

Symposium on Natural Resource and Animal Welfare Management— Agricultural Competitiveness **Final Report**



Key Observations

Increasingly, the profitability of Australian agriculture depends on it being competitive in higher-priced differentiated markets, domestically and internationally. Consumers in these consumer-led markets seek assurances about provenance, in particular about sustainability, animal welfare and labour conditions. These differentiating attributes are in addition to the more broadly sought food safety, value-for-price and product consistency requirements.

These trends present exciting opportunities for Australia. Australia has the natural resources and skills to enable it to provide the necessary assurances. Additionally, if done right, it will enable potent market forces to spearhead capture of the growing synergies between improving profitability, improving natural resource and animal welfare management and strengthening workforce dedication and professionalism.

Doing it right means having a domestically and internationally recognised certification system that credibly verifies natural resource and animal welfare credentials at the same time as supporting land managers to achieve continuous improvement.

Doing it right means having a certification system that offers benefits not only along the food and fibre supply chains but also to government and philanthropic purchasers of environmental outcomes, often referred to as ecosystem services.

And of course doing it right delivers better environmental and animal welfare performance, which itself is a good thing.

Symposium participants were strongly supportive of doing it right through a national rollout of the proven Certified Land Management (CLM) system.

CLM is Australia's only nationally applicable, externally audited, whole-of-farm and landscape linked management system. CLM verifies that the landholder is improving environmental and animal welfare management as well as increasing the skills applied to production.

CLM is applicable across all combinations of land types and uses and can be easily adapted to include additional regional or market requirements or responses to changing weather patterns. CLM has been road tested over several years with landholders across four States.

CLM complies with the ISO 14001 internationally recognised environmental management standard and is an Australian registered certification trademark.

A national rollout of CLM requires leadership and tangible government and industry support, particularly in the early stages until there is sufficient adoption to enable market forces and economies of scale to operate.

Access all the Symposium resources, including presentation transcripts, at www.almg.org.au/events/almg-symposium, or to learn more about CLM, visit bit.ly/CLMLandholders.

Introduction

This report consists of an introduction, the highlights of the Symposium presentations and discussions, an overview arising from the proceedings and a brief presentation of next steps. The report includes also the symposium program and lists of participating organisations and individuals.

The Australian Land Management Group¹ convened the Symposium to create momentum and direction for innovation in natural resource and animal welfare management.

The Symposium brought together key policy makers, landholders, representatives of food and fibre supply chains and specialist interest groups to discuss environmental and animal welfare management.

The primary tenet for holding the symposium is that we need management systems to enable more effective drivers for continuous improvement in natural resource and animal welfare management.

**We need more effective drivers
for continuous improvement in
natural resource and animal
welfare management.**

The reasons for this are fivefold.

1. First, most landholders and communities aspire to having improved environmental and animal welfare outcomes.
2. Second, improved environmental and animal welfare outcomes deliver improved agricultural competitiveness through greater productivity, product differentiation and the delivery of ecosystem services.
3. Third, governments and industry organisations seek improved effectiveness from increasingly limited financial and human resources.
4. Fourth, to lessen the risk of having multiple and excessively prescriptive verification systems being imposed on land managers.
5. Fifth, genuinely aligning business models to community values makes good business and societal sense. This is particularly so where there are large differences in the concentration of market power such as exist along food and fibre product chains.

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Symposium Proceedings

In their introductory remarks Kerry Lonergan and Julia Telford reminded participants that the symposium tasks were to identify ‘what we need to do and what we need to do to get done what we need to do’.

In his opening remarks Bruce Scott MP highlighted the importance of not only looking back 25 years to the start of Landcare but also to the next 25 years. Looking forward Scott identified increasing consumer connection with food and where and how it is produced as a major factor in accessing increasing affluent export markets. He illustrated his point with a real-life South Australian example of exporting oranges to China.

