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STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE

Reference: Public good conservation

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MELBOURNE

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE

Tuesday, 22 August 2000

Members: Mr Causley (*Chair*), Mr Barresi, Mr Bartlett, Mr Billson, Mr Byrne, Mrs Gallus, Ms Gerick, Mr Jenkins, Dr Lawrence and Mrs Vale

Members in attendance: Mr Barresi, Mr Billson, Mr Byrne, Mr Causley, Mr Jenkins and Mrs Vale

Terms of reference:

For inquiry into and report on:

- the impact on landholders and farmers in Australia of public-good conservation measures imposed by either State or Commonwealth governments
- policy measures adopted internationally to ensure the cost of public-good conservation measures are ameliorated for private landholders;
- appropriate mechanisms to establish private and public-good components of Government environment conservation measures; and
- 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.

WITNESSES

BINNING, Mr Carl Eric, Steering Committee Member, Ecosystem Services, Goulburn Broken Catchment Management Authority	78
GOWANS, Mr Rod, Director, National Parks, Flora and Fauna, Victorian Department of Natural Resources and Environment	1
JAMIESON, Mr Gavin John, State Executive Member, Victorian Apiarists Association.....	51
LOBBAN, Mr Ian, Chairman, Land Management, Victorian Farmers Federation.....	22
LOCKHART, Ms Kate, Executive Officer, Land Management, Victorian Farmers Federation.....	22
MARTIN, Mrs Leanne Deborah, General Member, Maryvale A Team	63
McDONALD, Mr Robert Herbert, Resources Committee Chair, Victorian Apiarists Association	51
McKERROW, Mr Peter Irving, Facilitator, National Farm Forestry Roundtable	63
McLENNAN, Mr John Roderick (Rod), Consultant, Biodiversity Committee Coordinator, Goulburn Broken Catchment Management Authority	78
McPHERSON, Ms Dianne, Board Member, Goulburn Broken Catchment Management Authority...	78
MOODY, Mr Christopher John, Secretary, Maryvale A Team Association.....	63
MORAN, Dr Alan John, Director, Deregulation Unit, Institute of Public Affairs	39
POLLOCK, Mr James Ross (Angus), Chairman, National Farm Forestry Roundtable	63

Committee met at 8.49 a.m.**GOWANS, Mr Rod, Director, National Parks, Flora and Fauna, Victorian Department of Natural Resources and Environment**

CHAIR—Welcome. I declare open this public hearing of the inquiry by the House of Representatives Standing Committee on Environment and Heritage into public good conservation. The committee is gathering evidence for this inquiry by inviting submissions—so far we have received 240 written submissions—and we are now holding inspections and public hearings across Australia. This hearing is the first one for the inquiry.

Yesterday the committee visited Edenhope and Colac to see first-hand and hear about some of the problems and solutions associated with environmental measures imposed on land-holders. At today's public hearing, we will hear evidence in relation to submissions from the state government, groups involved with farming, forestry, beekeeping and catchment management, and the Institute of Public Affairs.

Although the committee does not require you to give evidence under oath, I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We do have a submission from you, but do you wish to make a brief statement before questions?

Mr Gowans—With your indulgence, Mr Chair, I will make a short statement in relation to our presentation. I would like to point out that my background is in natural resource management and, while I am familiar with some of the economic arguments presented in our submission, it is not my area of particular expertise. Accordingly, with your indulgence, I may have to take some of your questions on notice and respond to you in writing.

I thought it would be helpful just to give you some background in context to the Victorian situation: some indication of the value of private land and agriculture in Victoria and how important we consider this particular industry to be; the significance of private land for biodiversity, just a short summary of its importance and context; the implications of land clearance in Victoria; a brief summary of the approaches, outlined in our submission, that are utilised in Victoria to achieve conservation on private land; and a short discussion on a possible future approach involving conservation contracts.

I might start by saying that approximately 70 per cent of Victoria is private land. Of the remaining public land, 40 per cent is in parks and reserves, which represents some 16 per cent of the state. The balance of public land is predominantly state forest. That state forest includes informal reserves established under RFAs which have been completed in Victoria and areas excluded from harvesting, including code restrictions. So the public land reserve in Victoria represents a significant conservation estate in itself, and there are certainly measures to achieve conservation outcomes within state forests as well as sustainable production outcomes.

Victoria's forests and woodlands covered some 88 per cent of the state. Some 70 per cent of that, 16 million hectares of Victorian native vegetation, has been cleared. Of native vegetation remaining in Victoria, there is approximately 25 per cent on public land, which is about 7.4

million hectares, and five per cent, 1.1 million hectares, on private land. So on private land, some 95 per cent of the tree cover has been lost.

Overhead transparencies were then shown—

Mr Gowans—Just to give you some context for Victoria, basically the area shaded green is public land, the areas shaded red are remaining tree cover on private land and the balance is essentially cleared land.

The cleared land is in fact totally devoid of vegetation. This map just serves to illustrate the density of tree cover remaining on private land. In relation to the previous map, the dark green bits represent the red, but you can see scattered through the landscape there are various densities of tree cover: dense, medium and low. This is mapped by spot satellite and the various shadings are this green here, medium density, to a lighter density. I guess this serves to illustrate the fact that along stream sides and roadsides, apart from the existing tree cover, there is scattered remnant vegetation in Victoria which provides the opportunities for restorative action. With restoration you could actually build on this and improve the quality of that vegetation through certain measures.

The first map I showed you was somewhat misleading in the sense that the dense tree cover certainly is picked up, but this scattered medium density cover through the landscape is not depicted on that map particularly well.

This map serves to illustrate the fact that the density of cover relates to the red colouring on the previous map that I showed you. This map indicates that across the landscape there are various classes of density cover of trees. This cover is medium density. So, in fact, there is still scattered vegetation across the state although the map indicated previously there was none. This offers the opportunity for restoring the landscape by building on and enhancing the quality of that existing vegetation.

Looking at Victoria's private land and agriculture, 85 per cent of private land is used for agricultural production in Victoria. It is characterised by farming enterprises conducted by families and corporations. They produce food and fibre for local and export markets. Victoria's food and agriculture industries account for some 35 per cent of Victorian exports. It is a significant component of the Victorian economy. It is also dependent on a wide range of resources provided by nature. It is these ecological services that I think underpin sustainable agriculture but, in essence, the existence and predominance of agriculture in the rural community and rural environment is vital to Victoria.

