

**Submission  
By**

**To**

**Senate Inquiry into Native Vegetation Laws, Greenhouse Gas Abatement and  
Climate change Measures**

**Senate Finance and Public Administration Committee**

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**Summary**

The difference at present value of land on our property “ which is unable to be developed due to Native Vegetation Laws and the same land developed is \$3,700,000. However in valuing for compensation, its’ potential for the life of the farm would need to be considered.

The difference in value of livestock carried on our property “ which is unable to be developed due to Native Vegetation Laws and the same land in a developed state is \$814,000 at present value but this needs to be translated into an amount which reflects production for the life of the farm.

Compensation paid would need to be in cash or an instrument which is convertible to cash as these laws have restricted people’s ability to repay debt.

Servicing of debt has become difficult without the ability to increase carrying capacity.

Many, if not most rural businesses are unable to bear the costs, both direct and passed on, which would result from the imposition of a Carbon Pollution Reduction Scheme and Emissions Trading Scheme.

Agricultural producers are price takers and have no way of passing on extra costs incurred.

**(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;**

“ is a 24,600 Ha property in Central Queensland.

The property is largely undeveloped but an application to clear was in preparation and many visits had been made to the DNR office in Emerald including on the last

business day before the Moratorium on clearing in May, 2003 was called entrapping it in the retrospective period.

For the two years of the Moratorium nothing could be done.

When the Moratorium was lifted we submitted the application which went into a ballot. In the ballot we were granted the right to clear 3,360 Ha. which had to be cleared by December 2006. This was achieved by borrowing money which we could not really afford but knew that it would be a worthwhile investment as carrying capacity would be increased by up to four times.

A further 11250 Ha would be suitable to be pulled and seeded with Buffel to increase carrying capacity from 620 Adult Equivalents to 2,100 Adult Equivalents an increase of almost three and a half times.

This translates into an increase in land value from approx. \$1,550,000 to \$5,250,000 with land valued at \$2,500 per beast area based on recent local sales. .

The increase in stock value on this area alone would be from \$341,000 to \$1,155,000 with stock valued (conservatively) at \$550 per Adult Equivalent

Of the balance some is regrowth which is covered by a Property Map of Assessable Vegetation(PMAV) some we would not wish to touch and some would still benefit from a limited amount of development which is now not permitted under the Vegetation Management Laws.

Purchase price and the debt to go with it was, pre clearing laws based on this potential for development. With the Vegetation Management Laws in place debt servicing is very difficult.

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

In Qld. some landholders and businesses which could show they were unfairly disadvantaged by the native vegetation laws were offered up to \$100,000 in compensation,

We, with the help of consultants applied for and were granted \$100,000 which had to be spent on infrastructure such as dams and fencing.

Although this was helpful it did not help with debt repayment and did not reflect anything like the potential forgone.

We would gladly repay all of it in order to be allowed the clearing rights that existed pre-vegetation management laws.

Cash payments or instruments which can be converted to cash are the only alternative to having clearing rights restored as farm businesses have real debts which they must pay for with real cash.

No socialised solution is acceptable.

Ongoing tax deductions with no time limit may be useful to some producers.

Without in any way supporting the proposed CPRS legislation, if it is introduced it may be possible to issue farmers with Carbon Credits which can be traded on the open market for cash.

Trying to claim that compensation is not payable because the laws are State laws is unacceptable as State Governments were often press ganged into enacting these laws by Commonwealth requirements.

I am sure other submissions will elaborate on this but we are familiar with the history.

**(c) the appropriateness of the method of calculation of asset value in the determination of compensation arrangements:**

