

# **THE J. H. DOYLE ESTATES COMPANY PTY LTD**

ACN 000 007 198

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ph (07) 4676 2192, fax (07)4676 2494

19<sup>th</sup> May 2000

## **Standing Committee on Environment and Heritage.**

### **Submission to the Inquiry into public good conservation – Impact of environmental measures imposed on landholders.**

I wish to respond to the invitation to make submission to the inquiry regarding the impact of environmental measures imposed on landholders. As a landholder of an agricultural property with a significant proportion under native vegetation, we would like to make a number of observations about the Native Vegetation Act which has been introduced in NSW.

I attach for your consideration a letter that I have sent to our regional vegetation committee who are currently involved in the preparation of a regional vegetation management plan for the Moree Plains Shire in northern NSW. This letter summarises a number of our concerns and opinions regarding the impact of the Native Vegetation Management Act implemented in NSW. I have been advised that this letter has been forwarded to the state advisory committee for their consideration.

### **Impact on Landholders**

There are a number of key points made in the letter that I would re-emphasise;

- 1) The complete effect of the Act is still unclear because the process of developing the regional vegetation management plan is not complete.
- 2) The biggest impact of the Act will be the loss of income due to a reduction in land use options, and a significant reduction in the capital value of land subject to the Act.
- 3) There may be other restrictive and excessive regulations on the use of the land. These may impose additional costs on the effected landholder.
- 4) The impact of the Act will vary from property to property depending on the proportion of the property that is remnant native vegetation, the potential alternative uses for that land, the rainfall and soil type, and the location of the property.

- 5) Land resource management is different to other resource management issues because of the nature of ownership of the land (we hold freehold title to the land, the effect of the Act is to reduce the rights that we have to that land.), the fact that the detrimentally effected parties are the ones that have done the right thing by preserving native vegetation, and the undeniable fact that Governments, both State and federal, have encouraged the development of agricultural land in the past at the expense of native vegetation and have failed to adequately administer this development.

### **Private versus Public Good.**

Your terms of reference require that you consider the appropriate mechanisms to establish private and public-good components of Government conservation measures. Clearly this is a very difficult thing to do in any quantitative sense. Preservation of native vegetation will have some benefit on farm in terms of erosion control, salinity management, and farm ecology and aesthetics. These benefits will vary from property to property and region to region.

One must consider, however, that preservation of native vegetation is not the only way of achieving these outcomes. Strategic conservation earthworks and planting of selected species (both native and introduced) can achieve a similar, or possibly more cost effective outcome. This is being encouraged in many developed areas where land degradation and salinity are a problem. In some instances, the restrictions placed on the landholder by the Act may be a far more costly alternative to other systems that may deliver similar benefits on farm.

These private benefits are far outweighed by the public good benefits that are derived from the implementation of the Act, and which were the primary motivation for government to implement the Act. These only gain much greater relevance when considered in a cumulative way. They include;

- preservation of native vegetation species,
- regional and national management of salinity and water quality
- preservation of native fauna in their natural habitat.
- Protect the quality of life for both urban and regional communities.

### **Recommendations on means to ensure the equitable sharing of costs.**

It is imperative that there is acknowledgement by all tiers of Government of the costs (both direct and consequential) to effected landholders associated with the imposition of vegetation conservation legislation. These need to be quantified with some regard to the variability in impact depending on individual circumstances. Governments must accept the proportion of these costs that relate to the public – good proportion of benefits derived.

As you can appreciate, this is a matter of great concern to our family, as it is to many other farming families in a similar predicament to us. We are extremely concerned about the impact that the Act may have on us. This concern is not helped by the uncertainty created by such an extensive implementation process, and by the seeming lack of provision for the costs imposed by the Act. We, like most people who live on the land, are supportive of native conservation and would participate in any process that respected our opinion and our rights. We would be happy to provide further assistance to this committee if required.

Thank you for the opportunity to make this submission.

Yours faithfully

Richard A Doyle  
**Director**

**Attach. - letter**

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1 March 2000

Mr Ashleigh Pitman  
Regional Vegetation Co-ordinator  
Department of Land & Water Conservation  
PO Box 486  
**MOREE NSW 2400**

Dear Ashleigh

I am writing on behalf of my family to thank the members of the Moree Regional Vegetation Committee for the opportunity to discuss the implications of the Native Vegetation Conservation Act during your recent visit to Boggabilla. We feel we have a better understanding of the feelings of your committee, the process that you have adopted, and the likely shape that a regional plan may take.

Our situation is probably a little different from most others in our local area in that approximately 50% of our property is undeveloped native vegetation. Virtually all of this is arable and much of it could be developed for irrigation. It has been our desire to keep a proportion of our business to beef cattle production both as a risk management tool, and because of our interest in the cattle enterprise. We also had a desire to maintain the aesthetics of the property by maintaining stands of natural timber and pasture. This has become increasingly more difficult in more recent years because of the much greater profitability in farming, a number of years of adverse seasonal conditions, and the increase in the value of the land because of our proximity to irrigation development and to town. Prior to the implementation of the Act and its predecessors we had developed selected areas of land for farming.

