

19 May 2000

The Secretary  
House of Representatives Standing Committee  
on Environment and Heritage  
Parliament House  
CANBERRA ACT 2600

Fax : 02 6277 4424

Dear Madam or Sir,

Inquiry into the Impact of Conservation Controls  
imposed on Landholders

The NSW Dairy Farmers' Association (DFA) welcomes the opportunity to provide comment to the House of Representatives Standing Committee on Environment and Heritage Inquiry into the Impact of Conservation Controls imposed on Landholders.

The DFA is the sole industry representative body for dairy farmers in New South Wales.

Dairying is the fifth largest rural industry in New South Wales with production at the farm gate estimated at \$462 million in 1998/99. Although traditionally associated with the coastal strip, a flourishing and extremely efficient industry also exists further inland with farms operating in areas such as Orange, Cowra, Tamworth, the Riverina and the Murray.

Australian dairying is in a period of great change. While our farmers face a deregulated industry within several months, they have already been dealing for several years with the impact of increased environmental accountability. There is a perception among dairy farmers that their certainty of income is being deregulated at exactly the same time as regulations and restrictions upon the way they farm – and resultant costs – are being systemised.

This submission focuses on the costs of public good conservation to the farmer and the inability of current support systems to adequately assist farmers in meeting these costs.

While the following example relates to dairy effluent management, it could just as easily relate to riparian zone management, stock control, management of acid sulphate soils or inland salinity.

#### Example - Dairy Effluent Management

Under the *Protection of Environment Operations Act 1997* (NSW), and preceding legislation, it is an offence to pollute water (Section 120). Pollution of waters includes placing matter or waste in a position where it is likely to wash, fall, percolate or descend into water. There can be little argument with the duty of care to protect our waterways from pollution.

Dairy farmers must therefore make every effort to ensure that effluent does not find its way, directly or indirectly into waterways. This entails the development of a dairy effluent resource management system.

Although systems differ, a common example is a one or two pond treatment system which collects and stores effluent prior to it being irrigated back onto pasture. Establishing such systems can run to many thousands of dollars.

The NSW dairy industry has been working with NSW Government agencies in this area of dairy effluent resource management. The success of the program has been due to a consultative and “hands-on” approach with farmers. We acknowledge that we still have some way to go, but an approach of encouraging farmers towards best practice rather than wielding the regulatory “stick” has worked.

Funding for work in this area has, in the main, been provided by dairy specific research and development schemes. Guidelines for effluent management at the adviser and farm level have been prepared.

However, on the central coast of NSW, a particularly large project has been funded by NHT funds. The main focus of the program is to help farmers deal with pollution programs and to provide resources to prepare management plans. The project is administered by NSW Agriculture and overseen by a management committee of dairy farmers, catchment management committees, NSW Agriculture and the Environmental Protection Agency.

While funds are available to advise on what needs to be done to alleviate pollution problems. Funds to actually undertake the works are not so easily found. The focus of so many of the funding options available is at the community education or development level. But for farmers facing a certain reduction in income the will and even the knowledge may be there but the money to undertake works simply isn't.

One of the few programs that does provide direct individual financial assistance to farmers is the NSW Government's Rural Assistance Authority Special Conservation Scheme. It is an incentive based scheme aimed at promoting improved land management practices in New South Wales.

The program provides a low interest loan to undertake works with a demonstrable and significant beneficial impact on the land, the community and the environment and cannot be purely productivity based.

Applicants must be in working occupation of the farm and earn at least 51% of total gross income from the farming enterprise. Significantly the applicant may have net assets of not more than \$1.2 million.

The problem arises in relation to eligibility – many modern farming families are asset rich but cash flow poor. And off-farm earnings often account for a disproportionate percentage of income.

Also worth noting is the fact that many dairy farms are traditionally located in the lush coastal hinterlands that attract rural lifestylers and increased property prices. Such areas are, accordingly, both the focus of heightened community expectations regarding environmental measures and the least likely to attract financial assistance.

## Conclusions

- NHT funded programs have achieved much – but, of course, the focus is not on the individual landholder. Applicants must be incorporated organisations and operating as a group. The application process has been criticised for being complicated and prolonged. There is a perception that those who know how to “work the system” have benefitted.
- There needs to be a commitment from the Federal Government towards ongoing funding of environmental protection works in the manner of the NHT.
- Funding is available at the “big picture” level – from both industry and government - for education and guidance within the farming community on the best way forward in terms of implementing conservation controls. Perhaps it is time to redirect some of this funding towards the wider community to develop an understanding of the private achievements in public good conservation and the costs therein. There also needs to be a greater appreciation of the “in-kind” contributions of the farming community.
- Farmers are seeking directed financial support to carry out environmental protection measures. The approach of accessing funds through groups is not always suitable or workable. Many farmers would prefer individual access to funds but with stricter accountability in outcomes and achievements rather than unrealistic asset and income tests.
- Where funding is not feasible there should be further development of incentive programs – credits for work undertaken – on a catchment by catchment basis. This has been a theme developed by the NSW Healthy

Rivers Commission. Although many farmers are initially sceptical of such “trade-offs”, the fact remains that environmental accountability in farming is here to stay. And provided the lead in time for such programs is fair – rewarding sustainable and sensitive farming practices is an equitable and cost effective approach.

- It should be recognised that many of the environmental problems farmers face today are the result of past “best management” practices – such as land clearing and flood mediation works – often promoted by government agencies. For these problems in particular there must be an acknowledgement that the cost of remediation is to be shared throughout the wider community.

### Healthy Rivers Commission Approach

In closing, we would like to reiterate and expand upon certain points made in the DFA’s previous submission to the Standing Committee’s Inquiry into Catchment Management.

We refer again to the work of the NSW Healthy Rivers Commission (HRC). In particular we note its practical but philosophical approach in seeking a balance between public good conservation and the needs of all relevant stakeholders. We believe there is much of value to this inquiry in the HRC’s approach.

The NSW Healthy Rivers’ Commission has adopted the following definition of a “healthy river” which could be extrapolated to other natural resources.

*“The concept of a healthy river is one which encompasses a broad range of social characteristics which, in total, describe the river’s environmental status and its ability to support patterns of commercial activity and the social amenity to which the community aspires.”*

The DFA approves of the approach of the Healthy Rivers Commission, which looks forward to improving all existing aspects of the river rather than looking back to a dubious, and unachievable, goal of returning a river to its “pristine” state. The Commission acknowledges the economic role of a river as well as its environmental importance.

Another important aspect of the Commission’s approach – and one which is very relevant to this Inquiry - is that the community must have opportunities to understand and consider the costs involved in alternative standards or objections for river health and to participate in decision making, relating to those standards.

Most farmers understand the importance of sustainable farming practices and believe they have an important role to play as custodian of their land. However, as is acknowledged by this Inquiry, farmers often feel they are unfairly shouldering the financial burden of community expectations.

Very importantly, the HRC recognises that the environmental protection options pursued must be flexible, appropriate, necessary and practically achievable. Each farm is unique and the value of local “know-how” in managing such issues is a recognition that one size does not fit all.

Yours sincerely,

Joan Waterford  
Policy Officer