Concerning Victoria's private land biodiversity, basically the assets persist as remnants in the original landscape. There are areas that are most affected. These were targeted for clearance because of their fertility and suitability for agriculture. These include grasslands, grassy woodlands, box iron bark and wetlands. Biodiversity is depleted, in poor condition, but still has conservation significance. Sixty per cent of the extent of threatened vegetation communities exists on private land in Victoria. Thirty per cent of populations of threatened species exist on private land in Victoria. The loss of habitat has been a significant implication in the reason for this decline. Concerning streams in the rural landscape, five per cent are rated in good or excellent condition, and 65 per cent are rated in poor condition.

The protection of remnant vegetation and revegetation has been a priority for governments over the last decade and there have been a number of programs that have been instituted by government and managed by the department. Programs have received strong support from rural communities but much remains to be done. The government is committed to landscape restoration leading to a net gain in both quality and extent of native vegetation cover.

Two major legacies of vegetation clearance in Victoria are that ecosystems on which the productivity depends are now beyond the point of sustainability with continuing problems of salinity, water quality, and structural degradation of soils. Furthermore, biodiversity that built and maintains those ecosystems has been significantly modified and is in decline.

As for approaches to conservation on private land—and I can talk to these perhaps in answers to questions subsequent to this—these are outlined in our submission. The approaches have included native vegetation retention controls, a regulatory approach governing tree clearance, native vegetation clearance, on private land; voluntary schemes such as Land for Wildlife that are targeted at protecting particular habitats on properties; covenant schemes run by the Trust for Nature, which is again is a voluntary scheme targeted at protecting particular habitats on properties; government assisted programs, again which are voluntary, which has been a mixture of both state and Commonwealth assistance through a range of either NHT programs or programs generated by the state; and property management planning, which is a voluntary scheme to aid enterprise farming and enterprise planting at the property level. These have been the major schemes that we have run in Victoria in the last 10 years.

A possible future approach that the department is investigating is the application of conservation contracts. These would be voluntary schemes. They require good information about biodiversity features and the landscape, and they have an emphasis on changing land use management to improve habitat quality. These schemes require considerable development of an assessment system to evaluate proposals. They would involve formal management agreements for proposed changes and works on the land and provide the opportunity to target key assets in the landscape in a way that our other programs have perhaps not been so successful. I would like to close with those statements.

CHAIR—Thank you, Mr Gowans. I might lead off with a few questions. First of all, you mentioned that there was quite a bit of threatened or endangered flora and fauna on private land. Has the government made any assessment of how much more land—along the road corridors or wherever you might have the remnant native vegetation—needs to be preserved or protected in Victoria?

Mr Gowans—We have, through vegetation mapping, been able to identify those particular habitats that have been extensively cleared and where the remnants are significant in the context of the public land system. So, yes, there have been opportunities through what we call ecological vegetation class mapping, which has been extended across most of the state. It has not yet been completed across all of the state. But that program is endeavouring to ascertain the priorities in the landscape for protection from a conservation viewpoint.

CHAIR—Do you have any ideas about what percentage—five per cent, 10 per cent or something like that?

Mr Gowans—No. I could provide you with that figure after some assessment, but not off the top of my head.

CHAIR—We did meet with some farmers at Edenhope and Colac yesterday, and they were rather disturbed—you could probably say—about some of the overlays they have been shown in recent times on their private property, which were decisions from the government or from the bureaucracy. They said that there were no consultations; it was something that was just put on them that they had no input into. Is that the way it occurred?

Mr Gowans—I am not quite sure to what you refer. The primary program of any regulatory nature in the state is through the native vegetation retention controls. The balance of the programs that I described to you are all voluntary. We use the type of mapping that I have just described also as a means of determining the priorities for action by the department in trying to achieve partnerships with the local communities to endeavour to protect those areas through the existing schemes, such as the covenanting schemes, and so on.

CHAIR—I understand the agreements. Not many people have the money to be philanthropic.

Mr Gowans—True.

CHAIR—Is there just terms compensation legislation in Victoria?

Mr Gowans—Of all the schemes that I just mentioned, no.

CHAIR—Because even if you enter into a voluntary agreement, it does, in the first instance anyway, detract in value from a certain area of the property.

Mr Gowans—The people that have taken up our voluntary schemes have been predominantly people who are interested in conservation outcomes. Our analysis of the properties that have taken this up is that they tend to be small-scale and not the primary source of income for the owners. Perhaps one of the weaknesses of the voluntary schemes that we run is that they do not target commercially run properties where landowners are endeavouring to make a living from those properties. In fact, our submission indicates that the majority of the properties are in the smaller range class for Land for Wildlife and Trust for Nature. For example, 4,900 properties are registered in the Land for Wildlife program—that has now increased to over 5,000—totalling more than 125,000 hectares of habitat. But if you look at the property size class distribution—and I can pass over this map—you will see that the majority of properties are basically less than about 50 hectares in size.

CHAIR—So that makes it even more difficult?

Mr Gowans—Yes, particularly if you are trying to deal with protection of biodiversity assets on the larger properties.

CHAIR—From memory, I think the legislation they were talking about was the environment and planning legislation. This was a surprise to them that there were controls put on their property. In some instances people were saying that they bought land in good faith and the policy of the day was that they were allowed to clear the land to become economic, and then all

of a sudden the government decides, in the public interest, that in fact they cannot do that. That puts them in a very non-viable economic position. Has the Victorian government considered that? Are they considering the repercussions of that on private property owners?

Mr Gowans—Yes, they are. I am not quite sure of the circumstances that you describe. Under the Planning and Environment Act, there are opportunities for what are known as environmental significance overlays, which target particular aspects in the landscape under the state planning provisions for triggering referrals and appropriate conditions to ensure protection of those assets. Those planning schemes are exhibited, they are open for public comment, and then they are put in place.

CHAIR—What, in the local council chambers or somewhere like that where people can make comment?

Mr Gowans—So I understand. It is not something that is managed by my department, but that is what I understand the process to be.

CHAIR—How influential is the comment? If the government decides they will do it, they will do it.

Mr Gowans—This is local government in the sense that—

CHAIR—Local government say that they do not really have the powers and that it goes back to the state government.

Mr Gowans—There are state provisions, and certainly the native vegetation retention controls are state provisions that have been in place since 1989. As far as their operation goes, local government administer those controls at a local level and any clearance in excess of 10 hectares is referred to the department for comment. The department, as a referral authority, assesses the implications of the proposed clearance in the context of its understanding of the significance of those biodiversity assets, for example, and then would require conditions, if appropriate, to be put on the nature of that clearance. That form of operation has been in for some time. The department has always managed, and the government has taken the view, that it is endeavouring to achieve a net gain in vegetation. A net gain highlights the notion that we are in fact about negotiation, so it is a net position. In fact, clearance still continues. While it has slowed down from some 10,000 hectares per annum back when the controls were introduced down to about 2,500 hectares per annum at the moment, the government's policy position still is trying to move to a net gain. So NVR does not mean no clearance; it means negotiated clearance. Given the context which I illustrated to you previously, with such a large extent of the private land having been cleared, and the issues that are now arising as a result of that clearance in terms of salinity and water quality, the government is trying to redress those problems through establishment of improved catchment processes through, in particular, revegetation.

