cl2yE&feature=youtu.be

Australian Land Management Group (ALMG)

CLM was designed and is supported by the not-for-profit Australian Land Management Group (ALM Group). The ALM Group was established by landholders in 2003 to improve environmental and animal welfare outcomes in ways that recognise and reward landholders and their support organisations. CLM has been trialled with landholders across four States (www.almg.org.au).