

Submission from The Australian Land Management Group Legume, NSW

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Submissions lodged on behalf of organisations:

Name: Tony Gleeson

Organisation: The Australian Land Management (ALM) Group

Position in organisation: CEO

Have you also attended an Expert Social

Panel public consultation forum? NO

Submission from the Australian Land Management (ALM) Group¹ to the inquiry into government drought support and to the expert panel on assessment of the social impacts of drought and related government and non-government social support services

SUMMARY

Drought should be defined as a prolonged climatic event principally characterised by lower than average rainfall. This definition separates cause and effect hence enabling the critical recognition of the multiple causes of stress-related phenomena and of the great variation in impacts depending, to a large extent, on the psychological and material resilience of those affected. It also enables, when necessary, drought to be uncoupled from farming and agriculture.

The only compelling rationale for government intervention in relation to drought pertains to removing constraints to industry-wide competitiveness and to protecting individual and social welfare, the environment and animal welfare.

Interventions to build resilience should be ongoing rather than being triggered to operate only during drought. For this and many other reasons the Exceptional Circumstances provision should be abolished.

The capacity of an individual or a community to respond to an event such as drought is determined not so much by the objective characteristics of the event but by its psychological meaning for the individual or community. Hence there needs to be a

¹ *The Australian Landcare Management (ALM) Group is a not-for-profit organisation established by landholders to improve environmental outcomes in rural Australia in ways that enable recognition of the achievements of land managers and of their support organisations.*
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psychological dimension to 'drought preparedness', which traditionally has been focused principally upon developing physical and economic self reliance.

The psychological dimension to drought preparedness has much to do with empowering people with the reality and the perception of having control over their destiny. Good leadership, good information and enabling mechanisms are important. For instance, continued presentation of the extraordinary growth in the physical volume of agricultural production without a balancing presentation of the lack of growth in real gross or net value is disempowering.

A mechanism to recognise and reward good land management (before, during and after drought) would prompt positive responses from land managers who, with some justification, currently believe that communities impose unrewarded expectations on them, along with significant loss of self control. Such a mechanism would do much to build the resilience of farmers, industries and rural communities.

What drought does is to unmask ongoing social and economic vulnerability, the fragility of the resource base and weaknesses in institutions, including in policies and programs affecting farm and other rural people.

INTRODUCTION

We have provided a common submission to both enquiries because of the need for integrated considerations across economic, social and environmental issues.

GETTING THE BASICS RIGHT

The issues papers for the Productivity Commission Inquiry into Government Drought Support and more particularly for the Expert Social Panel pay little or no attention to the beliefs and values upon which to design institutional arrangements for rural Australia.

Contrary to the assertion in the Commission paper (page 9), policy design is not only about designing policy instruments and the Expert Panel paper has an almost exclusive focus on an instrument-by-instrument approach. Policy design is about goals and objectives that reflect varied and changing beliefs and values. Policy analysis and design is about building institutional arrangements². It is broader than defining and implementing policy instruments.

We appreciate the political need for pragmatism. However, there also is a need to avoid repeated program adjustments that do not address the basic causes of the deterioration in the social, economic and environmental conditions experienced by and contributed to by farming Australians. Tinkering at the edges of an unsatisfactory policy framework is more likely to prolong the suffering than meet the realistic aspirations that Australians generally have for farming families, other rural Australians and for rural Australia.

A skeletal framework for developing policies in the farm sector is provided in the report to the Australian Farm Institute on *Australian Farm Sector Demography: Analysis of Current Trends and Future Farm Policy Implications* (page 51)³. The conceptual analysis underpinning this framework is presented in *Australian Values-Rural Policies*⁴.

Contextual issues

There are three contextual issues worthy of mention:

- The definition of drought
- The coupling of drought and climate change
- The coupling of drought and agriculture

The definition of drought. The lack of a working definition of drought in the Expert Panel paper is unfortunate, particularly given that the enquiry processes clearly favour

² *Institutions include traditions and the norms and practices of groups. Institutions include the organisations formed by government, industries and communities and their policies and programs. Institutions include laws, regulations, codes of practice and the operation of markets (Gleeson and Piper 2000 in Property: Rights and Responsibilities-Current Australian Thinking. LWA. Canberra)*

³ *Synapse Research & Consulting Pty Ltd and Bob Hudson Consulting Pty Ltd (2005) Australian Farm Sector Demography: Analysis of current trends and future policy implications. Australian Farm Institute, Surrey Hills, Australia.*

⁴ *Australian Values –Rural Policies Symposium proceedings. Edit. Gleeson, Turner and Drinan.(2007) www.alms.org.au*

advocacy over analytical inputs. The Commission paper (page 4) does little to clarify the definition of drought by describing severe droughts in meteorological terms yet adopting Lindesay's contextual definition of drought where drought is defined according to circumstances and effects.

