



Newsletter

May 2007

Farm Writers' Association of NSW Inc
GPO Box 1108 Sydney NSW 2001
Website: www.nswfarmwriters.org

Budget boosts for drought-afflicted farmers

Contributed by Camilla Hunter, Solutions Marketing & Research

THE \$2.4 billion allocated to agriculture, fisheries and forestry in the 2007-08 Budget provides much needed assistance to farmers feeling the effects of the drought crisis. Drought has seriously affected Australia's economic growth in 2006-07 and caused GDP to drop by an estimated 0.75 per cent.

Addressing the Farm Writers' annual Post-Budget Breakfast on 9 May in Sydney, Member for Farrer and Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry Sussan Ley gave an insight into the agricultural highlights of Treasurer Peter Costello's 12th Budget.

"The headline agriculture commitments in this year's Budget include measures to help farmers manage change, to increase the Australian food industry's global competitiveness and to improve Australia's quarantine risk analysis process," Ms Ley said.

The Budget included measures to continue helping farmers manage change by allocating \$254.7 million over the next four years to the Agriculture Advancing Australia (AAA) program, which started in 1997.

Ms Ley said a key component of AAA, FarmBis, which provides producers with business management training support, attracted \$26.3m for program extension and improvement, and would be delivered at a national level rather than previously at a state and territory level.

Another AAA program, Farm Help would undergo changes to eliminate 'red tape' faced by farmers when applying for grants, including giving earlier recipients a second chance at grants and a 50 per cent increase in re-establishment grants.



Horticulture Australia managing director John Webster, guest speaker Federal Member for Farrer Sussan Ley, MLA director Ian Watson and Farm Writers' president Bev Jordan.

With Rural Financial Counsellors experiencing the highest demand for their assistance ever during this drought, the Budget announced \$44m to continue the service until 2011. This includes funds for up to five additional counsellors for services in highest need areas in the southern Murray Darling basin facing reduced water allocations.

One of the big budget winners will be the Australian food industry, which is set to receive \$75.7m over four years to increase global competitiveness, by targeting innovation and improving market access and Australia's influence on international food standards.

In addition to agriculture, environmental management and conservation attracted funds of almost \$2b over five years.

The Budget recognised the important role of farmers and landowners in conservation with the introduction of a stewardship scheme to encourage the preservation and restoration of the environment. Funding of \$50m has been allocated to help establish contracts with landholders over the next four years, with follow-up payments for activities such as fencing, replanting weed and pest management, for up to 15 years.

Question time fleshed out the real issue of concern in agribusiness circles, primarily that of carbon trading and emissions scheme rebates. However Ms Ley said more would come to light on this issue following a report, due at the end of May, from the Government's business task force on emissions trading.

The centrepiece initiatives in the Budget for climate change were a rebate for solar cells for domestic users and funding for the establishment of a climate change centre.

Thank you to corporate members of the month, Horticulture Australia Limited and Meat and Livestock Australia.

Mark your diaries for the June Farm Writers' luncheon

Dr Wendy Craik, Chief Executive of the Murray-Darling Basin Commission, will discuss the pressing issue of 'Is the Murray-Darling Basin in crisis, or is it just dry?'

Visit www.nswfarmwriters.org for more information and to book your seat to hear from Dr Craik.

Nuffield scholar warns carbon trading has no real benefits for agriculture

Contributed by Sally Edgar, OneProfile Communications

SOUTHWEST NSW irrigator and Nuffield scholar David Cattanaach has warned farmers against carbon trading schemes in Australia at the present time, saying they would provide no real benefit to agriculture or the environment.

Mr Cattanaach was speaking on the much-debated topic of climate change, giving his view of its relationship with agriculture in Australia to the Farm Writers' April luncheon in Sydney.

While a national emissions trading scheme is still being considered for Australia, essentially it would mean that people who have produced a net reduction in greenhouse gas emissions greater than the baseline level set in 1990 would have credits available to sell to people who have not achieved their targeted reductions. One possibility for agriculture would be to give farmers marketable credits for positive actions taken to reduce emissions, which could include storing carbon in above ground biomass through growing trees or by preventing soil carbon loss through the use of minimum till practices.

