

## Table Discussion Reports

### Kerry Lonergan:

Folks, it's about time we have to report on the table discussions. First up, from Table 1, the Convenor is Peter Thompson.

### Peter Thompson:

We've had wide-ranging discussion, as I'm sure all of you have, and really trying to tackle this one of 'What needs to happen to make it happen?' And we went through what the current barriers are—I'll just quickly list these off as dot points for you. One of the first ones that came up was validating public benefits. Another one is: benchmarking information is not available. Another one is: Is there a possibility for carbon credits for selling the benefits of CLM? Another one is—and this is probably the biggest one; I'm just looking back through my notes and nearly everyone on our table mentioned it at some stage—was a diverse array of programs and projects that are out there at the moment, and the fact that they are project-funded, so short-term point in time and then it seems to get lost.

**“Ways to make it actually happen...champions are needed.”**

So there are lots barriers. Ways to make it actually happen is that champions are needed. So it might be like the group that Andrew spoke about before where he's got a group together in Northern New South Wales and in that area people are going to go out and basically tell the story. Which also raises something that was raised on our table and talked about a lot is the consumers, they value how we do things and why we do things. They're not interested in what we do; it's actually how and why we do things. So we need to be able to tell that story. And we do see that CLM, and certainly from our own personal perspective as someone who's active in the process, that it really valuable to us—and that's, once again, the thing that Andrew brought up was the social rewards out of it.

We also see with CLM—and this is How to make it happen—is working with the likes of, whether it's PCAS or LPA or whatever; there's a million and one certification schemes out there. If we could have a system where just like the legislative ticking the boxes that Jock showed us earlier in the day; that if CLM is able to work with these other accrediting groups so that you could actually tick the box and you're a producer producing X, Y, Z and these are the schemes that you want to cover, that in your CLM certification you will actually tick that off in the one process. So it's CLM becoming effectively a central repository point so that producers aren't seeing it as yet another compliance scheme etcetera to go through.

**“So the integration of compliance came up heaps of times.”**

So the integration of compliance came up heaps of times. Another point here was that, on the barriers, that they aren't all economic. You know, it might be time, it might be interest. And probably the final

point I'd make is that we talked about how do we bring the bottom 20 per cent along, or do we just concentrate on the top 80 per cent because the thing that kept coming up is most operators are actually doing all the things that CLM certifies, it's just that they haven't gone through the process of certifying.

### Kerry Lonergan:

Thank you Peter. Table 2, the Convenor is Sarah-Jane Wilson.

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### Sarah-Jane Wilson:

The first thing when we were talking about what needs to happen, we discussed that there should be more incentive or reward for the application of the system. And one of the options there was marketplace, but it's very difficult to differentiate, as there's no niche market at the moment for it. So another possible incentive-type application would be ratepayer incentives for integrated management, or Government incentives for environmental amenity—and this could be done through national grants, through catchment management or industry into different areas.

**“Another possible incentive-type application would be ratepayer incentives for integrated management.”**

The second was how we maintain the rigour of the process, especially if industry is going to be involved in it? And the value story that comes out, the intangible value with a priority rather than just a dollar story. We also talked about the end user or the customer being a key stakeholder, and how ultimately they have been able to impact production systems for different commodities. And now we're working with a much more educated consumer, and they actually require substantiation of these claims or endorsements.

The next one we talked about was education of the consumer in terms of the value that's placed on welfare and environment and public support for that, and how we need a better linkage from the paddock to the plate about the actual story of the product—like the example of the oranges. We have some clever marketing out there and it can confuse the consumer, and sometimes the story or the depiction on a label isn't necessarily the end story for where the product has come from. And within the supermarket there's sort of a segmented market out there that's designed to capture the dollar, whether that be from a very bland, generic marketing campaign to niche market packaging. So there's quite a variety there.

So how do we get this to happen?' First of all, we need universal agreement or support on the certification system that's going to be used—whether that be from government, consumer or industry. Preferably all of them. We need agreement on what the principles of certification will be, the elements that are going to be contained within that certification system, and the rigour of the audit process and how that can be tailored to the needs of different producers. We need to promote recognition or awareness of the system because it is something that's capable of independent audit. And we need one logo—not multiple logos—that are going to be the standout choice for the consumer there because at the moment there is a lot of competition for different logos. So we want one logo that's the standout.