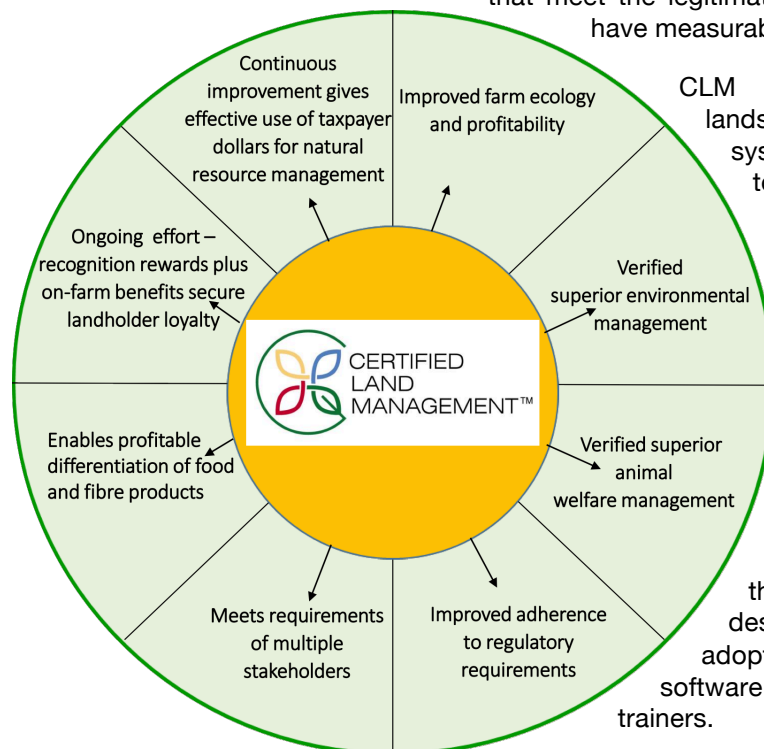
What do we need to do and how do we get it done?

Increasing consumer connection with food and where and how it is produced is a major factor in accessing increasingly affluent export markets—requiring credible certification.

According to Scott these significant opportunities can only be realised though credible certification whether it be, for instance, about how the citrus is produced or, for beef, that it is pasture fed. Scott indicated

interest in the symposium deliberations from the Commonwealth and in particular from the Agriculture Minister whose representative was in attendance.

Jock Douglas introduced participants to the Certified Land Management (CLM) system. CLM was developed and tested across four States by the not-for-profit Australian Land Management Group (ALM Group). The aim is to motivate, enable and reward progressive landholders to continuously improve environmental and animal welfare management in ways that meet the legitimate community requirement to have measurable improvement.



CLM is a whole-of-property, landscape-linked management system that is externally audited to comply with internationally recognised management standards and ALM Group outcome standards.

Douglas described the application of CLM by landholders in the Maranoa region of Queensland supported by the Maranoa Regional Council, the Queensland Murray Darling Committee Inc., Elders and the Biodiversity Fund. He described how landholders adopt CLM using customised software guided by accredited trainers.

Certified Land Management (CLM) monitors continuous improvement against goals that take all business, market and community requirements into account.

Douglas highlighted three key features of CLM.

First there is the concurrent consideration of landscape, market and government requirements along with landholder requirements in the development of CLM Management Plans.

Second that progress is monitored and reviewed against these plans ensuring that CLM delivers multiple benefits to landholders, operators along product chains and to government and industry organisations.

And third that the CLM processes encourage and enable adult learning across properties and across generations.

Following Douglas's presentation Tony Gleeson presented insights that governed the design of CLM pivoting on the foundation judgment that whilst there are technical dimensions to the deteriorating economic, ecological and social conditions in rural Australia the fundamental need is to better align our institutions, that is our policies, programs, markets and organisations, to meet these interdependent challenges. Gleeson mused as to why we are forever surprised that we have continuing land degradation and loss of biodiversity when signals from the market relate only to extracted products, like food and fibre, when productivity gains come almost exclusively from increased production and when policies are more about production than profitability?

The fundamental need is to better align our policies, programs, markets and organisations to better meet profitability, ecological sustainability and social needs.

Gleeson said an understanding that was critical to the design of CLM is that natural resource and animal welfare management is the management of our impacts on resources and animals rather than the management of the resources and animals per se.

Hence management systems need to be customised for each business, be an integral component of most investment and operational decisions and not be constrained by excessive prescription about what is most important or by how managers should manage. Gleeson said also that, at least for Australia, management systems need to deliver improved profitability for participating businesses, be nationally applicable across industries or land uses and lead to national and international recognition.

