

National Farmers' Federation

**House of Representatives
Standing Committee on
Environment and Heritage
Inquiry into Public Good
Conservation – Impact of
Environmental Measures
Imposed on Landholders**

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Introduction

NFF welcomes the opportunity to submit its views to the House of Representatives Standing Committee on Environment and Heritage Inquiry into Public Good Conservation – Impact of Environmental Measures Imposed on Landholders.

We note that this inquiry, along with the current deliberations of the high level Ministerial group on Natural Resources Management is increasing the focus of governments and stakeholders on the future of investment in sustaining the natural resource base and environmental assets.

Landholders have a critical role to play in this future.

NFF recently made its contribution to the debate about future investment, with our recent joint release with the Australian Conservation Foundation and the assistance of the Land and Water Resources Research and Development Corporation of the independent consultants report “Repairing the Country: National Investment in Rural Landscapes”. A copy is attached for the Committee’s information.

Australia is currently faced with land and water degradation inherited from the application of what we now know to be unsuitable management regimes and incentives to develop the continent for agriculture. The latest estimate of this legacy stands at \$1.4 billion in lost agricultural production and is thought to be closer to \$2 billion when the difficult to quantify costs, such as loss of biodiversity are also accounted for.

Further, a number of these land and water degradation issues cannot be addressed by the actions of individual landholders. For example, in the case of dryland salinity, those farmers most adversely affected may well be suffering from the actions of landholders up stream.

NFF acknowledges the considerable public and private investment that has already occurred toward addressing the degradation and sustainability issues facing natural resources and the environment in Australia. However, we have identified that Australia is currently presented with an outstanding opportunity to change our thinking and approach toward managing natural resources. If there is no commitment to change, the systemic degradation processes that are operating throughout landscapes will not be slowed.

NFF considers the implementation of a national strategic approach to addressing natural resource degradation, over a time frame of at least 10 to 15 years, as a priority issue for stakeholders and governments. NFF has made a commitment to addressing dryland salinity as an issue of national importance.

Dryland salinity has far reaching impacts not only on agricultural productivity, but river health, soil erosion, biodiversity and infrastructure. NFF believes an integrated approach to addressing dryland salinity will lever a number of associated beneficial outcomes to other key environmental issues facing Australia.

For such a national strategy to be effective, NFF believes significant levels of public and private investment will have to be mobilised and invested over the long term. Coming to terms with the balance of public and private investment, assessing where public investment should be targetted and identifying how public investment can be used to lever increased levels of private investment has strong relevance to this inquiry.

Further, governments must commit to public investment where wider community benefits are anticipated such as healthy environments and rivers, and biodiversity conservation. The protection of such values must not be allowed to fall as a burden on individuals.

The 1998 Productivity Commission Report “A Full Repairing Lease”, supported this view when it identified:

“The public good nature of biodiversity and environmental amenity indicates that relying on altruism, even with encouragement from governments, is likely to be insufficient to meet community demands in a number of cases. And relying solely on publicly owned reserves is likely to prove both inadequate and expensive.” (pp338)

The Commission goes on to identify that the community has a responsibility to contribute toward the funding of conservation on private land when it reported that:

“As many inquiry participants acknowledged, ensuring that on-farm habitat is adequately managed for conservation purposes will require the community to contribute to the costs.” (pp338)

The consultant’s report “Repairing the Country: National Investment in Rural Landscapes” quantifies the balance between public and private investment in some detail.

The impact on landholders and farmers of Australia of public-good conservation measures imposed by either State or Commonwealth Governments

NFF notes that the Committee has received submissions from our member organisations who have reiterated the concerns of their members, that landholders are under ever increasing pressure to meet community expectations for the preservation of environmental values. However, at the same time there is little made available to the landholder in terms of recompense for loss of property rights, productive land or future development potential.

When such pressures are considered against the current levels of income of many landholders, for example the Australian Bureau of Agricultural and Resource Economics farm survey revealed properties in the NSW Tablelands generated an average of only \$28,400 in family income between 1995 to 1998, it should not be surprising that landholders react with increasing concern when additional demands, beyond their duty of care are placed on them.

Under land ownership, landholders have a bundle of rights which may be adversely impacted on by government action to meet public conservation objectives. In the case of conservation of native vegetation, landholders may face identifiable costs in terms of the opportunity cost of production on the land forgone and the ongoing maintenance costs of managing the land to retain its conservation values.

