

# **Inquiry into Public Good Conservation – Impact of Environmental Measures Imposed on Landholders**

## **House of Representatives Standing Committee on Environment and Heritage**

### **Submission by the Queensland Conservation Council May 2000**

1. The Impact on landholders and farmers in Australia of public-good conservation measures imposed by either State or Commonwealth Governments

1.1 There are currently three major environmental reforms occurring in Queensland to deliver public-good conservation outcomes. These are the Queensland Vegetation Management Act 1999 (as yet unproclaimed); the Water (Allocation and Management) Bill 2000 (due to be tabled in Parliament prior to 30 June); and the East Coast Trawl Management Plan. Each of these issues has led to claims for compensation.

1.2 The Queensland Conservation Council recognises that public good conservation can sometimes result in adverse economic impacts in the short term on individual landholders. It is therefore critical that public good conservation measures imposed on landholders through legislation or statutory management plans are offset by public financial assistance.

1.3 QCC does not support any public funds directed towards compensation. Instead, the Council supports the provision of public funds to deliver pre-determined public good outcomes.

1.4 The public is increasingly demanding that food and fibre production is ecologically sustainable. This imposes expectations on landholders to manage their on-farm natural resources in an environmentally responsible manner, and to avoid adverse impacts on off-farm natural resources.

1.5 Landholders in some rural industries are struggling financially and, as the saying goes, “it’s difficult to be green when you’re in the red”. Commodity prices in many of Australia’s “traditional” farming industries (sheep, beef cattle, and sugar) are on a downward trend. Some landholders have little option but to clear their land because they are required to “develop” more of their property to avoid imminent foreclosures by financial institutions.

1.6 Under these circumstances, QCC believes that the economic viability of an industry as a whole or in a particular region must be examined in the context of achieving public good conservation. The provision of public funds for improved vegetation management (e.g. to construct a fence) will do little overall if an entire industry is barely viable or a region is barely capable of sustaining certain land use practices.

1.7 The Queensland Government has estimated that the cost of implementation of the Vegetation Management Act (which applies to freehold land only) is \$103 million. QCC has argued that both

the Queensland and Federal Governments should meet this cost to assist with immediate implementation of the legislation. Panic clearing is still occurring.

1.8 There are approximately 180 properties that could be considered non-viable after the proclamation of the Vegetation Management Act. These are properties where 70% or more of the property will be fully protected due to the extent of endangered and vulnerable (of concern) ecosystems. In these circumstances, QCC believes there is an onus on governments to voluntarily purchase the properties.

1.9 The Vegetation Management Act provides for the development of Regional Vegetation Management Plans. These Plans are to be valid for 10 years. If the Queensland Government were to make a significant change to these Plans within that time frame, affected landholders must be compensated. QCC does not support either the legislative requirement for compensation or the 10 year timeframe, which extends into the Kyoto commitment period.

1.10 The W(AM) Bill establishes a framework to implement the COAG Water Reform Agreement. It provides for the establishment of Water Resource Plans. These Plans will be subordinate legislation under the Act. Once a WRP comes into effect, existing water licenses will be cancelled and new water allocations will be issued, consistent with the new WRP, which should protect environmental flows. The WRP is valid for 10 years (COAG states 5 years).

1.11 There will not be any compensation provided if a landholder receives less water under a water allocation. However, if the Queensland Government were to make a significant change to a WRP during the 10 year timeframe, then affected landholders must be compensated. Again, QCC does not support either the legislative requirement for compensation or the 10 year timeframe for the WRP.

1.12 QCC is very concerned that Queensland is about to lock itself into long term planning processes for vegetation and water without any flexibility to respond if in five years time new scientific information shows that environmental flow objectives may not have been set accurately in the WRP or that salinity hazard mapping may not have been at a fine enough scale to identify all catchments at risk, without incurring costly landholder compensation. QCC is concerned that under this scenario the Queensland Government may not have the capacity over the next 10 years to pay compensation to protect environmental flows or catchments at risk of salinity.

1.13 QCC's policy in regard to prawn trawling in the Great Barrier Reef Marine Park is that there should be zero damage to the benthos (sea floor) and zero impact on bycatch in the World Heritage Area, by 2005.

1.14 QCC supports attempts by the Federal Environment Minister and GBRMPA to reduce trawl effort in the Marine Park. The Council recognises that this may have an adverse impact on some trawlers. QCC has indicated in-principle support for a structural adjustment package to achieve effort reduction, however, we do not support the view that 100% of the funds should come from the public purse.