Natural resource and animal welfare management means managing our impacts rather than the resources themselves.

The prime responsibility for improving environmental and animal welfare management rests with business owners. However the presence of market

failure arising from externalities, the public good nature of outcomes, legislated fragmentation and long time lags necessitate support from government. Preferably this support should help rectify rather than just compensate for the market failure. Furthermore systems such as CLM provide government and industry-wide benefits underpinning the rationale for government and for industry-wide funding support.

According to Gleeson in most instances project-based support as it is commonly provided is a particularly ineffective and costly form of support. In general project support is external to and of a different time frame to commercial considerations, incurs great transaction costs and it does not address the causes of market failure.

Government and industry support should seek to rectify rather than compensate for market failure.

Gleeson concluded by advocating a Continuous Improvement Program based on the principles he had enunciated to provide support to landholders who credibly are continuously improving environmental and animal welfare outcomes.

The Certified Land Management system is customised for each business, non-prescriptive, and an integral component of investment and operational decisions.

In a short presentation Melina Tensen referred to studies indicating that three quarters of customers believe that supermarkets should be responsible for ethical sourcing of product. Tensen posited that while the livestock industries might not be able to control growing consumer and public concern for animal welfare, and for the environment, they can control how they respond to these concerns with schemes like certified land management offering a genuine opportunity for landholders to tap into this community sentiment.

Andrew Walsh explained the aggregation of government functions to do with natural resource management, bio-security, emergency responses and agricultural extension into eleven Local Land Service agencies throughout New South Wales. This is a significant

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organisational innovation strengthening the need for and opportunity to use integrating tools like CLM to support and enable continuous improvement across the breadth of the charters of the Local Land Service agencies.

Bart Davidson drew attention to the need to improve profitability and ecological sustainability. He illustrated this dual need by comparing the energy balance in agriculture fifty years ago (one unit in for 2.5 units out) to what it is now (25 units in to 2.5 units out). Davidson's work within the CLM framework focuses on what drives profitability which he sees to be good decision making based on numbers, numbers that inform decision making collected and interpreted through disciplined repeatable CLM processes.

Davidson observed positively that CLM means a lot of different things to different people but for him it boils down to being a framework within which people systematically work out what to do and then they do what they say they are going to do.

Use of integrating tools like CLM goes hand-in-hand with organisational innovation.

He elaborated:

There's a structure and a trigger and a few benchmarks or milestones along the way along the way that say, hey, it's time to do this and this is how we did it last time. So, you know, because Bob's left the farm it doesn't get done differently, it

actually gets done the same. The data that was generated still means something. The past still informs the future. That's worth a huge amount.

Just imagine, between soil tests, feed tests, water tests, landscape assessments, monitoring sites, you've got masses, you've got mega data, you literally have mega data in agriculture. Let alone the weather. That is presently not able to talk to us because the linkages aren't there because the processes weren't there, because the methodologies were absolutely all over the place because we had no structure on the whole. And a lot of money being spent in the process. And I've watched it, and it frustrates me.

This is why I'm into the CLM thing. Because people have to do what they say they're going to do. They don't have to put on a funny hat. They don't have to do a jig. You don't have to become evangelical. You just have to do what you say you're going to do. The problem is really complicated if you want it to be but it's really simple if you want it to be as well—and we've just got to do simple things that link cause and effect.

CLM provides the processes and relevant metrics needed for good decision making to drive profitability.

Paul Martin broadened the discussion by observing that how we govern for sustainability, animal welfare, social justice, and related issues is changing rapidly to one involving partnerships between the private and public sectors all on the back of variable landholder capacity, shrinking public resources, changing consumer attitudes and weak market incentives. Martin considered that while CLM can make a contribution to individual landholders it can also make a contribution to the evolving governance system.

As part of an evaluation of CLM Martin and his colleague Andrew Lawson concluded that the design of CLM is such as to enable it to deliver improved environmental and animal welfare outcomes and that, relatively speaking, CLM landholders are proactive and receptive to interactions with external stakeholders.

How we govern is changing to involve partnerships between the public and private sectors. CLM has a role to play in enabling these partnerships.