CHAIR—We saw a property yesterday which had been relatively cleared, but the owner, in their wisdom, at the time kept quite a number of trees for shade on the block. It was only a small block, really, in relative terms. They now want to sell it to Blue Gums and they need to clear about 79 trees off a block of 700 acres. NRE said they could only take four, so they cannot

sell the block. That seems to be a little bit contradictory, because they are going to grow trees there.

Mr Gowans—I cannot answer the specifics of your question, in the sense that I do not know the context or the department's response. Again, the principles that are used in assessing judgments about whether clearance should or should not occur do take into account the significance of the particular vegetation type in the context of the clearance that has already been undertaken. Maybe that has been a consideration in this case; I am not sure.

CHAIR—It leaves a fair amount of imagination up to the officers involved.

Mr Gowans—We have endeavoured to ensure that there is a strong guidance provided, but at the end of the day judgments are still required in these circumstances, yes.

CHAIR—Can I go to the science, which interests me quite a lot. What do we really know about some of these species we are talking about? We say they are endangered, or we say they are threatened. What database does the Victorian government have to say where these species are? Are you out there looking to see whether in fact they are widespread, or, as you find one, do you then record that? For instance, I have been involved in this area for a long time and I keep on hearing about the powerful owl, and I keep on hearing about the powerful owl right up the east coast of Australia. Do we know how many there are? Do we know their nesting sites? Do we have the information?

Mr Gowans—For the powerful owls in Victoria we have very good information and, in fact, through the establishment of forest management areas on public land we have made significant gains in protecting areas for powerful owls in Victoria. Much of the protection is, in fact—

CHAIR—Do you know how many nesting pairs you have?

Mr Gowans—I can give you that information. We do know how many nesting pairs we have. We have done extensive modelling and an extensive field survey on that species in particular. It was a key issue in resolving and finalising the conditions associated with the RFA agreements in Victoria.

CHAIR—If we are going to make decisions that are affecting people's livelihoods we really want to have good sites.

Mr Gowans—Yes, we do. In answer to the first part of your question in terms of whether we understand where all the threatened species across the landscape are: Victoria has extensive databases on flora and fauna—perhaps the best in the country. This has been as a result of accumulation of effort going back since the 1970s, so we have good contextual information. However, I would say, there is no such thing as a 100 per cent survey. It can only accumulate information based on the field effort. We rely very heavily on volunteers and community groups, particularly on private land—field naturalist clubs and the like, who are regularly submitting information to us. We have also conducted vegetation mapping across the landscape. As part of the RFA process we also did some pre-1750 mapping, so we are able to actually isolate those areas currently in the landscape in comparison to what was there before and give

some notion of how important that is, in terms of its conservation status. We have about 70 per cent of the state mapped at the moment at that level.

CHAIR—Another argument I have been involved with for a long time is the argument over bees.

Mr Gowans—Yes.

CHAIR—We have a submission from the Apiarists Association today, where they say the sites in the Grampians have been reduced from 250 sites down to 40. What science was involved in that?

Mr Gowans—The judgments by the park manager are based on the precautionary approach, which is a very conservative estimate on what impact introduced bees may have on natural processes and native fauna and flora. So it is a local management decision.

CHAIR—I understand what you are saying but how far can you go with that process? If I applied that to my life I would not get up in the morning because I might get run over by a bus.

Mr Gowans—I think you endeavour to leave as many options open to future decisions as you can where there is a level of uncertainty and you try not to preclude those. Certainly, that has been the case with the private land effort as well, whereby decisions in relation to, say, native vegetation are about future opportunities rather than foreclosing future opportunities.

You mentioned the science earlier. I agree with you in that the role biodiversity plays in providing ecosystem services is uncertain and unknown and not fully developed—incomplete. Certainly the problems of associated clearance are manifest. The Murray-Darling Basin Commission has recently—as you could be aware—published information in relation to this. So the consequences are clear. The actual relationships and the details of how the processes work and how the various elements of biodiversity contribute to that are uncertain and incomplete.

CHAIR—I understand exactly and it will probably be incomplete forever. But the problem we have is: how do we get the balance here? I have heard the precautionary principle argued on many occasions and, if you take that to an extreme example, then you do not do anything in regional Australia; you just close it down. It is the balance you have to find.

Mr Gowans—It is the balance you have to find, and this is a very difficult question. Our submission tries to present a view that you have to establish some point of reference on which you can then make future policy decisions. The proposition is put in our submission, in relation to the private land conservation effort, that that point of reference is in fact a net gain in vegetation—where we are now. Governments in the past have encouraged clearance so the burden is unfairly falling on those currently existing in the landscape. We want viable, sustainable agriculture, we want viable rural communities and we want systems that are sustainable. So it is not about closing things down; it is about providing that reference point upon which some policy decisions can be made about how costs might be apportioned and shared.

CHAIR—Yes. Those words ‘viable’ and ‘sustainable’ are lovely words, but they mean different things to different people. That is the problem.

Mr Gowans—Yes.

CHAIR—You mentioned these conservation agreements. Does the government pay anything to the land-holders in those conservation agreements?

Mr Gowans—At the present time we are simply exploring this as a policy option. The government has not made a decision to proceed with these arrangements. We have examined them in our submission and we are examining within the department how one might design this and what aspects of the landscape we might target. On examining its application in the United States, it started with different beginnings because it was really endeavouring to reduce farm production, but it has moved over time to deliver—

CHAIR—They pay well to reduce farm production.

Mr Gowans—A little more than we can afford, it is fair to say. It has moved over time to look at delivering other benefits. We are looking to see whether that can deal with the issue that I identified at the outset which is that many of our voluntary schemes are being taken up by property owners where their sole source of income is not from the property. So we have this gap and maybe, just maybe, here is an opportunity for us to look at a mechanism that can provide a better partnership and a better level of cost sharing with land-holders to achieve the outcomes that we are seeking in the catchment. It remains to be seen whether the government chooses to proceed with this.

CHAIR—The other area I would like to explore, which I see as being a very vexed area, is that farmers are perceived in the wider community—and when I say the wider community, the cities are obviously the big population base—as the ones who have raped, pillaged and damaged the land and that they should fix it. I think the general community also has a view that they have made huge profits out of this and therefore they should do this. We know that not to be true. Is the government doing anything to change that public perception so that the community is amenable to the idea of supporting public good conservation in regional Australia?