Mr Cattanaach said such schemes were happening in the US, but they were just "a cheap license for the big end of town to pollute", because there was no real incentive for large emitters to invest in new technology to achieve a net reduction in emissions.

"Current carbon offsets are a short term storage of a long term problem," Mr Cattanaach said. "Agriculture is effectively locked out of this market because we do not currently have a credible farm scale inventory that shows where we started or that we have stored the carbon we're being paid to store, or indeed are able to keep it once it has been stored. So in most cases we are unable to show that we have credits for sale. A company wishing to claim offsets will have to be able to validate to an internationally acceptable standard that carbon they have stored does exist. There are no protocols available today for agriculture to verify this."

Mr Cattanaach said if this situation were rectified there would be real opportunities for carbon trading, but in the meantime the focus needed is to find ways for farmers to adapt to the

inevitability of a changing climate as well as reducing net emissions.

In Australia, agriculture is the second largest contributor of greenhouse gas emissions together with the transport sector, with the vast majority of agricultural emissions resulting from biological activity that farmers have little control over.

"It is this biological activity that gives you access to premium quality food at affordable prices," Mr Cattanaach said.

Cropping activities that released excess carbon dioxide and nitrous oxide into the atmosphere, such as tillage and ill-timed fertiliser application were also significant contributors to greenhouse gas emissions, he said.

"Nitrogen that is added to soil for crop growth loses a small percentage as nitrous oxide when it is transformed into a plant available form due to biological processes in the soil. If more is applied than the crop requires then a large proportion of this can be lost as nitrous oxide through processes such as denitrification and nitrification, depending largely upon soil moisture content."

Mr Cattanaach said actions as simple as reducing fertiliser rates and refining the timing of application could help farmers significantly reduce emissions and costs. Increasing organic carbon levels in soils would also help, by improving soil structure and drainage in wet conditions, increasing water holding capacity and improving root development.

Interestingly it was Mr Cattanaach's own investigation into how to more efficiently use inputs such as fuel and fertiliser on his family's cropping property "Sunshower", near Darlington Point, about 10 years ago that sparked his interest in emissions and climate change.

As a result he became the first Australian farmer, in 1999, to undertake an on-farm emissions audit, and in 2004 he won a Nuffield scholarship to study climate change and subsequently embarked on a global tour of agricultural regions to deepen his appreciation of the issue.

Mr Cattanaach said research was now providing much stronger evidence of the link between man's activities and climate change, and that the resulting hotter temperatures and reduced rainfall would seriously impact Australia's agriculture.



David Cattanaach gave a farm view of climate change to Farm Writers.

"By 2030 in south eastern Australia, we can expect an increased water deficit with spring and winter rainfall dropping 16 per cent. Spring will start earlier, there will be no winter chill in 50 per cent of years for bud burst on stone and pome fruits in the Griffith and Shepparton areas, and there will be a southern migration of insects, pests, diseases and weeds."

Mr Cattanaach said research is needed now to enable farmers to cope with these threats.

"Grain yields are expected to reduce due to higher temperatures, so the challenge for the industry is to breed new varieties that can handle higher temperatures.

"We also need new proactive rather than reactive integrated pest management systems to prevent major crop losses from insects and diseases that historically have not been present.

"To overcome problems expected with earlier springs and less winter chill, we need to work out how to artificially create uniform bud burst to ensure the survival of fruit industries."

On the upside, Mr Cattanaach said there were opportunities in the energy sector for agriculture through biofuel production and use as an economic fuel alternative, as well as through the generation and sale of green electricity. However, it still needs to be shown through a life cycle assessment that greenhouse gas emissions from alternative biofuels are in fact lower than their petroleum counterparts.

Thank you to corporate member of the month, Telstra CountryWide.

Rural Press journalists scoop ag writing prize pool

The Land's Armidale journalist Matthew Cawood has won the 2007 NSW & ACT Star Prize for his story "Guyra graziers locked into cells" published in that newspaper on 16 November 2006. Matthew wins a registration for the IFAJ World Congress in Japan in September and his story has been entered in the national judging to find Australia's entry for the international competition.

