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Committee Secretary
Standing Committee on Infrastructure, Transport, Regional Development and
Local Government
House of Representatives
Parliament House
Canberra ACT 2600

Australian Land Management Group¹
Submission to
The inquiry into a new regional development funding program

Our submission addresses the inquiry's first two terms of reference² and is focused on the need for investment in environmental infrastructure in regional and local communities.

There is a need to invest in the implementation of a voluntary Australia-wide system for verifying improvement in land management. Such a system should be considered as a necessary 'soft' environmental infrastructural need.

The primary benefits of such a system, beyond the critical benefit of improving environmental outcomes, include:

- *Aligning existing and enabling additional drivers for improving land-based environmental outcomes.*

A voluntary Australia-wide system for verifying improvement in land management can be likened to a transport highway along which existing drivers and new drivers for improving environmental outcomes can operate. Such a system contrasts with what happens now where the lack of a verification system creates large barriers to the expression of market and other forces for improving environmental outcomes.

A major constraint to improving land management is that, with some justification, land managers believe they are not able to

¹ The national not-for-profit Australian Land Management Group (ALM Group) was established by landholders in 2003 to improve land-based environmental outcomes in ways that enable recognition for landholders and their support organisations. ALM Group members across four States are supported by state-of-the-art customised web based software to implement an externally certified environmental management system based on internationally recognised standards.

²1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects; 2. Examine ways to minimize administrative costs and duplication for taxpayers;

capture the landscape wide benefits of improved land management. Hence there is sub-optimal motivation to incur the necessary investments. A key step towards removing this constraint is to support the implementation of a system that enables market and other forces to recognise and reward improving land management.

- *Providing a functional link between the multiple national, regional and local organisations with environmental responsibilities.*

A voluntary Australia-wide system for verifying improvement in land management would provide a functional gel between the very many national, regional and local organisations with environmental responsibilities.

Dr Paul Martin, Professor of Agricultural Law, University of New England: 'In 2000 (in Australia) there were over 250 distinct state and national legislative instruments that regulate aspects of land management plus a myriad of regulations, plans, policies and advisory instruments. And in one region we identified about 25 organisations involved in regional environmental management'.

Additionally a broadly-based land improvement verification system would help improve integration across the soil, water, air, flora and faunal components of ecosystems.

- Substantially reduced administrative costs and duplication for taxpayers and land managers

A well designed internet managed voluntary Australia-wide system for verifying improvement in land management would provide an effective and efficient administrative and accountability scaffold for the delivery of a wide range of environmental programs through a multitude of organisations.

Taxpayers, delivery organisations and landholders are not getting value from environmental funding. The need for lower transaction costs and more effective accountability is apparent.

The recent and fifth Australian National Audit Office (ANAO) report on the Natural Heritage Trust (NHT) and the National Action Plan for Salinity and Water Quality (NAP), concluded there is little evidence that the programs are achieving the anticipated national outcomes, or giving sufficient attention to the radically altered and degraded Australian landscape highlighted in successive Australia State of the Environment Report.

The situation however is unlikely to be rectified by the ANAO proposition that, after 10 years and five ANAO reports, the problem

might be solved simply by better accountability and monitoring. We need to question the wisdom of people far removed from the practicalities of land management to be setting standards and targets and insisting on complex and ineffective administrative processes. We need to reduce the horrendous transaction costs, the unwieldy administrative processes and the administrative loads imposed on support people in the field. In fact for the current round of competitive funding through the Caring for Country program it is arguable that the cost of preparing and vetting applications and of administering the grants will exceed the funds available for contestable allocation.

There is a strong case for national leadership and government and industry-wide support for the implementation of a well designed voluntary Australia-wide system for recognition of improving land management. This leadership and investment is necessary to overcome market failures and other institutional constraints resulting from:

- The mixed public and private goods nature of virtually all land based environmental outcomes
- The difficulty individual landholders have in capturing benefits due to landscape and wider externalities
- Economies of scale and improved international and domestic recognition resulting from a voluntary national approach
- Improved efficiency of delivery of government and industry-wide support for improving environmental outcomes
- The inability of early innovators to fully bear start-up costs
- The multiplicity of organisations, policies and programs involved in land based environmental management

In our view key design factors include:

- Applicability across land uses given that two thirds of Australian farms producing over seventy percent by value of agricultural produce operate two or more industries and that about forty percent of Australia is not used for farming
- Suitable for international recognition given that about two thirds by value of agricultural produce is exported. The need to differentiate Australian agricultural products has been well documented by the Australian Farm Institute. Australia is well placed to benefit from differentiation on the basis of environmental credentials.
- Credibility requiring external auditing and use of accepted standards. ISO 14001 is the only internationally recognised system that Australia can access and it is the accepted Australian standard.
- Cost effective and supported by relevant tools and hence attractive to landholders.

Various organisations and individuals have posited obstacles to implementing a voluntary national land management certification system. However the reality now is that the only key obstacles are lack of investment and fragmentation of effort across industries, organisations and regions. Other difficulties, including the following, were perceived rather than real or have been addressed.

- *Such a system is top-down and we don't want a one-size-fits-all approach.* These views reflect a misunderstanding of ISO14001 based systems which cater equally well for generic and industry specific requirements
- *There are no market drivers.* This of course is the primary reason why in a market-based economy we have had less than optimal environmental outcomes. However rather than being a reason not to implement environmental certification systems this is perhaps the strongest reason to do so for market and other drivers cannot work effectively without such systems. Our experience and that of the GippsBeef Group is that there are evolving drivers both domestically and internationally for improved environmental performance but they only evolve if they are enabled through credible verification systems.
- *Such systems are too difficult to implement.* This was valid up to about three years ago but the availability now of customised internet based software, developed in part with National FarmBis support, renders this proposition obsolete.

Well designed voluntary land management certification systems are excellent tools for landholders to access information and explore management options across a wide spectrum of issues, including climate change, improving water use efficiency, protecting biodiversity and integrating property and landscape based considerations.

Finally the speed of implementation, the demonstration impact and the benefit-cost ratio of investing in the implementation of a voluntary Australia-wide system for verifying improvement in land management are very attractive.

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