Mr Gowans—Through its policies, particularly in relation to native vegetation retention and certainly in relation to biodiversity management on private land, the government is promoting the view that it is a partnership, that there are broader community benefits that accrue beyond the individual and that in looking at solutions it is about the community addressing those problems, not the individual bearing the cost. Certainly the solutions we have been exploring have been underpinned by that philosophy.

Mr BYRNE—The executive summary says:

Victoria is committed to the objective of reversing the long-term decline in the extent and quality of native vegetation, leading to a net gain with the first target being no net loss by the year 2001.

Do you think you will achieve that particular aim by that time?

Mr Gowans—It is unlikely that that would be achieved.

Mr BYRNE—What would be the reasons why that would not be achieved?

Mr Gowans—I think it is the very issue that I raised earlier. NVR controls are about negotiated outcomes. While the program has been successful in slowing the decline of the clearance from, as I said, 10,500 hectares to about 2,500, it has not actually turned the corner. That is a consequence of wanting farming enterprises and activities in rural communities to be able to continue. I think it is also a function of the fact that some of the voluntary schemes that we may have put in place have not been as successful in tackling some of the larger property areas. That is an area that we are currently looking at.

Mr BYRNE—To some extent, then, there is obviously a continuing decline of quality of native vegetation. If you are looking at an analysis and reporting to the government that it appears as though that is not going to work, and if you are making a recommendation to the government with respect to how to look at these sorts of things, what do you recommend?

Mr Gowans—We tried to look at introducing the issue of quality of native vegetation and extent into the arguments. We have observed that what the native vegetation controls have done, in part, is retain vegetation of the landscape, but what they have not contributed to significantly is the actual management of that vegetation, because that places some burden on the property owner for fencing, weed control, pest control and the like. We have tried to introduce the notion of improving quality as a component of native vegetation and retention—so, extent and quality. We are exploring models such as habitat hectare models, which is a notion of trying to get some indication of the quality of the vegetation on a particular landscape and on a particular property which may be used as a basis for offsetting trade-offs for clearance. It is, hopefully, with that that we can actually move to a net gain in quality, in particular, and perhaps in extent.

Mr BYRNE—What leads to someone who is managing a larger commercial property basically undertaking those sorts of actions?

Mr Gowans—What we have observed with our voluntary schemes is that, for those types of properties, land-holders would be seeking some compensation, some inducement, and some assistance.

Mr BYRNE—Have you conducted some rough costing as to what that may entail? Obviously, you have an idea of the vegetation that is there and you have looked at potentially using staging points to expand some of the denuded parts. Have you actually conducted a rough costing as to how much that might entail?

Mr Gowans—In some landscapes we have, but I do not have those figures with me.

Mr BYRNE—Would we be able to have a look at those figures at some stage?

Mr Gowans—Yes. Certainly we have been looking at the prospect of trialing the conservation contract issue. We have looked at the potential costs of managing remnants in the box ironbark landscape, for example.

Mr BYRNE—With respect to there being asymmetrical information between land-holders and government, what sort of process of consultation between land-holders and your department is there, to get some sort of inventory from their perspective about the value of the resources at their disposal?

Mr Gowans—We rely fairly heavily on community input for biodiversity information. Certainly the individual property owners may have a better understanding of their particular properties. The way we have dealt with the asymmetric information—

CHAIR—Are they fearful of revealing that information?

Mr Gowans—Sometimes, yes. What we do not have—I think this is what the asymmetric information, in particular, is referring to, although it does touch on the biodiversity aspects—is the individual circumstances of the property owner. They are not willing to reveal that either, nor should they. But if conservation contracts, for example, were managed through an auction system as has been done in the United States, the individual would be able to reveal that by the notion of the price that they might bid for. So that does not have to be revealed in an overt way; it is guided through the auction process. We do not have that information and the only way to reveal that sort of information is through some closed bidding procedure.

Mr BYRNE—So if you looked at a sample of some of the larger private property owners and had had a fairly confidential conversation so you had a rough idea, you would say, ‘This is what I have got and, in a perfect world, this is what we would potentially do if we had the opportunity.’ Have you been through trial scenarios like that where you identify certain properties, have a look at what they have got and at what the costs would be to them of what you might propose? Has there been that level of consultation?

Mr Gowans—No, not with the individual property owner. In examining the conservation contracts, we have been looking at what we might pay for that. What the farmer might wish to receive for it depends on the individual circumstances, their predisposition to conservation, their personal economic circumstances and so on—many factors.

Mr BYRNE—Do we have a fairly comprehensive audit of what that actually entails for each of these farmers? I see figures about farms and how many farms are under certain hectareage, et cetera. Do we have that body of information, in a general sense, about private owners and their circumstances?

Mr Gowans—No.

Mr BYRNE—Do you think if you had that body of information that would make the execution of some of these strategies more helpful?

Mr Gowans—We need that information, frankly. It is a question of whether it is transferred through, say, a bidding process whereby the price actually reflects the circumstances.

Mr BYRNE—In a sense you are trying to find an inducement. I understand the commercial justifications to get that. There does not seem to be a spirit of cooperation. From what you are

saying, you are having to lure farmers because they are afraid, effectively, that that information will be used against them.

Mr Gowans—There is a strong spirit of cooperation for certain schemes. But our analysis of those schemes, as I indicated, is that for some properties that is clearly not sufficient and that other policy instruments are necessary to assist them and work in partnership with them to achieve mutual outcomes.

Mr BYRNE—Would you be proposing some sort of increased regulation with respect to that to give them inducement? You are talking about incentives, but does the department sit down and say, ‘This is not working. Do we need to go down a further track?’

Mr Gowans—No, the department is not proposing any increased regulations.

Mr BYRNE—So in a sense it is more cooperation and consultation?

Mr Gowans—Very much so.

Mr BYRNE—Do you have sufficient resources to undertake that particular sort of process?

Mr Gowans—A number of programs are already delivered jointly through NHT in the field. We are currently examining the resources that might be required to enter into contracts. It might be possible that that replaces some of our existing programs in some cases—in other words, there could be some cost shifting from some existing programs to others. But, as I said, at this stage we are simply exploring that as a possibility and the government have not made a decision to pursue the contract mechanism yet.

Mr BYRNE—Referring to the chair’s trip to Edenhope and Colac yesterday, why would there be this perception that there was no consultation with respect to, I presume, the department and other bodies?

CHAIR—To government in general, I suppose.