**“We need a really, clear story that encompasses all of the elements of the certification system, and to have this promoted or marketed through different retailers to consumers promoting the one logo or one brand.”**

We need to enforce the minimum standards, particularly around welfare and environment, and education and extension into these areas. Our table had some debate about whether government involvement was useful or not in terms of investment versus intervention versus whether it's actually part of government core business or not. And some examples were: there actually are regulated products out there such as organics, they have strict criteria around them and there is some government involvement with those. And I think the overall point that came out was we need a really, clear story that encompasses all of the elements of the certification system, and to have this promoted or marketed through different retailers to consumers promoting the one logo or one brand.

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### **Kerry Lonergan:**

Thank you Sarah-Jane. The Convenor for Table 3 is Bob Hudson.

### **Bob Hudson:**

Right, thanks very much. I don't want to make this repetitive but let's just talk about the main issues we first discussed: recognising firstly that users need to be rewarded for the effort they make, and that would be a financial benefit. There's a need for improvement to be measured, to be auditable. And there's a need for there to be some sort of brand recognition. Also, that there be a critical mass involved in any scheme.

Obviously, the market benefit can be in a number of different ways: market acceptance or market denial, price support or access to assistance in times of stress and drought etcetera, etcetera. There's the point about the different forms of agricultural production, whether it be a corporate farm as distinct from the family farm, the average family farm and the speed with which these different farming types pick up on the changes that are needed. Obviously the family farm has likely to have a lot slower uptake time, and that can be an issue that has to be thought through.

In looking at the second question, I think there was a bit of a divergence of opinion—we do have Bruce on our table and so he was let run pretty well because we thought he might, you know, open the cheque book to see what the government has to say. And he, as in his earlier talk, made some good points, and accepted that if government help was going to continue in the resource management sector then really KPIs and/or measurement of some sort of outcome improvement had to be essential rather than just shovelling buckets of money at projects.

**“If government help was going to continue in the resource management sector then really KPIs and/or measurement of some sort of outcome improvement had to be essential rather than just shovelling buckets of money at projects.”**

He also made the point that if you looked at comparative products, like the wool industry and also beef into the European market, that there was a need for or perhaps an opportunity for the Australian government to get into a position to describe an Australian clean and green range of agricultural products. So that we end up covering ourselves in glory with this product description that gives overseas buyers the confidence that they need to purchase Australian products. And I think the point was made at the table that we've already seen, in the milk industry, the need for international buyers from China wanting to be reassured that not only is the product in the factory meet all the standards, but the product through the farm process itself meets all the standards. And something like a system like CLM would deliver that, and that while milk is just an early one—and we're seeing it also in horticulture—that there will be over the years to come many more of our international buyers will be asking for a verification system that gives them the confidence that the product has been produced in such a way that when they market it there are no surprises.

I suppose lastly there was some support at the table for a greater expansion of the role for CLM based around a catchment model. There seemed to be a benefit opportunity there and I think that's been highlighted with the Northern Tablelands experiment, if I can call it that, trial. And perhaps that's another part of a reward or support that government might consider in the longer term.

**“Support...for a greater expansion of the role for CLM based around a catchment model.”**

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### **Kerry Lonergan:**

Thank you Bob. Some excellent ideas emerging after just three tables. And we move on to Table 4 where the Convener is Duncan Bremner.

### **Duncan Bremner:**

Thank you. Look I'm going to edit a little bit on the run here because we have held very similar, or had very similar outcomes to our conversations to everybody else. Part of how we started the debate was looking at productivity versus marketing, and in the context of environmental and welfare how do you differentiate that? It's fine producing a product efficiently and environmentally sustainable but if you don't have a market for it, and the example that was used was the use of hormone growth promotants in cattle. There is one argument that there is a decreasing market for it therefore why would you use it? Alternatively, there is another argument that is the removal of HGP's from the Australian market would increase the cattle population by two million head to meet existing demand - that therefore there is an environmental benefit. So it was looking down that path.

**“Need a system to be independently verifiable, one that the consumer trusts, that is market-force led.”**

What we sort of decided that we needed was for a system to be independently verifiable, one that the consumer trusts, that is market-force led, and that there are viable business cases that can be promoted through that. One way of driving this is through price differentiation and putting a price on niche markets. We found that that was, a talking point that we came back to was: 'Is the concept of CLM something that could be applied to 100 per cent of the market, or 100 per cent of Australian agriculture, if it meant losing the differentiation?' – that that provides increased price points, etcetera, for the producer.