Lindesay's definition of drought is not useful for it opens the door for drought to be defined by the actions of land managers. A land manager could experience 'drought' or not according to land use or even according to, for instance, grazing pressure. This contextual approach to defining drought is one of the fundamental problems with the definition of 'exceptional circumstances' that encompasses, for instance, impacts on farm income and judgements that the 'event' cannot be 'managed' as part of a farmer's 'normal risk management strategies'.

By default or confusion both papers fail to distinguish between cause (a meteorological event) and effect (stress of various forms) and this is the Achilles heel of the 'exceptional circumstance' provision. This confusion raises some intriguing possibilities. For instance, is drought a consequence of land use, of poor management, of under-capitalisation, of low profitability, of social disharmony or of depression itself? At what point in time does an event become "exceptional" and for what reason, if not meteorological?

Following a review of various approaches to defining drought authors of a 1994 report on the *Social and Policy Impacts of Drought*⁵ concluded that it is sufficient to define drought as a prolonged climatic event mainly characterised by lower-than-average rainfall. This definition separates cause and effect hence enabling the critical recognition of the multiple causes of effects and of the great variation in impacts depending, to a large extent, on the psychological and material resilience of those affected.

The coupling of drought and climate change. A further potential source of confusion arises through the coupling of drought and climate change. While drought logically can be seen to be an extreme climate variability event the policy and management relationships between drought and climate change are somewhat more obtuse. It would be a shame if the public policy and land management responses to climate change got caught up in the political landscape and good policy vacuum⁶ that have characterised drought policy. Perhaps if drought were to be defined as a prolonged climatic event mainly characterised by lower-than-average rainfall then the same approach could apply to climate change with the overriding feature being higher temperature. However, even then it will be critically important for policies that reflect the fundamental differences between drought and climate change.

The coupling of drought and agriculture. In the agricultural centric policy milieu that is Australian rural policy it seems nearly impossible to conceptualise drought as a phenomenon beyond agriculture, and yet it is so. In fact recent water shortages have

⁵ Synapse Consulting-Tony Gleeson Graeme Russell and Jock Douglas-(1994) *The Social and policy impacts of drought. Volumes 1 & 2. Report to the Department of Family Services & Aboriginal and Islander Affairs. (Copies available from the ALM Group).*

⁶ A judgement supported in the simplest terms by there being 93 drought assistance measures (PC issues paper)

highlighted the importance of drought to urban populations and to environments beyond agriculture. As Australian land use becomes more variable and contested, as greater attention is given to the whole range of eco-services, as habitats and hence species continue to be threatened there is a need to consider drought beyond agriculture.

Understanding stress

The above referenced report on the *Social and Policy Impacts of Drought* also reviewed the nature of stress in rural populations concluding that:

- Families are usually dealing with an accumulation of stressors rather than a single stressor.
- Farming is ranked amongst the most stressful occupations.
- Some stressors operating on farm families are common to all families and others are specific to farming with the principal extra familial stressor being financial (and increasingly so).
- Recent farm family difficulties in the United States arising from farm failure are associated with macroeconomic shifts whereas before the 1980s the reduction in the number of farms was related to a reduction in manual labour and an emphasis on managerial skills rather than on physical labour.
- The extent and nature of stress, the reactions to stress and sense of wellbeing vary between farm people of different generations and sex.
- The nature and extent of stress and the reaction of farm families to stress are influenced by culture (beliefs and values) and the structure of the farm family and by the relationship between the farm family and its community.

Essentially then the impacts of drought will vary according to an individual's resilience. Consequently there needs to be a psychological dimension to 'drought preparedness' which traditionally has been focused mainly on developing economic self reliance. In fact, focusing only on on-farm economic self reliance is itself intriguing given that over fifty percent of Australian farm households earn more than two thirds of their net household income off-farm⁷.

From a major study on human behaviour Deci and Ryan⁸ concluded that the impact of an event (such as drought) is determined not by the objective characteristics of the event but by its psychological meaning for the individual.