1.15 Those trawlers who remain in the east coast trawl fishery will hold a far more valuable asset (their license) than they owned prior to the reform process. QCC therefore believes that those who stay in the industry should contribute a proportionate amount to a license buyout to assist people to leave the industry. In other words, a form of betterment tax. Otherwise, those who stay in the industry would receive a private windfall at public expense.

2. Policy measures adopted internationally to ensure the cost of public good conservation measures are ameliorated for private landholders

2.1 QCC refers Committee members to an initiative in the state of New York where the water authority faced increasing water treatment costs. After an assessment of alternatives, the authority identified that payments to landholders to protect or restore native vegetation and to undertake a range of property management practices to reduce off-farm impacts was a less costly method of maintaining water quality than building a major water treatment facility.

2.2 QCC strongly supports this model, based on the principle of paying landholders to protect ecosystem services. It is possible that the public would want to invest directly in such schemes.

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

3.1 The cost of biodiversity conservation should not fall solely on the landholder. The entire community benefits from the survival of species; therefore the entire community (including the landholder) should pay an equitable contribution to the cost of ensuring species survive and flourish.

3.2 The landholder will undoubtedly receive a private benefit from maintaining and rehabilitating biodiversity on-farm, however, QCC does not support the deduction of this private benefit from the community payment at this stage, for two reasons (1) the need for substantial investment in biodiversity conservation is overwhelming and (2) deduction of private benefit would send a very negative signal to landholders at a time when positive signals are desperately needed.

3.3 The public and private good components of measures to prevent or repair land degradation are more complex. There is a strong argument that landholders should manage their properties in such a way as to avoid land and water degradation, and that it is in their private interest to do so. This is undoubtedly the case in theory, however, in many cases it is simply not financially feasible for landholders to repair their degraded land.

3.4 The Queensland Government has not sought funding from the Federal Government (at least not at this stage) for the cost of protecting lands vulnerable to land degradation (a requirement under the Vegetation Management Act). It has limited the request for financial assistance to the biodiversity conservation imperatives of protecting endangered and vulnerable ecosystems. The Queensland Government has taken the position that landholders should pay for the protection of native vegetation that if cleared would result in significant soil erosion, salinity, landslip, degradation of water quality, etc.

3.5 QCC has not formulated a policy position on the issue of financial assistance to prevent land degradation, however, we would be likely to support public funding on a case by case, industry by industry or region by region basis. There is also an argument that those who benefit from public funding to prevent or repair land degradation should return the benefit to the state once they are in a position to do so.

3.6 For example, beef cattle production in the Desert Uplands has resulted in substantial clearing and degradation in the southern part of the bioregion. The following is a scenario: a DU grazier becomes involved in a government funded initiative in the region to promote new farming

systems and technological improvements. Over time, this leads to significant improvements in farm productivity, sustainability and the viability of the new business enterprise. The former grazier is now in a position to pay back to the community the cost of the free training he received a few years earlier.

4. Recommendations, including potential legislative and constitutional means to ensure that costs associated with public-good conservation measures are shared equitably by all members of the community

4.1 QCC does not support legislative requirements for compensation arising from public good conservation measures. Queensland's Integrated Planning Act 1997 still requires that compensation be paid to landholders or developers if a local government chooses to protect a particular block of land (although now the compensation requirement is time limited).

4.2 QCC does not support the legal requirement to provide compensation when a Conservation Order is imposed on a landholder who is damaging a listed threatened species. Too often, this requirement has resulted in government inaction because the conservation agency cannot afford to compensate or purchase the property.

4.3 QCC does not support locking governments into the provision of funds for public good conservation outcomes *unless* there is a concomitant commitment to introduce new revenue sources hypothecated towards public good conservation outcomes.

4.4 Attitudinal surveys consistently show that the silent majority is willing to pay for environmental protection. Rarely do governments exploit this willingness. One exception to this is the Brisbane City Council which has a "green levy" to buy and manage urban bushland and a "brown levy" to pay for environmental protection measures, particularly in regard to Moreton Bay.

4.5 QCC would support legal requirements for public funding to pay landholders to protect ecosystem services provided that legal mechanisms were also established to introduce environmental taxes, charges or levies. An environmental levy similar to the Medicare levy is an idea that has been floated for some time and deserves serious consideration by Committee members.

Imogen Zethoven  
QCC Coordinator  
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