Table discussions raised many clear points, including:

- There is a need to deliver benefits from the market place and government and for this to occur the verification system needs to be credible with adequate monitoring of outcomes and robust auditing.
- There is a need for a system that encourages continuous improvement, efficiency of government support, and providing food and fibre differentiation.
- Some of the current government investment into NRM should address the causes of market failure by supporting landholders to adopt a continuous improvement system.
- The multiplicity of NRM programs and of short-term projects is problematic.
- There is a need to better market CLM including through the use of champions.
- There is a need to avoid excessive multiplicity of systems and logos.
- The risk management benefits of having a verification system need to be recognised and possibly quantified.

Government investment in CLM would address the market failure that exists in getting people to convert to a continuous improvement system.

The table discussions also raised points needing further elaboration and evaluation, including:

- There is a need to determine the feasibility and benefits of integrating across compliancy schemes.
- The pros and cons of relying on the image of clean and green need to be assessed against the benefits of relying on verified performance.
- There is the question of what is the best instrument to enforce minimum standards.
- What emphasis should be placed on the 'bottom' 20 per cent of operators?
- It might be desirable for implementation of CLM to be on a catchment basis.
- There is a need to quantify and compare the financial and other transaction costs of project-based support and of CLM.
- Different forms of farming may require different approaches—small family farms to larger family based partnership to corporate farms and aggregated farms.

In providing a synthesis for the proceedings before the final plenary discussion David Crombie repeated his observation on leaving the position of President of the National Farmers Federation in 2010:

Our biggest task is to maintain the trust of the wider community, trust in the quality of our food and fibre, and trust in the ethics and the integrity of how we produce it. I see a future where our farmers will be valued for their production of food and respected for their environmental delivery.

Crombie elaborated by referring to Australian agriculture being in transition with a dramatic shift from being producer-driven to consumer-driven with CLM being part of that transition. According to Crombie we are seeing the shift in an increasingly glaring light, a light on the integrity and the ethics of our production system. Food safety, product quality and consistency and price are important, givens really, but where we can really differentiate our product is on the integrity and the ethics of our production system.

Crombie maintains producers need to set their own standards and not leave that to supermarkets and others in the supply chain with CLM having an enormous role, a big role to play in that. The opportunity for Australia is to produce products that we can put into a higher value market and the integrity and the ethics of the production system is a really important part of that. This is where CLM has such a huge role to play.

Australian agriculture is in transition with a dramatic shift from being producer-driven to consumer-driven, with CLM part of that transition.

Crombie endorsed Davidson's comment about CLM putting a structure around good planning that encourages continuous improvement and is independently measured and therefore trusted. So CLM is about good management. That's the real strength of CLM. CLM has to be about Australian standards for Australian conditions.

Crombie sees the pull through (for CLM) being the commercial supply chains and better management. However he was explicit on the need for government to recognise that CLM is good for our natural resource management and good for our international reputation and hence worthy of support through some of the funds that now are put into natural resource management programs to be diverted towards CLM.

Some of the funds that are put into natural resource management programs should be diverted towards CLM.

The final plenary session focused on *what we need to do to get done what we need to do to innovate in environmental and animal welfare management in ways that lead to improved agricultural competitiveness.*

The session was anchored on implicit acceptance of the need for innovation to improve competitiveness and that this could happen through improved farm management and through better linking production to higher level environmental and animal welfare aspirations of consumers, particularly in higher priced domestic and export markets.

There was an interesting mix of views about the best way to proceed with time constraints preventing their elaboration and evaluation.

The discussion began with Lonergan and Rains musing about the use of HGP (Hormone Growth Promotants) in beef production with Rains, and subsequently Crombie in relation to MSA (Meat Standards Australia), emphasising the need for individual producers to respond to consumer preferences so long as that improves profitability. McConnel thought systems like CLM could help consumers become more aware of the environmental positives of 'conventional' agriculture.

Mitchell Clapham highlighted what he sees to be the need for market benefits to pull producers into adopting CLM, an observation in sync with the suggestion from Rains to present CLM to major domestic retailers. Munday thought that there would be benefit from linking with the tourist industry given the growing interest in 'food' tourism. Crombie alluded to the need for CLM to be not captured by a particular product chain/retailer; that is, it needs to be verification available to all operators.

There is a need to establish a critical level of adoption of a system that suits practical land management in Australia and provides credible verification at community and consumer levels.