A key element in determining psychological impact is the extent to which the individual perceives the event to be controlling. Controlling events undermine motivation and people who perceive they are not in control will be more inclined to interpret events as being controlling than those who perceive themselves to be in control. At the extreme this lack of control can lead to chaos, existential dread (the fear of there being no meaning to life) and clinical depression.

⁷ Gleeson Tony, Turner Cate and Douglas Robert (2002) *Beyond Agriculture: changing patterns of farm household income. A report to the Rural Industries Research & Development Corporation, Canberra, ACT.*

⁸ Deci, E. L. and Ryan, R. M (1985) *Intrinsic Motivation and Self-Determination in Human Behaviour*, Plenum Press, New York as cited in Gleeson T., Russell G and Woods E. (1999) *Creative Research Environments. Report to RIRDC, Canberra*

The *Social and Policy Impacts of Drought* report⁹ concluded that policies and programs should be aligned to the ongoing and widespread social needs of farmers irrespective of whether these needs arise because of drought or other factors.

Essentially this conclusion reflects the judgement (derived from an extensive literature review) that the impacts of drought (and other factors) will vary between individuals depending upon their social, economic, physical and psychological resilience. Hence the capability of persons to manage for drought (however defined) needs to be accumulated rather than being addressed only in times of acute stress.

What drought does is to unmask ongoing social and economic vulnerability, the fragility of the resource base and weaknesses in institutions, including in policies and programs affecting farm and other rural people.

Reducing and managing stress

Clearly the main responsibility for reducing and managing stress must lie with the individual. However, as a first step it is incumbent on government and industry organisations to ensure their policies and programs do not add stress or reduce the capacity of individuals to manage stress. The purpose here is not to extensively catalogue policies and programs that may have such perverse effects but rather to list some possibilities by way of illustration.

Misinformation. Too many politicians and community and industry leaders encourage farmers to believe in the special importance of their contribution to economic growth and exports. Farmers, their organisations and their public support agencies build on these cultural norms, closing their minds and those of the nation to other ways of conceiving of rural Australia. It becomes difficult to move forward when there is a gap between reality and what we understand reality to be.

This phenomenon is illustrated by examples of where the economic performance of the agricultural sector is over stated or left open to misinterpretation as has occurred in many instances¹⁰ not least in the 2005 PC paper on *Trends in Australian Agriculture*¹¹ and in the PC issues paper for this inquiry.

These reports do not lead readers to understand that for many decades there has been, for instance, virtually no change in the real gross value of Australian agricultural output and that aggregate real net farm income has deteriorated markedly notwithstanding dramatic growth in world trade in agricultural products. This misinformation limits acceptance of the need, as well articulated by the Australian Farm Institute, for differentiation of Australian agricultural products if they are to be competitive in international markets.

Blind spots. Despite longstanding resistance in Australian agricultural policy forums there now is increasing acceptance of the multifunctional nature of rural landscapes,

⁹ See footnote 5

¹⁰ Gleeson and Piper (2000) in *Property: Rights and Responsibilities-Current Australian Thinking*. LWA. Canberra

¹¹ Productivity Commission (2005) *Trends in Australian Agriculture, Research Paper*, Canberra, ACT.

and of agriculture. Furthermore there is considerable investment in attempting to price environmental outcomes and concern that consumers of food and fibre products do not understand or pay for the full economic, environmental and social costs of agriculture. It is ironic then, if not depressing that, with few notable exceptions, organisations¹² are reluctant to support measures to enable consumers to differentiate agricultural products according to environmental attributes. In fact it is arguable that public programs to date have hindered such a development through not applying the sort of rationales for government support outlined in the PC issues paper, through fostering fragmentation along individual industry¹³ and State lines and through supporting facsimile systems that cannot lead to internationally credible certification¹⁴.

Isolation. The very nature of farming creates a perception and a reality of isolation accentuating a reluctance of farmers, especially in times of stress, to access support programs. Farmers are encouraged to be concerned about being misunderstood by urban populations leading to taxpayer supported programs such as the Queensland Every Family Needs a Farmer program. Especially in the context of improving social resilience, and if one is permitted some light-heartedness, there would be a stronger public policy case for supporting the popular TV program Every Farmer Needs a Wife (Partner?) than would apply to the Every Family Needs a Farmer program.

The continuing emphasis on the stated need for unqualified self-reliance has the potential to further entrench the reluctance of farmers to access personal and social support programs.

Misaligning policy goals and instruments. Thirty-four years ago the Prime Minister's Working Group on Rural Policy¹⁵ recommended that assistance to meet the needs of farm families should be met by direct income support rather than through price or other indirect measures. Nevertheless we still have EC arrangements providing support for individual businesses which by their very nature reduce the self-reliance and adjustment so essential to reducing and managing stress.