Another point that came up was trying to embed co-products in the core product, so things such as biodiversity conservation and carbon farming, and looking at management plans that linked in with government policies. Look, I think that pretty well the rest of what I could talk about reinforces what's already been discussed. But some other interesting facts, almost side issues, came up during the discussion and one was that 50 per cent of food that is produced in the world is wasted, be it through whatever's left over at the restaurant through to wasted crops. So there are more broad ways at looking at how to improve efficiencies that will have positive impacts on environmental and animal welfare management.

Look, I'll keep it pretty short and sharp at that I think.

### **Kerry Lonergan:**

Thank you Duncan. Table 5's Convener is Bruce Munday.

### **Bruce Munday:**

Thanks Kerry. We started our discussion just by reflecting on a comment that is actually in the program and was made by David Crombie. He says: "I see a future where our farmers will be valued for their production and respected for their environmental delivery." And Pip mentioned MLA does focus groups regularly and a consistent message which comes back from consumers is that they do have a high level of trust in Australian farmers and farming systems. So that's, I think, an encouraging...or both those are an encouraging platform to work from.

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In the discussion—and I’m going to be like Duncan, I’m going to paraphrase this to avoid repeating what other people have said—one of the points which was made was that it’s important that we get the concept of good stewardship into the minds of customers, not only international customers but also domestic customers. That people do value those sorts of things; so if they are seeking a product that’s one of the boxes that they want to tick.

That then raises the issue of branding. And, of course, all corporates are keen to get a brand which draws a response, a favourable response. And we thought about some of the national brands which are respected, like German cars and Swiss watches and those sorts of things. Can Australian agriculture fit into that sort of niche? Perhaps it already does to some degree. And there was also some talk—and Shane Norris you’ll be happy to hear this—about one of the enduring brands, which was alluded to by Kerry earlier today, is the 25-year-old Landcare. You know, that is part of brand Australia, and it is certainly part of the foundation of the Australian Land Management Group; it grew out of the Landcare movement. And if that’s a recognisable brand, is it something that we should be making more of through this movement?

If you talk about that sort of thing, you say, okay, what are the brands which become critical that everybody recognises? And David mentioned the example of Intel. If you’re going to buy a computer and it hasn’t got Intel on it you keep away from it. If it has got Intel, at least that ticks the first box and gets you entry into the consumer.

**“There needs to be some compelling story that people will be attracted to and want to become part of.”**

But all of that then comes back to—there needs to be some sort of story, some sort of a narrative around this. Rather than having a whole heap of dot points that you

present the community with, there needs to be some compelling story that people will be attracted to and want to become part of. One of the points which was made by Paul, which I think is quite important, is that we need to think about more than just the value of what we’re exporting or selling or producing, but also the risk associated with that and how do you manage that risk. And certainly in the case of export markets, risks can arrive—as we’ve seen for example with the live animal export—in most unexpected quarters. And so if you’ve got a certified system then that’s part of your protection against those sorts of risk, or managing those risks, so that you’re prepared for what might lie ahead.

There was some comment also about, the comments that Tony made about transaction costs associated with a lot of government programs, for example Caring for our Country and Biodiversity Fund. But you could ask yourself why are those transaction costs there? And one of the reasons of course is to prevent things from going wrong, particularly embarrassing a minister. If you bring that down to a micro level you could say that CLM is also a transaction cost which is all about making sure that things don’t go wrong. So we do need to understand that, that one of the impediments to land managers engaging in CLM is that they see a transaction cost. Now for some landholders that’s a transaction cost they will readily bear and take advantage of it. But for a lot of other land managers they will probably look to side step that and adopt something like best management practice, for example, which is far less demanding and far less assuring, perhaps more accessible.

So what’s the ultimate aim of all this? Is to get a small number of properties operating at a very high level or a large number of operating properties operating at a lower level but an acceptable level? Are the two mutually exclusive or are they complementary?

### **Kerry Lonergan:**

Thank you Bruce from Table 5. Table 6’s Convenor today is Wendy Agar.

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### Wendy Agar:

Thank you. Well, after hearing all of those I could probably say 'ditto' but I won't. So we really focussed on what did we need to have to develop continuous improvement in environment and animal welfare management. And boiling that down, we came up with reward for the growers, market access, market perception, what do we need to do to motivate and enable a consumer and motivate and enable the landholder and provide them with tools.