Up until January 1, 1998 we have been able to justify our vegetation management strategies because of our ability to convert to farming when we needed to, and because the value of the land would be increasing according to its land use potential. The capital gain partially offset the opportunity cost of not farming the land. The effect of the Act is to retrospectively wipe out that capital gain. It has also vindicated the policy of extensive wholesale clearing adopted by other producers over that period.

Whilst we agree with the need for better management of native vegetation throughout the region, there are a number of points that we would like to make to the committee in relation to the Act, the plan and the potential impact on our business and, no doubt, on many other farmers in our region.

There are a number of areas of concern to us;

1. Equity. The impact of the act on the earning potential of our property, and also on the value of the land.
2. Excessive and restrictive regulations on use of land
3. Politicial Agendas.

## **1. Equity**

I'm sure that the committee is aware of the equity issues that arise as a result of the implementation of the Act. Simply put, there is a financial impact which varies from farmer to farmer depending on the proportion of native vegetation remaining on each farmers' holdings, the possible alternative use to which that land could have been put, the soil type of the land, the annual rainfall and the location of the property. This financial impact is felt in two ways;

- a) The impact on the earning potential of the land when land use options are reduced, and
- b) The impact on the value of land when its potential land use options are reduced.

In some years the difference in gross margin return from our grazing enterprise and our dryland cereal enterprises can be as high as \$250 per hectare. Returns from cropping are always significantly higher. Whilst we would acknowledge that our grazing management and profitably can be improved, so too could our farming management. We believe that we are quite efficient in our farming and grazing enterprises.

The effect of the Act is to significantly reduce our flexibility to be able to alternate between land use alternatives. This impact is all the greater because of the relatively large proportion of native vegetation left on the property. There has to be some means of assisting those who will be affected by the implementation of the Act. We would appreciate support to assist us to maximise the returns from our grazing enterprise whilst sustaining the resource, but this will not be sufficient to compensate for the flexibility that we will lose.

We are still not in a position to fully appreciate the impact of the Act on land values, and will probably remain in the dark until the plan has been completed and implemented. We have grave concerns that the impact on our business will be severe and could range from

many hundreds of thousands of dollars to in excess of a million dollars. Our family could not and should not have to sustain such losses.

We still do not know what attitude our bank will take to the impact of the implementation of the Act. It could alter the risk profile of our business and increase the cost of finance to us. It may alter the balance sheet of some farmers to the extent that they are seen to be a poor credit risk. Will the Valuer General amend his system of valuing our land? What impact would such a change have on our rates? What impact will it have on local government rate revenue?

## **Compensation**

Whilst we are aware that compensation is a thorny issue for Government, we believe that there are a number of factors that make the Native Vegetation Management issue unique.

- a) This is an issue that is in the community's interest. The community desire the preservation of native vegetation and therefore the community should share the cost of conserving it. If no compensation is paid, it will be a relatively small number of landholders that will bear the brunt of the cost of conservation. Most will not be able to afford the cost. No matter how you look at it this is unfair.
- b) It is the responsible few that will bear the financial burden. Those who have no remnant vegetation will not be impacted at all.
- c) Government has some responsibility for the current situation. Government encouraged development in many areas throughout the state in the past by providing numerous incentives, by implementing the closer settlement and soldier settlement schemes, and by failing to administer what happened in the past.
- d) We own freehold title to this land. It is not some sort of conditional instrument such as may be the case in other equity arguments that are currently in the spotlight.
- e) Our northern neighbours in QLD are potentially to receive compensation under similar circumstances. Provision has been made for such payments. A precedent has already been set.

## **2. Restrictions to use of the Land.**

Concerns were expressed at the meeting that excessive regulation of the plan will make commercial activity on the property unworkable. Numerous assurances were made by members of the committee that such regulation would not be implemented. We believe that the dual goals of increasing productivity and sustaining the native vegetation resource shouldn't be incompatible, and a co-operative approach to resource management could be a very positive initiative if implemented properly.

As became evident at the meeting in Boggabilla, weed control and management are very important to us. Acacia Farnesiana (Mimosa) is of major concern to us. It is spreading rapidly along our waterways and in some areas is a major physical barrier. Whilst we accept that part of the reason for its spread may be due to the impact of grazing, as was suggested in the meeting, it is not the only reason. Excessive development upstream from us, and an increase in flooding over recent years has aided its spread. The problem is of such a magnitude that our ability to control it is stretched. Lipia is also evident and may also become a problem if not managed effectively. We support any initiative incorporated into the plan that will provide for a cooperative approach to effective weed management.

### **3. Political Agendas**

We are very concerned that this issue can be hijacked in the interests of political expediency at the expense of doing what is right and fair to protect native vegetation and to preserve commercial activity on the land without impacting on those of us who have been responsible in this matter.

The ramifications of the implementation of the Act on us and other landholders are significant and cannot be ignored. Its impact must also be viewed in the context of our current economic and natural environment. We have just endured a decade of extraordinary seasonal events, drought in the late eighties and early nineties, floods in 1996 and 1998 leading to wholesale crop losses from disease and waterlogging, coinciding with the inevitable cycle of commodity prices. Like most producers in the area this has had a significant impact on our financial position and we are not in a position to shoulder the burden that the Act conveys.

I hope that the committee will consider the issues that we have raised in this letter. We wish you well in your endeavour and hope that you can achieve a fair and effective outcome.

Yours sincerely

Richard A Doyle