Matthew's Tamworth-based colleague Neil Lyon won the 2006 Australian Star Prize and attended the IFAJ Conference in Norway last year. On-farm tours were among the highlights of Neil's trip, and two articles he has written about Norway's agricultural industries and farming techniques for *The Land* will be reproduced in this newsletter. Below is the first about dairy co-operatives.

Rural Press' Canberra bureau chief Lucy Skuthorp has won her second Alltech Young Leader in Rural Journalism award for NSW and ACT and is now vying for the national award.

Member to Japan

A founding Farm Writers' member, Neil Inall, has won a registration to represent the Association at the 2007 IFAJ World Congress in Japan from 17 to 22 September. Neil will also promote NSW agriculture whilst in Japan and on his return will provide a report to members and submit a variety of print and broadcast pieces for publication.

The NSW Farm Writers' Association is proud to sponsor both the NSW Star Prize and the Alltech Young Leader in Rural Journalism award for NSW & ACT.

Farmer co-operatives breathe life into Norway's dairy industry

By Neil Lyon, *The Land*

NEIGHBOURING dairy farmers in Norway are pooling their resources to build mega-barns for jointly housing their cows under the one roof while retaining independent ownership of their farmland where the fodder is produced.

By combining their herds and quotas, such co-operative arrangements achieve economies of scale that allow participating producers to reduce capital outlays, lift production efficiencies and reap lifestyle advantages.

The Norwegian Government has encouraged the co-operatives through extra incentives in the farm subsidy program. In a country of 15,000 dairies where cows are housed year-round, 1500 are now joint operations, making up 10 per cent of the herds but producing 20 per cent of the country's milk. Small by Australian standards, the average herd size of joint operations in Norway is 37 cows compared to an average individual herd size of 17.5 cows across the dairy industry as a whole.

On Norway's west coast, the Badalen Samdrift co-operative was formed by six dairy farmers who joined forces to build a A\$2.9 million barn that began operations in May 2005. Larger than most, the venture milks 125 cows producing 25 litres/cow/day. Producers receive a farm-gate price of around A\$0.66/litre. One of the co-operative's partners, Magna Torvund Bergem, said the six member-farmers shared expenses,



Norwegian dairy farmer, Magna Torvund Bergem, looks over the co-operative barn complex that houses six dairy farmers' herds.

workload and profits according to the quota they brought into the business.

"My husband and I brought in about 20 per cent of the total quota, so we bring in feed for 20 per cent of the days in the year, we put in 20 per cent of the work and we take out 20 per cent of the profit," she said. "As there are two farmers on duty at any one time, my husband and I work here not only 20 per cent, but 40 per cent of the time."

Mrs Bergem said forming the co-operative meant some of the farmers who would otherwise have had to close their operations were able to remain in business.

"If the six farmers in Badalen had not joined forces and set up this joint venture my guess is that three or four of the quotas would have been sold and the farms closed down within three to five years," she said. "On four of the six farms the barns needed extensive upgrading and it is not economic for farmers with small quotas to build new barns."

Mrs Bergem said part of the incentive for forming the co-operative was to free farmers from the seven-days-a-week routine of running a family dairy and to make dairying a more attractive career choice for young people.

"Some of the farmers have jobs outside the farm which made it difficult to be tied to barn. The next generation is also reluctant to take over dairy farms that have very limited free time."

Mrs Bergem said Norway's burgeoning oil and gas industry had driven up wages to unprecedented levels, making it difficult for agricultural industries to compete for labour.

"My oldest stepson (in the oil industry) earns five times as much as what I make, so it's no surprise he doesn't want to become a farmer," she said.

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Farm Writers' Association of NSW Inc

President:

Bev Jordan
bevjordan@msn.com.au

Secretary:

Emily Ray
eray@hassall.com.au

Newsletter:

Sally Edgar
sally@oneprofile.com.au

Website sponsored by Telstra Country Wide