Gleeson said the ALM Group strives to maintain dialogue with major retailers and that they had been invited to the symposium. However his judgment is that whilst the dialogue with retailers and others in the supply chains should be strengthened there is a parallel need to establish a critical

level of adoption of a system that suits practical land management in Australia and provides credible verification at community and consumer levels. For this to happen industry organisations need to express support for CLM or a CLM-like system and for government and industry to kick start it through, for instance, supporting NRM using CLM, possibly in conjunction with Landcare. Gleeson noted that there is a critical timeline given the lack of resources and an advanced aging within the ALM Group. Tensen, who is not unaware of the geriatric demographic, advocated tenacity and the need to inform consumers of what is possible.

Lisa Cotter noted that whilst Cattle Council supports the CLM program it also is hamstrung by lack of resources. Douglas however suggested it is not so much a resourcing issue as one of advocacy, a point indirectly acknowledged by Jim Rothwell's observation that Meat and Livestock Australia (MLA) needs to move in sync with the aspirations of their industry consultative bodies.

Crombie provided what might be a point with which to conclude:

I just think you need to just have courage. If you believe its right, just have courage and just keep going.

Overview

Symposium participants supported the voluntary adoption of a management system such as Certified Land Management (CLM)² that provides verified continuous improvement in environmental and animal welfare outcomes.

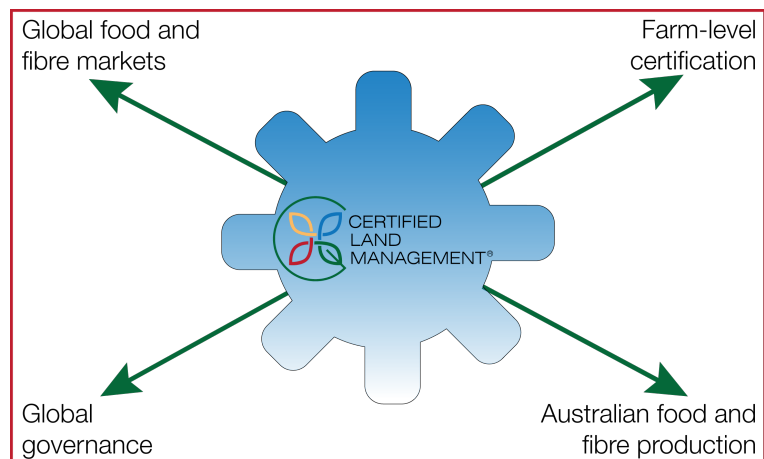
There was unanimous agreement that adoption of CLM must be voluntary and that it is reliant on various 'pull' factors arising from it being:

- An excellent framework for improving profitability and risk management at the individual farm level through enabling better on-farm decisions and actions, including but not restricted to improving environmental and animal welfare outcomes
- A robust basis for differentiation of food and fibre products from properties with certification to better meet the demands of consumers in higher priced markets
- A mechanism through which industry and government could more effectively support improved farm management, improved environmental and animal welfare outcomes, improved biosecurity and improved emergency preparedness
- A way to strengthen the 'clean/green' factor in trade negotiations.

Taken together the presentations and discussions presented a broad canvas on which to map what needs to be done.

Picture the canvas with two diagonal lines. One of these lines represents the commercial links from global consumers of food and fibre to the day-to-day management goals and activities of an individual farmer. The other extends from considerations of the future governance for ecological sustainability to how best to achieve credible outcomes at the farm level. CLM is the cog supporting actions at points along these transects and enabling links along the transects.

Taking the commercial transect from the top, symposium participants emphasised that agriculture is in an increasingly rapid transition from being production driven to being driven by consumer requirements in higher priced domestic and export markets. Broadly these requirements include food safety, price, product quality and consistency and provenance with provenance, particularly in relation to the credence attributes of environmental and animal welfare management, being important prospective points for differentiation. At the other end of the commercial transect landholders need improved profitability resulting in part from improved decisions. The improved decisions flow from the interpretation of repeatable data and relevant information including that which relates to provenance, particularly to environmental and animal welfare management.



