



**TASMANIAN FARMERS AND GRAZIERS ASSOCIATION
SUBMISSION**

TO

Senate Finance and Public Administration Committee

REGARDING

**Native Vegetation Laws, Greenhouse Gas Abatement and
Climate Change Measures**

March 2010

Introduction

The Tasmanian Farmers and Graziers Association

The Tasmanian Farmers and Graziers Association (TFGA) is the peak representative organisation for the agricultural sector in Tasmania. The TFGA's mission is to advance the development of Tasmanian primary industries. The TFGA is committed to ensuring that the agricultural sector in Tasmania is profitable and sustainable. The TFGA is also committed to promoting the vital contribution that the agricultural sector makes to environmental, social and economic fabric of Tasmania to all levels of government and the wider community.

This is the TFGA's submission to the Senate Finance and Public Administration Committee. The TFGA would be happy to discuss any of the matters in further detail.

Tasmanian agriculture

The agriculture sector in Tasmania contributes significantly to the social, economic and environmental framework of the wider community. In Tasmania the farm dependent economy is 15.8%¹, significantly more than any other state. The agricultural sector also accounts for a significant proportion of the employment figures. Given the extent of agricultural production in Tasmania the farming community has a significant influence on the land and its natural resources. Tasmania has long been referred to as the "clean, green state"; the agricultural community has always played a significant role in ensuring that this is an accurate reflection of Tasmania and that it continues long into the future.

Native Vegetation Laws Greenhouse Gas Abatement and Climate Change Measures

Native vegetation laws have created many challenges for the agricultural sector in Tasmania. The TFGA's position on environmental management on private land is one of incentives rather than a regulatory based approach.

¹ Tasmanian Agricultural Productivity Group and Tasmanian Farmers & Graziers Association, 2007, *The Contribution of Agriculture to the Tasmanian Economy*

The TFGA strongly urges all levels of government to consider carefully the impacts that native vegetation laws and climate change measures could have on the viability of Australia's agricultural sector.

Climate change measures

It is quite problematic making meaningful comment on the impact of current climate change proposals on property rights in Australia. Most of the current schemes are designed using the existing international rules based on the Kyoto Protocol. This protocol expires in 2012, and after the failure of the Copenhagen climate change conference, it is unclear what will replace it, or indeed, if anything will replace it.

Additionally, domestically it would appear unlikely the current Government's Carbon Pollution Reduction Scheme will be passed by the Senate. It is unclear what the Government will do if this is the case.

The Opposition has a range of proposals to tackle climate change which have been described as 'direct action', and do indicate a willingness to reward landholders for carbon storage and sequestration through a range of mechanisms.

However, some comment can be made in general terms. IF the world ever does turn to a regime whereby a carbon price is established, and it does allow for carbon storage and sequestration in vegetation or soils, clearly landholders may have a potential to be rewarded for this action. Conversely, IF the regime requires landholders to account for emissions as well as sequestration, there may be liabilities accruing to landowners for emissions from land and vegetation.

Depending on the design of any regime, standing timber resources may or may not increase in value. Under current Kyoto rules, timber standing before 1990 cannot be 'counted' for sequestration purposes. This may change in the future.

The impact of native vegetation laws and other greenhouse gas abatement measures on landholders, from a climate change point of view, is almost impossible to assess as there are no agreed positions or mechanisms either domestically or internationally at this time. In simple terms, if there is a benefit to landholders from any future schemes then clearly their natural resources may become more valuable and therefore this should be taken into account when vegetation laws are

mooted, and additional compensation provided when laws are enacted. This is particularly important if, for example, land clearing bans enabled the Australian government to meet its international obligations on greenhouse gas mitigation targets – landholders should be duly compensated for the values inherent in this resource in addition to the other existing non-carbon values of the land.

How these values are calculated will depend on the nature of the regime put in place. None of this information is known at the present time.

Farmers contribution to natural resource management

Over recent years there have been many significant changes implemented on farms that have contributed to improved environmental outcomes. These contributions are of great importance to both the agricultural sector and the wider community but largely go unnoticed. In 2008 the Australian Farm Institute released its report on the value of environmental services provided by Australian farmers². This report documented what has long been known by farmers, that farmers' natural resource management practices have delivered significant value to the Australian community. The AFI research also identified that further opportunities that exist for governments to increase the value of farm environmental services if appropriate policies and incentives are implemented. These findings are supported by many other widely accepted research findings including those by ABS and ABARE³.

