

Submission to the Australian Senate Committee on

Native Vegetation Laws, Greenhouse Gas Abatement and Climate Change Measures

Terms of Reference

(1) The impact of native vegetation laws and legislated greenhouse gas abatement measures on landholders, including:

(a) any diminution of land asset value and productivity as a result of such laws;

(b) compensation arrangements to landholders resulting from the imposition of such laws;

(c) the appropriateness of the method of calculation of asset value in the determination of compensation arrangements; and

(d) any other related matter.

(2) In conducting this inquiry, the committee must also examine the impact of the Government's proposed Carbon Pollution Reduction Scheme and the range of measures related to climate change announced by the Leader of the Opposition (Mr Abbott) on 2 February 2010.

General

This submission is made by Richard Golden, G.Dip.RangelandMan (UQ). It does not seek to address the second term of reference, and is restricted to the situation in the State of Queensland and the impact on agricultural businesses and communities from native vegetation laws. To date most greenhouse gas abatement is still in the planning or impending stage, albeit of immense importance.

With personal involvement in the vegetation management consultations in Queensland on behalf of land managers from the March 1995 leasehold vegetation management restrictions through to the present Vegetation Management Act 1999 (VMA) and amendments, and as an occupational land manager and business operator the social and financial side of such legislation has been experienced firsthand, and as a student of the ecology of rangelands the impacts of such have also been experienced and observed.

Businesses and communities in Australia's rangelands are some of the most financially sensitive and the hardest to replace if lost. The progressive impact of the resultant gradual thickening on production and ecology may result in permanent and irreversible harm to this part of Australia.

Summary-

- *The impact of Queensland's vegetation restrictions on agricultural businesses has been disproportionately borne by those least well able to bear it. It has also perversely penalised those nominally "doing the right thing".*

- *Any national greenhouse response under current biased and incomplete accounting rules and formulae will seriously and unfairly penalize the 80+ percent of Australia which is rangelands and the families and businesses which steward this fragile part of the continent.*
- *Productivity reductions from development restrictions are directly proportional to percentage of total area restricted. Direct or variable costs are proportionately reduced by the proportion of units of production foregone. Thus there is a balancing between lost production and reduced direct costs.*
- *On the other hand overhead or fixed costs do not reduce. Profitability, therefore, is directly impacted with every dollar of lost production coming directly off the bottom line, thus the profitability impact is far greater than conventionally believed.*
- *Capacity to trade carbon sequestration in agricultural landscapes using native regrowth has been severely impaired with the move to make non-remnant RE's assessable under the VMA.*
- *Likewise the capacity to manage endangered non-remnant RE's for vegetation offsets. Figures of as much as double the saleable value per hectare have been discussed for endangered non-remnant RE's as vegetation offsets which helps to put into perspective the real cost to agriculture of each of the progressive removals of freedom to develop. That is, a cost of double the per hectare price of the developed portion of the State for the locked up area.*
- *Trust and morale have suffered badly in rural Queensland generally and the rangelands in particular from what are seen as constant betrayals of trust by governments.*

(1)(a), diminution of asset value and productivity

Careful, generational land owners and managers stewarded their landscapes, making them targets for restriction because they had the remaining examples of what the State said they applauded. This process of careful development had seen conscious sacrifice of maximum production and profit in favour of selective and planned development and redevelopment. The perversity of penalizing these managers by removing their freedom to continue the necessary hands-on management to keep their landscapes in the "preferred" state became *de facto* approval of those who had completely developed their landscapes, in the process protecting their land value, productivity, profitability and financial future, and who had no restrictions placed on them.

In a general sense, those who had been rewarded by immunity from the effect of the for developing 100% of their landscapes heeded the lesson and have ruthlessly followed up their retreatment regimes, and have been rewarded yet again with the advent of the Queensland Government's move to renege on the legislative undertaking that mapped non-remnant Regional Ecosystems (RE's) were not assessable. And some of those who were caught the first time by their care for their landscape and ecology are the same who were caught again with the move on freedom to manage regrowth.

Possibly the most devastating aspect of this is that the Vegetation Management Act 1999 which banned the development of mapped Endangered RE's on all tenures and the many subsequent amendments coincided with the longest and most severe drought in recorded weather history, and the most severe shortage of the wherewithal to exercise financial prudence and finalise their development plans.

The community's knowledge that Queensland's total ban on development in mapped remnant RE's had been the principle instrument in Queensland's apparently huge contribution to Australia's Kyoto target being achieved was proven with then Treasurer Peter Costello's confirmation of this.

At the same time, jurisdictions were looking at the possibility of "trading carbon" or nominal tonnages of Kyoto Protocol compliant CO₂ equivalent (CO₂E). By virtue of taking to the State the freedoms which previously resided with the land managers the possibility of trading potential development for carbon credits disappeared.

The other important aspect of the carbon debate is the apportionment of 15-17% of Australia's (Kyoto compliant) carbon emissions to agriculture, and particularly to the ruminant grazing industry. Until the full carbon cycle is allowed to be accounted for (Bray and Willcocks, 2009) in any Australian response the cost will be disproportionately borne by pastoral (rangelands) agriculture.

Today the surge of energy exploration and exploitation means that there is a potentially significant new market in "vegetation offsets". These are where a land manager (basically only freehold with a Property Map of Assessable Vegetation or PMAV) may choose to offer mapped non-remnant (regrowth) for remapping as remnant in return for dollars from major developments which need to damage or clear mapped remnant RE's and are required by law to replace these with areas not presently restricted. The taking to the State of mapped regrowth RE's has eliminated vegetation offsets as a potential income stream. The impact has been hardest on endangered non-remnant RE's which understandably have the highest potential value.

(1)(b), compensation arrangements

The total of Queensland's compensation package for the total ban of all development in mapped remnant RE's was some \$150 million. Such a small sum necessitated extremely tight eligibility criteria, and this combined with a general distrust of the State and disgust with the continued ratcheting up of each set of restrictions may have been why not even this amount was successfully disbursed.

A simple calculation of what the vegetation offsets program would assess as the value of the area restricted will demonstrate the total inadequacy of \$150 million for the entire mapped remnant area of Queensland.

(1)(d), any other related matter

Trust- Probably unsurprisingly, the combination of heavy financial costs and losses following apparent consultation to derive laws to govern agricultural development, and perverse incentives to those who had apparently done the opposite, the overwhelming outcome in the Queensland portion of the Australian rangelands has been one of cynicism towards, and distrust of, politicians at all levels.

Morale- Having paid the entire price of Queensland's native vegetation laws in so many ways it has been especially demoralizing for rangelands agriculture to see that the same instrument which allowed Australia to comply with its Kyoto target was helping to make it impossible for pastoralism in Queensland's rangelands to have any chance of taking part in the emerging carbon and vegetation offset markets.

Reference

Bray, S. and Willcocks, J.,2009, *Net carbon position of the Queensland beef industry*, Queensland Primary Industries and Fisheries, Brisbane.