Impediments to self reliance and farm adjustment

Impediments to farm (business) adjustment are discussed at some length in the 1992 *Review of the Rural Adjustment Scheme (RAS)*¹⁶ (pages 21-27) where the point is made that the mere operation of the RAS was a significant impediment to farm

¹² Significant amongst the small number of organisations supporting such measures are Elders Ltd, Australian Wool Innovation Ltd, North East (Victoria) Catchment Management Authority and Queensland Murray Darling Committee Inc.

¹³ Over 60 percent of Australian farms producing over 70 percent of production by value operate two or more industries. Why would we have different industry-by-industry programs when the specific requirements of individual industries can be well accommodated for by the ISO 14001 system?

¹⁴ Gleeson Tony and Carruthers Genevieve (2006) What could EMSs offer land management in rural Australia. *Farm Policy Journal* Vol. 3No. 4 pp 1-13. Australian Farm Institute, Surrey Hills, Sydney.

¹⁵ Harris S, Crawford. J., Gruen F. and Honan N. (1974) *Rural Policy in Australia. Report to the Prime Minister by a Working Group.*, Canberra. ACT.

¹⁶ Synapse Research & Consulting Pty Ltd (1992) *Report of the Review of the Rural Adjustment Scheme.*

business adjustment. There are clear parallels with the operation of the Exceptional Circumstances provision. For instance, the impact of drought on land condition can be prolonged or increased through assistance that allows for extended grazing impact or re-stocking before recovery.

The 1992 RAS review also examined how farm adjustment is influenced by the attitudes, values and goals of farmers and their families and how these attributes are influenced by external factors. In this context one of the impediments to self reliance are all those institutional factors that lead farmers to believe the world owes them a living in their chosen occupation and or that food production will fall if they do not remain in that occupation.

POLICY ANCHORS

Before determining the need for and nature of drought policies it is desirable to define, at least in general terms, the anchor points for such responses. These might include:

- The need for institutional arrangements to reflect and evolve with changing and diverse beliefs and values, not least of farming people themselves¹⁷.
- The need to protect the welfare of all individuals irrespective of their demographic circumstances.
- Recognition of the multiple and interactive causes of personal and social stress and hence the need to avoid policy responses focused exclusively on a particular cause.
- The ongoing need to build personal and social resilience rather than only or even primarily in times of acute stress.
- The need for government policies and programs to not impede adjustment to long term trends in the circumstances faced by farm businesses.
- The need to recognise the economic and structural realities of farming including that, over an extended period, the real gross value of production has not increased significantly, productivity gains have resulted primarily from increased production, productivity gains have not been sufficient to prevent on-going deterioration in real net farm income, a small proportion of farm businesses produce the majority of production, the majority of farm businesses make, in ABARE speak, negative business profits, more generally called losses, most farms operate two or more industries, farmers tend to be asset rich and income poor and land values reflect a long term upward trend in capital value as well as non-economic considerations¹⁸.
- An increasing concern from the community broadly, not least from farmers themselves, in the environmental health of rural landscapes and in the welfare of animals, not just in times of drought.

¹⁷ Gleeson, T, Turner, C, Beeton B, Drinan J (2007) *Digging Deeper: Reflections on a Symposium on Australian Values –Rural Policies in Australian Values–Rural Policies Symposium proceedings*. Edit. Gleeson, Turner and Drinan. www.alms.org.au

¹⁸ Synapse Research & Consulting Pty Ltd and Bob Hudson Consulting Pty Ltd (2005) *Australian Farm Sector Demography: Analysis of current trends and future policy implications*. Australian Farm Institute, Surrey Hills, Australia.

THE WAY FORWARD

Institutions to reflect beliefs and values

Drought, climate change and other policies need to be guided by the diverse and changing beliefs and values held in the community broadly, including by farming people, and by defensible and balanced analyses of the past and likely future economic, environmental and social performance of relevant sectors and communities.

Such an approach is likely to lead to greater recognition of:

- Determinants of the profitability of food and fibre production and relatively less analytical and policy obsession with production growth as defined by volume of output
- The multifunctional nature of landscapes and hence of farming¹⁹
- Increasing competition for and diversity of land use
- Community beliefs and values as they relate to the environment
- Community beliefs and values as they relate to animal welfare (as reflected in the Primary Industries Ministerial Council endorsed Australian Animal Welfare Strategy²⁰).
- The importance of the resilience of individuals, families and communities
- Non-priced values

Defining drought

Drought is a prolonged climatic event principally characterised by lower-than-average rainfall. This definition separates cause and effect hence enabling the critical recognition of the multiple causes of effects and of the great variation in impacts depending, to a large extent, on the psychological and material resilience of those affected. Additionally, it helps avoid the analytical trap of conceiving drought only in farm or agricultural contexts.