Mr Gowans—With these issues, I do not think you can ever have enough consultation. Certainly the department endeavours to have a high level of engagement with the community. It has put in place a number of community structures to achieve that through catchment management authorities and coastal management boards, with a selection of people from the community to be represented on those boards. So it has endeavoured to achieve that. Unfortunately, it is not always 100 per cent successful.

Mr BYRNE—In your department’s view, how close are we getting to the stage where there is a critical mass point, where unless we do something we are going to sustain what the department categorises as very serious environmental damage? Have you got a point where you will say, ‘If this continues to this point, then something radical has to be done’?

Mr Gowans—We have drawn that line in the sand, if you like, by introducing the vegetation controls some years ago. What we are trying to do is move forward from that. In a policy sense, we have stated that we do not want a retreat from where we are.

Mr BYRNE—But is 2500 hectares per annum still too much for the department? You are obviously saying it is because your goal is, but are you saying that if this continues, say, for 10 years, there is a point, in the department's view, where that has to be stopped? Or are there other mechanisms to counterbalance that?

Mr Gowans—I do not think the department has been able to quantify exactly where that threshold is. Certainly there has been some literature from CSIRO that you might be aware of that has indicated the extent of revegetation, in hectareage, that will be required. At this stage we are endeavouring to push forward to move beyond our line in the sand.

Mr BYRNE—What about with respect to tree replanting? There was a goal of 100 million trees, or something like that. How is that progressing?

Mr Gowans—Yes, there was a Tree Victoria program.

Mr BYRNE—One hundred million trees by the year 2010.

Mr Gowans—I would have to take that question on notice, I am not quite sure how far we have got with that.

Mr BYRNE—What do you think the larger private landowner's view is of your department and what it is trying to achieve, as a generalisation? As part of your consultative process, what is your feedback as to what their perceptions are of what you are trying to achieve? Do they think you are being unrealistic? Do they think that you do not understand what their situation is?

Mr Gowans—Perhaps they have a sense of frustration that there are not the appropriate tools out there. I suspect that they feel perhaps somewhat disengaged in that the processes that are in place are not as clear to them in terms of where they can intersect with those processes. We endeavour to redress this by having a number of facilitators and staff in the field on our various programs who talk to farmers, but whether that is effectively delivering up their expectations is uncertain. From our viewpoint, we still have much to do and therefore there is still much room for improvement in forming more solid arrangements and partnerships with individual landowners, particularly the larger property owners.

Mrs VALE—I am from New South Wales and I just want to ask you some questions about government structure here in Victoria. I note that you are a director of the national parks flora and fauna division of the Department of Natural Resources and Environment. Does Victoria actually have a department of agriculture or a department of primary resources or primary industry?

Mr Gowans—We have a large Department of Natural Resources and Environment, and that is the major natural resource agency for the state. Within that agency we have a division of agriculture, a division of primary industries, a division of catchment management, a division of

forests, a division of fisheries, and so on. So the natural resource management divisions are all embedded in the one department.

Mrs VALE—I see, but there is not one specific department just for primary industry, or agriculture.

Mr Gowans—Not a separate department, no.

Mrs VALE—My colleague asked a question about how you felt the landowners might view the department. We have found there seems to be a very high level of frustration out there. As a matter of fact, the level of frustration was palpable with the people whom we met from West Wimmera and from Colac. They were frustrated at their total exclusion from the actual process regarding the native vegetation retention to the point where they had no idea it was actually happening. Even the mayor of Edenhope told us that people had come down from the department the night before, informed him that the legislation was about to take place the very next day, and then he was told not to tell anybody until nine o'clock the next morning. It has all the cloak and dagger aspects of some sort of conspiracy. That is how it appeared to the farmers.

This is the problem from what I can see as an outsider. You have a very real dilemma here with your native vegetation, and I can understand why there have been certain actions taken by the Victorian government. We all want to see as much native vegetation preserved as possible, but it seems to me that the very people who have to implement this legislation for you are being totally excluded from the process and it is being forced upon them from above. Therefore, you have resentment and frustration out there. I heard you mention that you had people in the field who were facilitators. These people have never seen a facilitator. As I said, the level of frustration amongst them was absolutely palpable.

One lady from Colac said that she attended some grassroots seminar that was actually put on by the department with people from local government in that area. She attended as a farmer, and when she asked the person who was running it where the other farmers were, the woman in charge said, 'What? We don't want farmers here.' The farmers are the people who actually have to implement this for you. It seems to me that, if you can actually take them with you, you are going to have a far greater effect on what you are trying to achieve, and they do feel quite left out.

Not only that, there also appear to be some properties, especially this property we saw yesterday, where the husband and the wife both work off the property because the property just does not feed their family anymore. This are a young father, a young mother and three little children. They are actually trying to sell their property because they cannot make a living from it, basically because of the new native vegetation retention. They have actually tried to sell a paddock to put to blue gum forestry, which would seem to me to achieve exactly what your department would be seeking. But because they cannot eliminate sufficient trees that is not viable either. The value of their property has been diminished by at least 50 per cent compared to the property next door, who cleared years ago when it was available to clear. These people have been conservation minded from the very beginning. But because they were, and the legislation has overtaken them, they are being penalised, if you like, for their civic mindedness in being very mindful of the environment.

It just seems to be very heavy-handed of government not to be able to somehow accommodate these people to some degree; to even give them some sort of forum, Mr Gowans, so they can actually express the particular position they are coming from. The department's terms of reference actually make provision for the department to do that. They say:

Often, policy-makers do not know the cost that a proposed land-use change would impose on different land holders. If we propose a land-use change, some landholders will be able to undertake the activity—and hence provide environmental goods—relatively cheaply. Others will only be able to provide environmental goods at great cost.

Like the young family we saw yesterday.

Individual farmers may know these costs, but government may not. Therefore, information is unevenly distributed.

This is what you actually have here in your terms of reference:

Dealing with information problems is one of the main obstacles in environmental policy. We tackle this throughout the report.

So you say; and you may do that in your report. But it seems, from what we saw yesterday, that you are not actually tackling that on the ground. The farmers in private land ownership really are the people who are going to have to deliver the goods for you. I do not know if there is any way that you can see, as a director of your department, that somehow they can be encompassed in that very important decision making. The people we met yesterday really do value exactly what the government wants to do. That came across very loudly and very clearly. But it seems that the impact is actually falling on individuals with a very unfair burden, and there does not seem to be any compensation for them, to the point where a family cannot earn its living now on a farm because of the new regulations. There has to be some means, not only for them to be compensated, Mr Gowans, but they must have access to be able to explain to people like yourself at the highest levels of government exactly how it is impacting upon them. As I said, your terms of reference envisage that. I would just like to ask you what procedures have been put in place so the people at the very grassroots, at the ground level, can have some impact and some input back into the decisions of the government.

