Nature Conservation Council of NSW
The voice for the environment since 1955

Level 2, 301 Kent Street, Sydney NSW 2000
Ph: 02 9279 2466 **Fax:** 02 8026 8301
Email: ncc@nccnsw.org.au
Web: www.nccnsw.org.au
ABN: 96 716 360 601

5th March 2010

Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia
By email: fpa.sen@aph.gov.au

RE: **Senate inquiry into the impact of native vegetation laws and legislated greenhouse gas abatement measures on landholders.**

The Nature Conservation Council of NSW (NCC) welcomes the opportunity to submit comments to the Senate inquiry into the impact of native vegetation laws and legislated greenhouse gas abatement measures on landholders. The Nature Conservation Council is the peak environment organisation in NSW. We work closely with 120 member groups, local communities, government and business to ensure a positive future for our environment.

The NCC is not making a detailed submission on the substance of this policy and legislation, but instead wishes to draw the committee members' attention to the broad economic and environmental matters these measures aim to address.

In reviewing this issue, the NCC encourages the committee to consider the following:

1. What would be the impact on landholders of not protecting native vegetation and abating greenhouse gases?
2. What would be the impact on landholders should native vegetation legislation and greenhouse gas abatement legislation achieve the expected benefits? And
3. What is the marginal cost or benefit for landholders of the native vegetation and greenhouse gas legislation?

The committee will only gain insight into this issue if all three questions are considered. While the legislation and proposed measures may influence the value and productivity of particular landholdings, the absence of the legislation will also affect the value and productivity of landholdings.

The native vegetation laws aim to protect the ecosystem functions and biodiversity that maintain the productivity of the land. The greenhouse gas abatement legislation aims to provide some reduction of the adverse impacts of climate change on the land. Any one of the questions listed above when considered in isolation only presents part of the landholder impact. All three need to be considered to present the real expectation of the landholder.

Determining the economic value and productivity of land is very complex. The value at any time depends on many factors that include: location, temperature range, amenity, taxation, scarcity, mining leases; and for agricultural and forestry land: water availability, soil quality, nutrient levels, access to markets and the market price for the products for which the land is suited. Forecasting the overall impact of the legislation and policies on these multiple factors cannot be done with precision and NCC does not attempt to do so. We do however make comment on the relativity of the impact of the three questions listed above, particularly in relation to climate change.

While some aspects of the climate change debate may still be controversial or uncomfortable for some, overall the scientific evidence is overwhelming. It is highly likely that the earth's climate is changing at an unprecedented rate, and it is highly likely that this is predominantly due to human activity.

The result of this climate change for Australia is likely to be:

- Significantly reduced water flows in the Murray Darling Basin. Inflows are currently at an all time low. This will continue to erode the land value and productivity of this vast area of Australia.
- The disappearance of the Great Barrier Reef due to a combination of sea temperature rise, and increased acidity of the ocean will impact the regional economy of the north Queensland coast and have flow on effects on the land values in the region.
- Temperature increases that will change the suitability of some areas for certain crops and forest types and cause previously valuable land to become marginal.
- More frequent and more intense bushfires will destroy land based assets
- Reduced rain and water supplies across southern and eastern Australia will challenge the viability of many farming areas.
- More intense weather events will destroy land-based assets due to floods and cyclones.
- Loss of many native plants and animals that may in turn affect the ecosystem functions the land productivity is dependent upon.
- Increasing inundation of many low lying coastal areas due to sea level rise and storm surges will significantly reduce many coastal land values.

All of these climate change impacts need to be considered in answering the question of the effect on land values of a greenhouse gas abatement do nothing situation. The economic modelling done for the Garnaut Review did not explore the specifics of land values however it did estimate the impact of unmitigated climate change as being 10% of GNP by 2100. This is the significant cost to the economy that abatement measures seek to avoid.

The key message here is that the do nothing cost will be significant and it is imperative that Australia's political leaders take strong action on this matter.

However, as action to abate greenhouse gases continues to be delayed, some climate change impacts are becoming inevitable for Australia. The Federal Government has recognised this inevitability and has initiated a range of measures aimed at adapting to climate change. The Government report *Climate Change Risks to the Australia's Coast* identifies up to 247,000 residential buildings across all states, at a value of $63 billion, at risk of being inundated or eroded this Century. This report assumes reasonable success from measures to reverse the growth in greenhouse gas emissions with a conservative 1.1metre sea level rise projection. The '*do nothing about abatement'* scenario would result in a much higher seal level rise at significantly higher cost to coastal landowners.

The legislation and proposed measures will bring additional costs and benefits to different sections of the community. The Garnaut review for example forecast the economy wide

cost between 2% and 4% of GNP depending on the measures taken. This is a significant improvement on the do nothing cost estimate of 10% GNP. The treasury modelling undertaken into the CPRS shows significant variation across sectors with emissions intensive trade exposed industries bearing the bulk of the cost as the major CO_2 emitters, and forestry achieving significant gains. As agriculture will be excluded from the scheme its costs could be expected to be small, especially when compared with the major impacts from the do nothing scenario.

As limited information is available on the proposed Opposition measures for greenhouse gas abatement, the NCC considers it difficult to make comment on its impact. It is worth noting however that the targets for abatement of both the Government and the Opposition are far too low to bring about the change that is needed.

On the matter of native vegetation legislation, The NCC wished to draw the committee's attention to the fact that Australia's native vegetation depletion rate is unprecedented. Land use practices are contributing to this through habitat loss from land clearing; nutrient and pollution run off from fertilisers and pesticides; hydrological changes due to tree clearing and increased salinity due to tree clearing. Climate change will add additional pressures to this loss.

Loss of native vegetation impacts land values in many ways. Subsequent hydrology and salinity changes impact the productivity of the soil, micro climate changes can affect rainfall, loss of scenic amenity can impact non-agricultural and values, loss of fauna that depend on the vegetation for habitat can impact nutrient cycles and pollination. Often the impact is felt away from the area that is cleared. The unmanaged action of one landholder may have significant flow on affects for other land areas. Many land managers understand this and manage the land with conservation practices in mind, however this is not always the case. NCC consequently urges the committee to look at the broader cost issues associated with native vegetation protection when inquiring into this matter.

The Nature Conservation Council would like to thank the committee for the opportunity to comment on the broad economic and environmental matters these greenhouse gas abatement measures aim to address.

Yours sincerely

Cate Faehrmann
Executive Director