² www.almg.org.au

Taking the governance³ transect from the bottom there is a transition from government domination to one that is shared with businesses through partnerships and through recognising and enabling market drivers. At the other end of the governance transect landholders need verification of performance not only to satisfy governments and consumers but to provide a robust framework within which to improve decision making and hence profitability.

This broader canvas highlights the need for partnerships between innovative landholders, industry organisations and government. Government has a particular role to mitigate factors preventing the evolution of market-based drivers. Particularly in the early years, significant adoption of Certified Land Management (CLM) type systems requires government and industry leadership and support. In part the support can be provided by using such systems as delivery mechanisms for the outcomes sought by those partners.

Symposium participants were presented with information showing that supporting whole-of-farm systems that strengthen market and non-market benefits would be more effective, more sustained and with lower transaction costs than is support through narrowly focused short-term project-based funding. Virtually all landholder expenditure affects environmental and, where relevant, animal welfare outcomes. In the majority of circumstances project funding has minimal impact on the nature and direction of the bulk of this expenditure.

Symposium participants were informed of and discussed the essential features of management systems, such as the Certified Land Management (CLM) system, which enable multiple benefits to landholders, industry organisations and governments. The benefits are presented in a following diagram.

Essential features necessary to deliver these benefits include that the management system:

- Operates on a whole-of-farm rather than on an industry-by-industry basis given that over sixty per cent of farms producing over seventy per cent of the value of agricultural produce operate two or more industries.
- Is landscape-linked given the importance of off-farm environmental impacts, positive and negative.
- Complies with internationally recognised management standards given that the majority of agricultural output is exported.
- Enables concurrent consideration of the requirements of the landholder, of all tiers of government, of special interest groups and of the market places for food and fibre and other ecosystem services; as illustrated in a following diagram.
- Provides an on-going framework for the monitoring and improvement of the soil-plant-animal (Farm Ecology) relationships.
- Is externally audited against specified standards.

³ How institutions in the public, private and community sectors are used to manage our affairs, the institutions including 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.

Next Steps

Whilst there was no call for a formal resolution, Symposium participants supported having a system to verify environmental and animal welfare credentials. Furthermore, whilst the design and delivery of CLM needs to be subject to continuous improvement, participants did not identify any major design deficiencies. Hence the next step is to resolve how to establish Certified Land Management as a voluntary national program.

Many Symposium participants highlighted the obvious need for the voluntary adoption of CLM to be driven by 'pull' factors—that is by benefits being delivered to participants. This, of course, is one of the reasons why CLM is designed to deliver multiple benefits to landholders, to operators along the food and fibre chains, to industry organisations, to communities and consumers, and to government and philanthropic supporters of improved environmental and animal welfare outcomes.

This multiple benefit feature is an underlining strength of CLM. However, because of the understandable desire to convert consumer aspirations into market benefits, the market failure and the non-priced benefit factors as discussed elsewhere are too easily overlooked. Additionally, most operators—be they farmers, wholesalers or retailers—look for benefits from outside their business and discount the within-business benefits.

Many but not all of these 'outside business' benefits do not flow until there is a critical mass of adoption. This is where we encounter the first challenge in getting nationwide implementation—namely, the chicken-and-egg scenario in which we need to implement the system nationwide to develop the supply chain avenues necessary for realising food and fibre market benefits while at the same time requiring market benefits to drive nationwide adoption. Additionally, initial adoption is hampered by not being able to realise the substantial economies of scale, which reduce the cost to individual operators whether they are landholders, food and fibre wholesalers, or retailers—or in fact government and philanthropic supporters of improved environmental and animal welfare outcomes.

All that leads to the next step being the need to get industry and government support for the voluntary national adoption of CLM or a similar system. Unless this is forthcoming we will continue to miss opportunities in food and fibre markets. Unless this is forthcoming farmers will have multiple and less suitable verification systems thrust upon them. Unless this is forthcoming farmers will forego an opportunity to control an increasingly important feature of food and fibre supply chains. Unless this is forthcoming we will continue to have less effective forms of government support for improved environmental and animal welfare management. And unless this is forthcoming we will continue to dissipate scarce resources on approaches that do not have the features necessary to enable evolution to a national whole-of-farm internationally recognised system to verify the environmental and animal welfare credentials of innovative and ethical landholders and others in the food and fibre chains.

We openly seek support for and involvement in this endeavour.