Mr Gowans—Yes. Firstly, there are a number of mechanisms through the regional catchment management authority structure. As I mentioned, there are community representatives for input at a community level. Secondly, the government today is releasing—that is why I am sitting here by myself—its draft regional vegetation management framework for public consultation, including draft regional vegetation management plans to enable community input to those plans.

I take what you say on board. I offer no defence other than that we clearly need to engage the community better. I think what you are also identifying are perhaps some of the policy weaknesses we have identified ourselves in the way we have tackled some of these issues. The fact that we are exploring other options that may involve mechanisms that enable some offsets by way of improving land use for remuneration perhaps signifies the direction in which we are exploring.

Mrs VALE—Sometimes it is not just compensation from the government, Mr Gowans. Sometimes these people are in a position where maybe they can use the land themselves to help the conservation and make a profit from it. We found at West Wimmera council that the council themselves had a plan I think they called a 10:1 return. They would have allowed certain trees to be taken from a particular paddock on the basis that it was going to be used to plant blue gum, achieving an objective. Even though it is not straight native it is still native flora and it is still contributing to the end goals that your reference document here seeks.

The council itself was not allowed, under its planning law, to allow that event to take place. I think what they call the DVNR man had to come down. He said they could only take five of the 70 trees they wanted to take so this property could be used for planting blue gum which was not

going to make it viable. Therefore, that was at great cost to the landowner, just a young farming family. I felt it was a great burden for that family and it was very unfair, seeing that this family were trying to do the right thing by government regulations for many years.

Is there any way, in your rejigging of your planning schemes, that you could somehow devolve more control back to local councils on this, as long as the objectives that you are trying to achieve will be met? Does it matter whether or not it is blue gum that is going to be planted or whether it is native forest that is going to be left? If the blue gums are there it is still part of the native flora.

Mr Gowans—I understand what you are saying. I cannot answer the specifics of this particular case because I am not quite sure on what basis the conditions were applied by our local staff. They would need to take into account the conservation status of that vegetation. Maybe that was a consideration in the nature of the decision that was reached. At the moment—and I do not believe the government is proposing to change this—the administration of NVRs sits under the Planning and Environment Act through local government. The department will remain a referral authority for particular clearances in excess of a certain amount. It is 10 hectares at the moment. I do not believe there is any proposal to change that.

You mentioned new regulations. I do not believe these are new in the sense that the NVR controls have been in for sometime. I think the issues that are confronted are different and changing, particularly with plantation development in, say, the south-west of Victoria. An approach to this has created some difficulties and tensions.

Mrs VALE—They have been in since 1989. Is that right?

Mr Gowans—That is correct.

Mrs VALE—Does the government have any plan for a review of the legislation to observe the impact on individual farmers?

Mr Gowans—The government, as I said today, is releasing a package of measures for public consultation on a native vegetation management framework for Victoria and some draft regional vegetation plans. This is the first time since it has been introduced that there has been a fresh look at it.

Mrs VALE—I see. I do not have any further questions.

CHAIR—Just to balance this up a bit, it is not just state governments that are involved in this. It has been put to me that there is recent legislation through the federal parliament, the Environment Protection and Biodiversity Act, which, similarly, farmers say to me, was not very well discussed with any farming groups. It certainly has effects on them, and probably has overarching effects on the state. Would you like to comment on that?

Mr Gowans—Far be it for me to comment on Commonwealth legislation.

CHAIR—Don't be frightened. I think it is important that we look at it to see whether in fact it is the same problem.

Mr Gowans—The state government had a number of inputs to the Commonwealth in the development of that legislation. The implications for the state are evolving in the sense that there are certain triggers associated with that legislation that would impact not only on private operations but also on public operations, particularly in relation to the endangered species triggers and Ramsar triggers, and it is fair to say that we are exploring what that actually means at this stage.

CHAIR—But it could have repercussions on property owners?

Mr Gowans—Potentially, yes, if there are, as I understand it, nationally endangered species that may be affected by proposals.

CHAIR—Could I go back to your catchment management committees and other committees that are formed by government. I have been around governments for quite a while now and I think the thing that farmers put to me is that while the government leans on the so-called community committees for advice, in fact they do not represent, in many instances, the rank and file owners of property. Therefore, they have no faith in the recommendations that go to government, that is, governments of all persuasions. It is a difficult question to comment on.

Mr Gowans—A very difficult question for me to comment on, Mr Chair.

CHAIR—I hope that people who read the transcript take note of that because I have always been of the opinion that unless you have this relationship with property owners, if you are asking them to do something, then they have to have confidence. If they think that someone is imposing something over the top of them and they have had no input, then they are not going to be cooperative. One of the things that comes through to me in the evidence that we have had so far is that obviously we learn as we go along. Knowledge is dynamic and some of the things that we are trying to do at the present time are contrary to what we did in the past, for good reason. But state governments, in their wisdom, have really downgraded the departments that were the extension departments right across the board in Australia. Do you have any ideas as to how we get that knowledge out to the land-holders, the knowledge of best management, best practice and the extension of that knowledge? How do we get it out there at the present time?

Mr Gowans—The department still utilises extension capacity to get that knowledge out, but it is fair to say that it has adopted other measures as well which include trying to profile best practice in the field through field days, championing particular opportunities whereby there have been good outcomes, and through a communication medium ensure that those practices are widely known and dispersed. We do still, with the voluntary schemes, provide a level of extension support through newsletters. There are property inspections associated with those. In fact, in the case of the Trust for Nature covenant arrangements, there are follow-up inspections. I believe the trust tries to visit every covenant property every two years. So there is a level of activity in terms of information that is available and also through field days and the like. I would not hazard a guess at the extent of face-to-face communication, as it compares with what was provided 10 years ago.

CHAIR—So there is still money within budget for departments to do some work which shows best practice?

Mr Gowans—Oh, yes.

CHAIR—You can go out and do work on a property and say, ‘That is best practice,’ and have a field day and show that?

Mr Gowans—Yes.

Mr JENKINS—I hope I do not make Mr Gowans wish that he was at the launch of the draft regional vegetation framework any further. Yesterday, we saw some examples of things that raised a whole host of queries and we need to step back and look at the general framework, rather than at just the specifics of the cases. One of the things that intrigued me today was the launch of what is happening, which, as I understand it, has been based a lot on the work of regional catchment authorities which actually say, with the native vegetation retention controls, that the catchment authorities themselves do not have status. While I understand what the chair is saying about queries over how representative they are, the fact is that they are the best representative body in a lot of these regions and they do not directly have any involvement. In some of the examples that we were given, it was the land-holder versus the department. There just did not seem to be any part of the process which took account of the regional approach or where other people were able to have their say.