The Productivity Commission 1998 Report “A Full Repairing Lease” also identified the inequitable impact of clearance controls:

“With more than 60 per cent of Australia’s land area used for agricultural and pastoral activities it is inevitable that the habitat for a large part of Australia’s flora and fauna will also be found in this zone. Historically and in the main currently, Governments turn to regulatory approaches to supplement biodiversity conservation needs on private land with those in the public reserve system. Such approaches have been imposed on landholders with little recognition of the cost borne by the individual, in the governments attempt to meet its wider community responsibilities for conservation.

Restrictions on clearance may seem an attractive means of protecting native habitats. Indeed, there may be circumstances where direct regulation is the only practical option. For example, immediate action may be needed as a temporary measure pending the collection and analysis of more information and the development of other approaches.

However, uniform controls pay insufficient attention to the nature and quality of the habitat being protected. This might be justified if all areas contained unique habitat. However, such controls provide no incentive to improve degraded habitat, and if the habitat being protected is already over-represented, costs are imposed on landholders and the community for little benefit. There is also a danger that the threat of restrictions may lead to more rapid species extinction as farmers clear land in anticipation of their introduction.” (pp334,335)

The above issue has been identified by a number of our organisations, that the threat of restriction may act as a perverse incentive to property owners to increase their rate of clearance. In effect, restrictions penalise those who have “done the right thing” and retained vegetation.

Restrictions are also considered to have a negative impact on landholders’ willingness to manage areas for conservation on their properties or to identify them.

Appropriate mechanisms to establish private and public good components of Government environment conservation measures

NFF has been a long term advocate for voluntary and incentives based approaches toward achieving sustainable outcomes in natural resource and environmental management. Such approaches encourage participation, reward those who invest and foster community ownership and commitment to the resolution of issues within regions.

NFF continues to support the use of Stewardship or Conservation Agreements, entered into voluntarily as a positive means for enhanced conservation of native vegetation and biodiversity. Payment for such agreements recognise the value of what is being conserved and adequately recompenses the costs incurred by the landholders.

Payment through such agreements, not only recognises the financial costs to the landholder of conservation, but should also act to increase wider community understanding of the costs associated with conservation of environmental assets.

NFF supports the concept of duty of care. This duty of care could be defined in terms of actions applied by farmers on their land to farm it as sustainably as current knowledge and technology allows.

The following components of duty of care are identified:

1. it provides a mechanism for land owners undertaking current actions to farm more sustainably to be recognised (such as landcare projects, farm forestry),
2. provides an incentive for land owners who have not shifted to more sustainable practices to do so, and
3. should provide a bench mark from which the community is able to identify actions that they wish to see undertaken in a region, which go beyond the duty of care, for example conservation of biodiversity on private land and therefore has a public good component which should be funded by the government on behalf of the wider community.

The third point was supported by the Productivity Commission in its Report “A Full Repairing Lease” (1998) when it was identified that:

“As the costs of biodiversity conservation rise, at some point it becomes both inefficient and inequitable – unreasonable and impractical – to expect individual land managers to fund biodiversity conservation as part of their duty of care. As discussed in the next section, the community should be expected to incur these additional costs.”(pp338)

While the need for sound environmental management and conservation of sensitive areas is now more broadly recognised by the wider community, there continues to be poor valuing by the wider community of the costs to individuals imposed in meeting these wider desires.

A better informed public about the costs, benefits and tradeoffs involved in the provision of environmental services, may go some way to ensuring such activity on private land is more highly valued and recompensed.

NFF believes markets can play a larger role in meeting natural resources and environmental needs in the future. However, markets currently continue to poorly value the environmental services delivered by land managers. Few producers gain any return or price advantage through management with a strong environmental conservation emphasis.

The lack of clearly defined property rights regime in Australia remains an impediment to the emergence of more efficient markets for key natural resources. Farmers require certainty of property rights for investment. NFF believes a property rights regime which is clearly defined, tradeable and provides security of supply is fundamental to the future viability of Australian agriculture and a priority for sustainable resources management.

Conclusion

NFF believes the conservation of environmental and natural resources must be based on genuine partnerships underpinned by cost-sharing approaches which recognise the balance of public and private benefits in protection of environmental assets. Policy responses must recognise the rights of landholders and recompense adequately for negative impacts on those rights.

For the long-term there needs to be better understanding of the roles and responsibilities of all parties and a better understanding and valuing by the wider Australian community of their responsibilities in protecting our environmental heritage.