The land and its resources are what enable landowners to run successful farming operations; many of these farms have been in operation for many generations. The knowledge gained over the years is invaluable. It would greatly benefit both State and Federal Government if they were to work directly with farmers and farming groups to establish the best environmental management practices.

² Gillespie, R. Dumsday, R. & Bennett, J., 2008, *Estimating the Value of Environmental Services Provided by Australian Farmers*, Research Report, Australian Farm Institute, Surrey Hills, NSW, Australia

³ ABARE, 2001, *Alternative Policy Approaches to Natural resource Management*, Background report to the Natural Resource Management Taskforce, Agriculture Fisheries and Forestry, Canberra, ACT, Australia

Effect of native vegetation laws

The introduction of many laws relating to land use, such as the *Environment Protection and Biodiversity Act 1999* (EPBC Act), has created many challenges for Tasmania's agricultural sector.

Restrictions on land use imposed by native vegetation laws can significantly reduce land asset value. The limitations imposed on farm enterprises, and therefore potential limits to farm production and profitability, in conjunction with decreased land asset value can greatly reduce the viability of farm enterprises. These factors need to be carefully considered in any legislation development.

These laws have also created confusion, particularly regarding the referral processes, obligations of the landowner and definitions such as change in land use. These points need to be further explained and clarified. At present the definition of what a 'normal' or 'reasonable' operation may be is unclear; this definition needs to be clearly outlined and extend beyond the immediate farming practices.

There is strong concern that laws developed have not taken many important factors into consideration. For example, the listing of lowland native grasslands under the EPBC Act does not distinguish between natural and disturbance induced native grasslands. This issue is of significant importance to Tasmanian farmers. In the case of native grasslands in the Midlands area of Tasmania, it is highly likely that past management practices have led to the creation of a number of disturbance induced grasslands. The TFGA consider it extremely unfair that as management practices are now changing and improving (largely due to improved water availability), that these same farms that have created and managed these grasslands are now potentially being denied the right to diversify their farm enterprises because of the presence of grasslands.

One of the most concerning effects that such laws have had is the limitations to production and expansion of agricultural activities. The laws imposed limit the right of a farmer to use their land for agricultural production with no consideration for the effective management practices that have been implemented over many years. All levels of government have been supportive of the further development of farming in Tasmania; this can be seen through their involvement in the development of irrigation schemes. Many of the recent legislation changes, such as the listing of

lowland grasses and the State Government's Permanent Native Forest Estate Policy, will directly affect the states irrigation capacity.

Over the years farmers have purchased land with the understanding that they had the right to farm it. The TFGA and general farming community acknowledge that there a range of guidelines, policies and legislation relating to agricultural practices. It is accepted that many of these restrictions and regulations are in place to ensure that agricultural practices are carried out in a sustainable manner. The concern at present is that the recent policy and legislation changes have imposed significant restrictions on landowners' ability to effectively manage their properties in a socially and economically sustainable manner.

Native vegetation management options

The TFGA has long held the view that the greatest achievements in environmental management can be made through an incentives based system rather than a regulatory approach using "big stick" mentalities.

Every farming situation is different, so when developing management guidelines the current practices in place as well as the future viability of both the individual business and the wider agricultural sector need to be seriously considered.

Over recent years many farmers have taken up the opportunity to enter into conservation covenants. There are however, a number of flaws in the covenant process including the compensation arrangements in place and the failure to adequately provide for ongoing maintenance to control environmental issues such as weeds, wildlife and feral pests. The development of stewardship agreements between State and Federal Governments and individual farmers is regarded by the TFGA as the most effective methods of ensuring that sustainable environmental management practices are implemented. Stewardship arrangements allow for negotiation between government and farmers at the individual farm level. Assessing farms on a case-by-case level allows for consideration of property history. Such arrangements are win-win for government, farmers and the wider community. Stewardship arrangements acknowledge the contribution farmers make to the environment and compensate farmers for the imposition of the laws whilst meeting negotiated benchmarks.

The TFGA strongly recommend that governments look at the environmental management practices currently in place on farms to identify the most effective management practices and work closely with landowners to develop effective, workable arrangements. Government policy development processes currently in place are ineffective and significantly exclude landowners.