Mr Gowans—The documentation the government is announcing today is in two parts. There is a state-wide vegetation framework which is basically a policy instrument that shapes the direction that the government wants to go in, and there are a series of draft regional vegetation plans which sit underneath that framework which are about the delivery of that broad policy framework. It is basically a net gain approach. The CMAs have been particularly engaged and are responsible for the preparation of those regional vegetation plans. In fact it is the engine room to deliver the policies through the plans and very much driven by the CMAs. To the extent to which that is connected with individual property owners, they will have an opportunity to comment on those plans because they are draft plans.

Mr JENKINS—From our experience yesterday it seems that that was one mechanism that might help in the process of an overall framework within which things were operating and which is lacking at the moment.

Mr Gowans—Yes. I think that has been the difficulty in the past where catchment authorities have, in fact, produced plans in the absence of that broader framework. The fact that the government has now moved to put the framework in place can give some context to each of the plans, particularly where they sit in catchments that are extensively cleared, for example, and where the government might be wanting to move to a no net loss. So it gives a better context for those plans than in the past.

Mr JENKINS—How would you characterise the relationship with local government in this process? Local government is the regulatory authority and has the decision making for projects under certain thresholds and, given that some of these local government municipalities are very small, the resources they have, the things that they set in place and the frameworks that they are operating in are probably known to participants. How would you characterise the relationship with local government?

Mr Gowans—We have endeavoured to work fairly closely with local governments to assist them with the tools that might equip them to help make decisions in relation to vegetation clearance, particularly in relation to biodiversity assets and the significance of biodiversity within their local government area. With regards to their capacity to respond and deal with these questions, a lot depends heavily on the expertise they have, and it is fair to say that is variable in the sense that, depending on the capacity of a local government to employ people with environmental skills, they may or may not have those skills in place. We have tried to equip them with information products across the state to help them interpret the vegetation mapping that we have undertaken and we have introduced a number of new products directly aimed at assisting local government to do this. We assist them in their interpretation of that, particularly where they may not feel confident about how to interpret it. Again, much remains to be done. It is variable—very good in some areas; some way to go in others.

Mr JENKINS—A characteristic of many of the inquiries that we have is really that we go into fields where there is a lack of basic data, and I sense that this is trying to be addressed at the level of audit so that we know where we are at. What concerns me is that—and I apologise for using an example from yesterday but I wanted to use it to illustrate—often there does not seem to be research data into some of the science of some of the claims and counter-claims that are being made.

For instance, we were given this example of a landholding where the land-holder wanted to move on into planting a blue gum plantation. One of the sticking points appeared to be that the red-tailed black cockatoo was supposed to be nesting there. The argument was that these trees were obviously too young to have any benefit for nesting points, given that you have to have dead trees and holes of certain sizes and things like that, which, given it is a long time since I did any scientific study, it seemed pretty logical to me.

The next suggestion that was put to us by the council was that if 80 per cent of the landholding was to go under blue gum plantation and the other 20 per cent was going to be relieved of grazing pressures, that latter area would then undergo natural revegetation. In fact, the net gain was going to be greater than by keeping the 25 or 30 trees that were in dispute. What really concerned me was that a compelling case had been put. I have to accept that it had some basis, but if there had been research that established that, that would give a solid base to say, 'This is the way the decision should be made. You can have your plantation timbers. Given that you're not using the whole of the landholding, there is—to use this term—net gain.'

Mr Gowans—The scenario you outlined is where the department would like to be; it is about net gain, and we touched on this a little earlier. It is about negotiated outcomes, it is about leading to net gain, and that involves both improving not only the extent but also the quality of the vegetation. But in making decisions about whether a clearance should or should not proceed, the department also needs to take into account the significance of the vegetation that remains.

In this particular case—and again I do not know the exact circumstances—if it is a red-tailed black cockatoo, that is a threatened species in Victoria. I do not know if it is on the nationally threatened list and therefore would invoke the Commonwealth. Certainly, I know there were some issues in western Victoria just recently where Senator Hill has written to the state and told it to get its act together in relation to these issues as a result of some unfortunate clearing that

took place. We do know, for example, that red-tailed black cockatoos are heavily dependent on hollows for nesting and breeding. Therefore, that would be a consideration that would need to be taken into account in a decision about whether to allow some clearance or not.

CHAIR—I am sorry to interrupt but we are well over time and I just want to give Mr Billson a couple of questions now.

Mr BILLSON—Is the way forward to actually look at some of the town planning schemes? I raise that as a possible way forward for a number of reasons. It would give all the authorities a chance to have input into what the rules are to start with, which in my experience is what drives landowners in saying they just do not know what the call is and then halfway through something new comes up. You can understand how they would be frustrated because they had no idea that that was the case until late in the process.

You have state provisions of the planning scheme, and you have input for the CMAs. You have a very transparent process, it is public, everybody knows what is going on and they can all have a run at it. The process is not unfamiliar. There is a compensation provision in the planning laws for adverse changes of land use, so that is recognised. The scheme could then guide public investment. The NHT and those sorts of things could at least draw from an agreed framework that would pick up your regional vegetation framework, Flora and Fauna Guarantee Act, and hotspots that we know of.

There is an appeal process, it is transparent, and you could even plug it back into financial assistance grants where the taxpayer generally would be feeding into the adjustment process. You could underwrite covenants. The covenants are a great idea but most people do not know about them. Therefore, where is the public ownership or public recognition of that commitment that a land-holder has made. We could just recognise that on the planning scheme and then start to bring the tools together with the policy and the planning. The regular citizen could actually see it all and be comfortable with their opportunity to make a case, to access compensation where they have been adversely affected, yet the broader public can see what the net result is. You maybe build confidence in that process and the money that is required to drive it. I would be interested in your observations on that and the general point of whether the tools are in place to implement the plans and the policies that are increasingly getting better over time.

Mr Gowans—I can answer that from a biodiversity perspective. We have seen local government as a critical player in this. We have developed some specific products to enable local government to deal with biodiversity issues better than they have done. It is a transparent process. Any amendments to schemes must be advertised; they must be open to public consultation and discussion.

Mr BILLSON—And they are fair game.

Mr Gowans—Absolutely, and it is the intersection between individual activities at an enterprise level on the land and the planning framework. I think it is a big opportunity for us. We, in conjunction with the department of planning, are preparing things like a biodiversity planning practice note which we hope to release later this year which will articulate the tools that might be available to local government to address some of these issues. It is up to the individual local government to take what tools they think are appropriate to their circumstances

and put those in place through amendments to their schemes involving public input. The hierarchy you describe is a pathway that we have been exploring and we see it as a big opportunity for us in the future.

