

HOUSE OF REPRESENTATIVES INQUIRY INTO
THE IMPACT OF CONSERVATION CONTROLS IMPOSED ON
LANDHOLDERS

BRIEF SUMMARY

- ❖ Impacts or benefits?
- ❖ Other scenarios which appear to be similar but have been treated differently.
- ❖ Acceptable cost sharing example.
- ❖ Cost sharing linked to polluters
- ❖ Current financial assistance
- ❖ Suggested possible frameworks for carbon credit scheme.

IMPACTS OR BENEFITS?

The issues set out in the papers forwarded with the Terms of Reference indicate that there is recognition that many of the conservation measures carry either obvious or subtle short term and long term benefits to the farmer.

In some cases such as salinity prevention the benefits to the farmer are whether he may even have a livelihood or an investment in the long term if he does not carry out the measures required. If such major benefits accrue to the farmer then there should be a question why the rest of the community should share the expense. On the same basis should we share the expense of miners rehabilitating their holdings or fishermen adhering to limits and seasons so that their livelihoods are sustainable?

If a business indulges in practices which are detrimental to its existence and the community at large, and it incurs costs to change practices which thereby advantage the community I consider this to be 'damage control' – the costs of which should be borne by the perpetrator. Damage to land and natural resources should be seen in the same light. The community should not have been disadvantaged in the first place.

OTHER SCENARIOS WHICH APPEAR TO BE SIMILAR BUT HAVE BEEN TREATED DIFFERENTLY

I am not happy that farming and land degradation is the only area that fits this scenario. It opens the door for a number of other industries to claim that their costs of improving assets which benefit the public in direct and convoluted ways, should also be cost shared by all. Some examples might be -

- 1.** Fishermen who have agreed to reduce catches or meet moratoriums on fishing to ensure that fish populations are sustainable. Invariably there will be an impact on them but benefits flowing to all in the long term. I understand the prawn industry has been rationalized but I believe that this was achieved at the cost of the fishermen.
- 2.** Manufacturers being asked to reduce air pollution to alleviate destruction of the ozone layer. Again long term benefits to all at the manufacturers' cost only.
- 3.** Ancestral practices of emitting factory liquid wastes into waterways. Most of these have been eliminated but these practices previously thought to be

normal practice have mostly been remedied at the cost of the perpetrators by upgrading plant and equipment. There was no cost sharing by the public other than the possibility that the costs of their products increased.

The third example leads me to suggest that if we indeed endeavour to cost share farm rehabilitation we are in fact subsidizing the continuation of unrealistic costs of production or the product. In an ever-increasing world of allowing market forces to determine viability why would we be using this back door approach to prop up the flagging producers because of ancestral bad practices.

ACCEPTABLE COST SHARING EXAMPLE

I do agree that there are circumstances which may call for some equitable sharing of costs. The following scenario would be acceptable -

1. An entity purchases remnant scrub or a natural asset for no other reason than its rehabilitation or conservation or a farmer is forced to leave remnant scrub intact due to changes of law.
2. The asset is covenanted to be conserved in perpetuity.
3. The entity is financially disadvantaged due to the purchase or moratorium and its holding costs.

Here the purchaser is not engaging in 'damage control' – he has not disadvantaged the community or damaged any natural resources in the first place. There are no long or short term benefits accruing to this purchaser – if anything he is disadvantaged.

His impacts are –

1. Foregoing of capital earnings.
2. Reduction in investment value of the asset due to its being classified as not being commercially useful.
3. No taxation deductions for expenditure incurred.
4. Most costs associated with holding the asset being caused by protecting the land from external influences (e.g. fencing to prevent grazing, fire prevention measures to protect neighbours, weed control coming from pasture lands, feral animal control due to domestic pets going wild). The natural resource asset itself is not demanding of any of these measures if the external pressures were not there.

The community is generally advantaged by –

- a. The retention of habitat
- b. The retention of diversity

- c. The retention of amenity and ambience of the area in which the asset is sited.

More specifically there could be special circumstances where the land contains a creek and its native vegetation is acting as a natural filter for an adjacent supertidal area below which aquaculture is a major industry.

I do own 391 Ha of natural scrub on the perimeter of a bay which has an aquaculture industry. Prior to my purchase, the creek, which runs .5Km wide through the property, was washing all grazing animals faeces into the supertidal area. There was a side remark from within the Local Council that the land would be acquired for a relocation of the local rubbish dump. I bought the land to my financial detriment to ensure that no further damage to that environment or industry occurred.

It should also be pointed out that this is extremely marginal mallee grazing country in an area where much financial relief has been given to farmers. I do not live in that community – I live 600Km away, and suffer the disadvantage of travel costs to carry out remedial work when required. I am a self-funded retiree working 50-60 hours per week volunteering for SA Government in the Friends of Parks scheme.

In my case the measures including the purchase costs were entirely aimed at public-good conservation and yet the Terms of Reference to some extent seem more aimed at the farmer and those landholders who are taking action to avoid the long term consequences of continuing to indulge or want to indulge in ancestral practices which are **known** to damage the land.

COST SHARING LINKED TO POLLUTERS

This scenario largely develops due to the inability of our society to place monetary value on the very resources which sustain our existence and allow us to retain our health and well-being. One of the few schemes which begins to address this problem is the carbon credit scheme which could be designed to create costs for the polluting industries whilst creating a value and some recompense for holders of natural assets in conservation.

Protection agencies should work on setting up emissions standards which reduce emissions for polluting industries in a given period. If these are not met within the required period then those companies over the agreed standard for their industry must purchase carbon credits from farmers and landholders owning sustainable, conserved natural assets. The native assets must be first on the list – non-native or woodlot type ventures must be only second priority. There must be a value developed for our natural assets otherwise economics will continue to

corrupt and surreptitiously 'white-ant' the current natural reserves both private and public.

CURRENT FINANCIAL ASSISTANCE

In South Australia owners conserving native vegetation of an acceptable standard at their own volition have financial assistance for fencing to prevent grazing. Weed control programs and other agreed controls can be funded with grants which are available under the scheme. Council rates are waived.

Items not funded are roadside fences, general fence maintenance, water rates if water passes the property and security costs.

SUGGESTED POSSIBLE FRAMEWORKS FOR CARBON CREDIT SCHEME

1. Polluters not meeting regulatory limits of emissions must pay accepted bank bill rates of interest to owners of remnant scrub which is held under any form of covenant in perpetuity (could be State or local covenant). Values would need to be established based on agricultural value if land were cleared and commercially viable. This would assist in creating a real value for remnant scrub, create a demand and a market for its resale at realistic values, and costs of foregoing capital earning power would also be ameliorated.

OR

2. Polluters not meeting regulatory limits of emission are expected to pay default deposits into a fund which is used to assist in ameliorating farm rehabilitation costs using Landcare values and ethics as the basis for approval.

I am not knowledgeable enough to establish whether these ideas are feasible but I put them forward as broad embryotic principles which might address the problem with some visionary policy and laws to back them up.

It may be argued that such a scheme is not sustainable if **all** polluters get their act together and meet agreed emission limits. I would argue that this will not occur, as we are, and will continue to, emit polluting substances either via power making sources, transport or smelting industries one way or another.

As technology demands the standards should be made increasingly higher. It does appear that policing emissions lags well behind technology and there is no doubt that industry will lag too if there is no policy to make them update when the knowledge is available.