Rationale for government drought support

The ability of farmers and other rural people to manage stress in drought will and should be affected mainly by ongoing institutional arrangements (including policy settings) rather than by those that are designed to be triggered by metrologically defined drought.

Ongoing policies should be directed towards protecting the competitiveness of land based businesses generally (not just farming and not individual businesses), ensuring

¹⁹ *To varying degrees, it is now recognised that many of the multifunctional features of agriculture (environmental effects, viability of rural communities) are not unique to agriculture. Nevertheless, our institutional arrangements tend to limit consideration of multifunctionality to it being an attribute of economic activity rather than it being set within the broader canvas of the multifunctionality of landscapes. Too often the multi-functional possibilities presented by farms, and in particular the provision of eco-services and landscape design features, are judged wrongly to be inseparable co-products of our economic activities.* [Gleeson T (2005) *Land, spirit and health: a non-indigenous perspective*. Paper presented at the National Rural Health Alliance Conference, Alice Springs]

²⁰ Mazur, N., Maller, C, Aslin, H and Kancans, R (2006) *Australian Animal Welfare Strategy Stakeholder Analysis Phases 1-4*. BRS, Canberra.

adequate individual and social welfare and protecting the environment and the welfare of animals. The same rationale applies for intervention in droughts and for other severe circumstances. There is no case for protecting individual businesses, farm or otherwise, in drought or otherwise.

Effectiveness of assistance measures

On several grounds the Exceptional Circumstances provision for triggering support in times of drought should be abolished. Personal support should be triggered by an individual's need for welfare support. Well designed ongoing policies and programs, including good regulation, should protect the environment and animal welfare from the excesses of drought induced miss-management.

Self reliance

It would be safe to predict that there will be an increasing emphasis on policies and programs to improve self reliance. If this is to be it would be useful to identify desirable attributes for such policies and programs. Drawing on the earlier observations in this paper these attributes could include the need to manage landscapes from long term, consistent perspectives (rather than just react to crises or extreme events), the need for a greater sense of control by landholders and the desirability of addressing these issues so that there is recognition for landholders.

The impacts of drought (and other factors) will vary between individuals depending upon their social, economic, physical and psychological resilience. The capability of people to manage for drought (however defined) needs to be accumulated rather than being addressed only in times of acute stress.

A key element in determining psychological impact is the extent to which the individual perceives the event to be controlling. For instance it is likely to be much more detrimental to see low profitability as simply a function of globally determined adverse terms of trade than if it is perceived as a stimulus to adjust to more profitable markets. In other words, language and context are important.

A major impediment to self reliance and to reducing economic and psychological stress is the lack of a mechanism to enable land managers to be rewarded for meeting legitimate community environmental expectations. Good land managers and those wishing to improve the quality of land management understandably feel put on by community expectations to provide environmental outcomes.

The obvious benefits of mechanisms that recognise improving environmental outcomes are:

- improved environmental outcomes
- increased income, in part from improved product differentiation on domestic and international markets.

The opportunity to export even part of the cost of improving environmental outcomes would seem to be a compelling reason for having an internationally credible land management certification system. Less obvious but potentially very important benefits include greater implementation of drought, climate change and well being practices, improved efficiency of delivery of public support programs and a strongly increased appreciation by land managers of the control that they have over their own destiny.

The Australian Land Management (ALM) Group, a not-for-profit organisation established by landholders, has developed and proven a nationally applicable, voluntary, whole-of-farm, catchment and biodiversity linked environment management system (ALMS). ALMS complies with the internationally accepted ISO 14001 standard and is externally audited. Implementation and auditing of ALMS is facilitated through use of a custom designed and built internet based software program, *myEMS*.

Both ALMS and *myEMS* are excellent tools to enhance self-reliance, to enable recognition and rewards for improved management and for extending information on risk management and land management generally as well as on specific issues such as well-being, biodiversity, drought preparedness and climate change.

And finally, it is critical that policies and programs directed towards increasing self-reliance avoid accentuating the already great reluctance of farmers and other relatively isolated people to access individual and social support programs in times of need.