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19 May 2000

Mr. Ian Dundas  
Committee Secretary  
Standing Committee on Environment and Heritage  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr. Dundas

Thank you for the opportunity to comment on the House of Representatives Standing Committee on Environment and Heritage Inquiry into Public Good Conservation.

AgForce represents more than 8,600 primary producers across Queensland. It was formed in 1999 from the merger of the Cattlemen's Union of Australia, Queensland Graingrowers' Association and the United Graziers' Association of Queensland.

**Public good conservation -**

The explanatory material (Issues for the Inquiry into Public Good Conservation) correctly asserts that some conservation activities bring environmental benefits to the broader community, as well as having clear and measurable economic benefits for the landholders concerned.

AgForce defines conservation activities and measures that have on-farm economic benefit as "private benefit" (e.g. wind breaks and shade clumps and strips). Furthermore, these activities and measures comprise the landholder's "duty of care". That is, landholders can reasonably be expected to undertake and comply with these activities and measures. In many cases these activities and measures will be undertaken voluntarily. However, many are imposed by the State for example, in Queensland's as yet unproclaimed Vegetation Management Act.

Measures, which do not have an on-farm economic benefit beyond the duty of care (eg. retaining endangered vegetation communities), are of "public benefit". In many cases these measures will be imposed by statute, e.g. Queensland's Vegetation Management Act.

This delineation of private and public benefit provides a basis for considering public investment in natural resource management at a property level. AgForce's policy is that if a government requires a landholder to undertake some measure which is beyond the individual's duty of care, the community must be prepared to pay the landholder for any loss in economic production – measured in terms of loss in market value of the entire property.

**Impacts of conservation measures and their costs -**

The following information relates to the (expected) effect of the Queensland Vegetation Management Act on a grazing property. It was supplied by a national property valuation and property consultancy with expertise in rural valuation matters. Unfortunately, AgForce is not in a position to provide specific details of the property. This is not because the landholders do not want to draw attention to the problem - merely because of a dispute within the family.

- The 8,960 hectares partly improved freehold grazing property is located in Central Queensland near the town of Dingo. It comprises a good balance of mixed scrub and forest country that currently carries 1050 head of mixed branded cattle on a breeding and limited fattening basis. Improvements comprise water, fencing and basic structures.
- About 3,600 ha is underdeveloped virgin brigalow and softwood scrub. This country is all classified as “endangered” and under the provisions of Queensland’s VMA clearing will be prohibited and no compensation will be payable.
- The current market valuation is 8,960 ha @ \$150/ha                      total \$1,344,000
- The market valuation after the commencement of the Vegetation Management Act is estimate to be 8,960 ha @ \$110/ha                      total \$985,600

This \$358,400 loss in market value is a direct result of public conservation measures, because the development potential of the remaining virgin scrub cannot be realised. AgForce argues that all of this loss in value is for public benefit and the landholder should be compensated accordingly<sup>1</sup>.

This case illustrates the possible scale of the impact which landholders will have to bear, unless governments commit to funding this public good conservation. There are however, additional, social costs that emerge on closer examination of this case.

The property currently carries 1,050 head of cattle, which is less than a viable living area in this locality (2,000 head of cattle is a viable enterprise). Under long established land compensation principles it is clear that the entire property should be purchased because of the significant impact of the conservation measures. However, to pay the current market value (\$1.344M) would only provide the landholders with the means to purchase another uneconomic unit in the same locality. It may be enough to acquire a viable enterprise elsewhere. But that would mean relocating. To uproot the family will have a social cost for the local community.

If this is an isolated case the subsequent effect on the local community (schools etc) will be minimal. However, if this is just one of many properties affected in the same way, the effect of people being forced to leave the area is likely to be significant.

This issue – the social cost for rural communities - does not appear to have been studied in any comprehensive way.

**Financial assistance for conservation by landholders -**

There is a considerable body of research about possible assistance measures. However, there does not appear to be much in the way of principles that should underpin governments’ landholder financial assistance and adjustment programs.

AgForce’s position is that where public good conservation measures are imposed by law (e.g. Queensland’s Vegetation Management Act) landholders should be entitled to receive, as a minimum, financial assistance measured in terms of the loss in market value of the effected property.

The community must be willing to pay for measures that are of public benefit.

In addition there would need to be ongoing incentives (in a range of forms) to encourage voluntary undertaking of conservation activities and measures.

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<sup>1</sup> Allowance would need to be made for shade clumps and strips and riparian buffers.

## **Recommendations -**

1. That the following “4 pillars” form the basis for all natural resource management initiatives and programs:
  - ⇒ the need for adequate data and integrated information systems as a basis for making informed decisions;
  - ⇒ a regional approach to vegetation management planning;
  - ⇒ a self-regulatory approach as far as possible; and
  - ⇒ adequate compensation where a landholder’s rights, and legitimate and reasonable expectations have been diminished.
2. Natural resource management policy needs to acknowledge the concept of a ‘duty of care’ that reflects the separation of private and public benefit, particularly in relation to conservation activities and measures.
3. An individual’s duty of care relates to undertaking activities and complying with measures that relate to sustainable, economic production at the enterprise level.
4. Governments need to commit to providing compensation for loss of market value where an individual’s rights and reasonable expectations have been diminished as a result of being required to undertake measures which are solely of benefit to the broader community.

If you wish to discuss any aspect of this submission please contact me on  
(07) 3238 6024.

Yours sincerely

**Paul Bidwell**  
**General Manager, Policy**