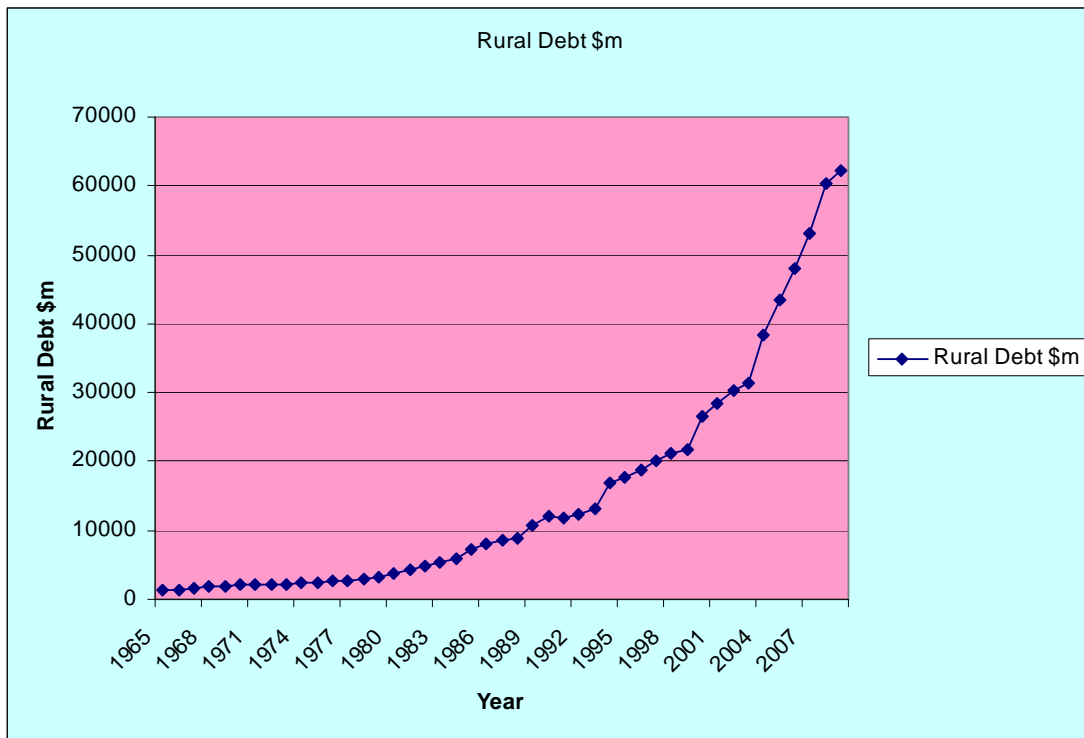
Any valuation which adequately reflected the true value of loss of production now and into the future of the clearing laws and the regrowth clearing laws, the full impact of which may not be evident for some years.

This may require that different proposals are put forward which are then considered by landholders.

**(d) any other related matter**

Economic conditions have been unfavourable in rural industry for some time now and if governments wish any sort of agriculture to exist in this country the policy setting will have to be such that there are not continual government imposts heaped on industries which cannot afford to pay them.

Rural Debt is rising at a faster rate than either household debt or business debt and currently stands at \$m62,167 (RBA statistics). It has increased almost six-fold in the last twenty years including in the last year when other forms of debt have actually decreased.



Twenty to forty year old farmers are leaving the industry at a greater rate than the older farmers are retiring or dying. The average age of farmers is increasing with almost 20% over sixty-five years of age.

Farm Cash Profit and Farm Business Profit are usually negative.

Yet in Queensland in the last SIX MONTHS only we have had:

The Regrowth Bill and Essential habitat Features

The Great Barrier Reef Protection Bill

The Wild Rivers Declaration in the Gulf

The Valuation of Land and other Legislation Amendment Bill 2010

all of which will impose increased costs or restrict productivity improvements in the agricultural sector.

As well as this it is unknown whether we will get a Carbon Pollution Reduction Scheme and Emissions Trading Scheme which with the inclusion of Agriculture under the IPCC convention would have imposed significant costs on the livestock sector in an environment where production is very near to Carbon Neutral. Even with Agriculture excluded we will face significant cost increases in fuel, fertiliser, chemicals and energy.

Meat processing plants have already flagged that they would pass on any increases in costs that they suffer from the CPRS to the production sector.

As we are price takers we have no means of recovering increased costs.

**(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.**

**We are not in favour of the Government's proposed Carbon Pollution Reduction Scheme and Emissions Trading Scheme.**

At this point in time Agriculture has been excluded from having to pay a direct carbon tax under the Government's proposed Carbon Pollution Reduction Scheme, which is a fair exclusion considering that the livestock industries as practiced in this country are close to Carbon Neutral.

However, even the on costs will make inputs of all descriptions dearer but this applies particularly to chemicals, fuel, fertiliser and energy.

Processing facilities have already signalled that they will pass on these extra costs to primary producers.

Because we are price takers (with many more sellers than buyers), primary producers are unable to pass on any costs to anyone else. This is particularly the case in the beef industry where the processing industry is dominated by one company.

The irreversibility of the CPRS is unacceptable and will have unpredictable and unintended consequences.

Mr Abbott's Scheme is more acceptable as it is incentives based, can be targeted and ensures that industries, small business and farmers are not put out of business by a tax that they cannot possibly afford. It gives motivation to reduce Carbon output without putting the whole business in jeopardy.

ABARE published a paper in Jan 2010 about Australia's food security in which the reasons for decreasing increases in productivity were deemed to be climate change, drought, lack of irrigation water and reduced public and private research funding.

No analysis of these assertions was given.

The proposed CPRS was mentioned briefly as a possible source of increased costs for chemicals, fertiliser, fuel and energy. There was no analysis and no mention of passed on costs from processors.

More importantly no mention at all was made at all of the impact of Native Vegetation Laws or the more subtle “Land use change” which most producers who are affected know is one of the greatest risks to their viability, their ability to increase productivity and repay debt.

Considering ABARE’s charter, detailed analysis of the effect of the CPRS on farm business has been scant and not easy to come by or perhaps it does not exist.