So how do we get what needs to happen to happen? So I will be pretty succinct. We actually came up with an action to match our concept; so the concepts we thought needed addressing were: a system that encourages continuous improvement, efficiency of government support, and providing food and fibre differentiation. And so the very cunning idea that we've come up with Bruce, is that the current government investment that goes into NRM in its many different forms could possibly address the market failure that currently exists in getting people to convert to a continuous improvement system.

**“A system that encourages continuous improvement, efficiency of government support, and providing food and fibre differentiation.”**

And we thought that could be done in several ways: possibly a premium for a product that's produced under a system, or rewarding meeting KPIs attached to land management. We would see that this would create a critical mass that's required for that brand to actually have some traction in the market. And we also thought that it would be really important to possibly try and engage one of the big players early on and have them as part of that journey so that there you're building market awareness with a current player—and it was mentioned at this table that Coles are already really interested in this brand. So that would seem like a logical partner to go to straight away in this process; when the government realised what a fantastic way that would be to reinvest some of their NRM funds, Bruce.

Thank you.

### Kerry Lonergan:

Thank you Wendy. Some terrific points have been raised by the various tables today. I've just written some dot points down which I think are part of the discussion we're going to have later on this afternoon. There are many more points that I'm sure people here will regard as important, but the ones I've noted were the rewards for producers—I think that's essential of course. And which involves of course a premium for those involved with the CLM philosophy. The CLM story has to be told and it needs to be told clearly and understood by producers all over Australia.

The other one, which I thought was intriguing, was the HGP question: Are we going to cop a 16 per cent drop in productivity? Or is there a market for both HGP cattle and non-HGB cattle? There was a note here about the rigour of the accreditation process—which I think is of prime importance because once you establish that it has to be adhered to 100 per cent and no cheating. Market benefits I've also written down here. And the other one that I thought was interesting was benchmarking—it's a practice of course which has to be adopted; we have to adopt certain standards for CLM and stick to them.

Now does anyone want to say anything? We've got about five minutes to spare. Does anyone want to make any comments on anything that was said there today?

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The other one, the other point that I've noted here was from Table 1, and that was the weakest link—How do we bring the bottom 20 per cent along? I think that's crucial in any sort of program because we've seen it before in other industries where the weakest link can taint the entire industry.

Anyone got much to say before we go to lunch? We've got about three or four minutes if you like. Bruce, do you have anything to say or spend, check book open or anything like that?

### **Bruce Scott:**

Well thanks very much. Look, I'm very interested in the outcome at the end of the day, and I don't think it's always just about more money from government. It's about—you know, I think that's part of the problem that even with Landcare today, it's about money and where's it going to go. Does it measure an outcome? Has it really made a difference? Do the consumers know about it? I put the idea forward here that if we were going to measure clean and green, what is the measurement? What does it mean? We talk about it, our trade ministers talk about it, you see it promoted in China at restaurants: Australian clean and green beef.

I think, as I said in my address, EU's accreditation: If you want market access to the EU, if you want market access to the US under organic, you've got to meet their criteria. I think that we should be able to try to set a criteria here, not here but in Australia. And those who want to participate will have the profit from it. I think there's a real danger also—and we were talking about it in relation to the dairy industry, spoke about some of the commercial opportunities here in Australia have been taken up by the retailers. If you look at Coles in their chicken, hormone-free. Well they are anyway, but they decided they'd promote it that way. And the producer didn't get the benefit. Whereas the producer could have been out in front with permeate-free and milk. When that dollar a litre came from Coles, followed by Woolworths, the competition, the other brands, said well, ours is permeate-free.

But that was another one of those marketing tools that was not known by the consumer. And so I think if you've got a product to sell you've got to be able to sell it and identify it. And I think Australian clean green is going to become increasingly important, but you've got to identify how you get there. I said here that the New Zealand marketing of Pure New Zealand is selling all around the world, and they've got a product to sell and if you're New Zealand well it must be Pure New Zealand clean and green. And I think we've got opportunities there to identify that and link it back to land management, animal welfare practices, and through the whole chain.

**“Clean green is going to become increasingly important, but you've got to identify how you get there.”**

### **Kerry Lonergan:**

Thank you Bruce. Okay folks, lunch and back on deck at 1:30. See you then.