Mr BILLSON—The thing that I think troubles many of us is that the best intentions in the world that are shared in a broader sense seem to land very heavily on individuals who feel they are carrying a disproportionate share of that adjustment process. Maybe some change in land use is needed through these tools that give you that interaction, so there are no surprises but a chance for redress, appeal and compensation, where there is a shared community view. There is a way for the landowner to put a counter view. If they are unsuccessful, maybe they can get compensation for the impact on their opportunities of that change of land use. They may then feed that back into the grants commission process to look at the broader tax base as a way to finance that, along with the local community and those other agencies having input into the plans.

Mr Gowans—I think the challenge is really to find a way whereby decisions made by individuals at a property level for quite rational reasons, such as livelihood, have some implications in a broader community sense, such as clearance, and whereby problems associated with that are of community good, community interest and how you define intersection between enabling and funding the community good component such that the burden of that does not rest solely with the individual property owner. That is a big challenge in this area. I think the existing policy instruments we have, while they have met certain aspects of that, do not address all aspects of individual farmers' needs.

Mr BILLSON—What one thing would make the biggest difference to your goals?

Mr Gowans—What one thing?

Mr BILLSON—Yes. We are looking for a way forward.

Mr Gowans—Of all the tools that we are currently examining, perhaps the conservation contracts provide us with a way forward that has a greater sense of equity.

CHAIR—With some payment for the management?

Mr Gowans—That would be embedded in it.

CHAIR—I am going to have to cut it off there. I know it is a very vital part of the hearing. Thank you, Mr Gowans. You have been very generous with your time.

[10.05 a.m.]

LOBBAN, Mr Ian, Chairman, Land Management, Victorian Farmers Federation

LOCKHART, Ms Kate, Executive Officer, Land Management, Victorian Farmers Federation

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that the hearing is a legal proceeding of the parliament and warrants the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have received a late submission from the Victorian Farmers Federation and we will now formally receive that.

Resolved (on motion by **Mr Byrne**):

That the submission from the Victorian Farmers Federation be accepted as evidence and be authorised for publication.

CHAIR—Mr Lobban, would you now like to make a brief statement to that submission?

Mr Lobban—How long do we have to make some comments?

CHAIR—We have about three-quarters of an hour, and I might even extend that.

Mr Lobban—That is fine. Firstly, thank you for the opportunity to present a case on behalf of the Victorian Farmers Federation this morning. The key to what we are on about is in the wording ‘the cost of conservation to private land-holders for public benefit’.

By way of introduction, the Victorian Farmers Federation is the major farm organisation in Victoria. The VFF represents 17,000 farming families. The total membership exceeds 30,000. Victorian farmers own and manage over 65 per cent of Victoria’s land area, and approximately 70 per cent of the water diverted from Victorian rivers, streams and underground aquifers is used in agriculture. So, clearly, farmers have a very strong interest in sustainable use of Victoria’s natural resources.

The other implication from these statistics is that Victorian farmers must constructively be involved in any strategies to address significant natural resource management issues. It is absolutely crucial for any acceptance of policies affecting the management of farms that the farmers are actively involved in the decision making process because, unless they are, it is very difficult to get acceptance down the track. We make that point very strongly.

I want to mention the Landcare evolution. The VFF has a long history of involvement in the promotion of improved natural resource management by farmers. In the late 1970s, leaders of the VFF argued the case for involvement of farm organisations in conservation issues. The farming community have been to the forefront since the late sixties and seventies in being aware of the need for conservation.

In 1986, the Landcare program was officially launched at Stricta Hill, the site of a land management project by farmers active in the St Arnaud Branch of the Victorian Farmers

Federation. Again, our members led the way in that initial stage. Since 1986 the VFF has been a partner with the Victorian government in sponsoring the Landcare program. Currently the VFF is a partner with NRE and Alcoa Australia in the publication of the Victorian Landcare magazine, which has great acceptance throughout the state.

The VFF has an ongoing role in assisting and promoting Landcare through its Farm Trees and Landcare Association. That association was established by the VFF in 1986 and it continues to provide a range of services to Landcare groups and an umbrella incorporation for the member groups. The Farm Trees and Landcare Association also provides an insurance package which covers all those people involved in a voluntary capacity throughout Victoria. There are currently over 450 Landcare groups within the Farm Trees and Landcare Association, with a total membership exceeding 11,000 people.

It is VFF policy to continue to be involved as a co-sponsor of land care in Victoria and to continue to assist Landcare groups directly through the VFF Farm Trees and Landcare Association, and, of course, the Victorian *Landcare* magazine. I make the point that the VFF receives no support from government whatsoever for those activities. The cost of natural resource management on private land to the individual farmer, on behalf of a wider community, is extensive. The VFF will outline a number of issues related to native vegetation protection, weeds and the wider funding mechanisms for natural resource management to illustrate this statement.

It has to be acknowledged that, apart from land care and the properly organised structures in land care, so to speak, or in land management, individual farmers spend many thousands of dollars of their own money. This often goes totally unnoticed by the wider community, and I think that should be acknowledged. I am often amazed at the commitment and the dedication of many in the farming community for the way they do look after their land in an environmental way because, after all, it is their asset they are protecting.

On the protection of remnant native vegetation, the VFF supports and encourages farmers to protect remnant native vegetation on private land. The issues relating to native vegetation retention on private land are complex and involve achieving a balance between the rights of individual landowners and the broader community objectives for conservation. Currently, native vegetation clearing is controlled through the Planning and Environment Act 1987. The VFF does not believe the Planning and Environment Act is the appropriate mechanism for protecting native vegetation on private land and we are very strong on that. The Flora and Fauna Guarantee Act 1988 provides a vehicle for protecting rare and endangered species. The VFF played a very active role in that legislation being accepted by the farming community because we were very active in making sure the proper amendments were there to have that acceptance.

The key difference between the Flora and Fauna Guarantee Act and the Planning and Environment Act is that the Flora and Fauna Guarantee Act makes provision for compensation to landowners where the Planning and Environment Act does not. Consequently, there is a temptation for government to use the very broad planning provisions rather than the Flora and Fauna Guarantee Act. The very reason the Flora and Fauna Guarantee Act was accepted—and the VFF and the farming community were adamant—was that there just had to be compensation for it to work. That was the proviso we insisted be written into that bill. It is fair to say that it did work and it was respected because it had that provision.

The use of environmental rural zones—and a few shires have tended to go down that path and the VFF are totally opposed and have opposed them—is seen by us to be an absolutely backdoor approach to try to get conservation on the cheap. In anything, if you try to get something on the cheap then you will pay the price for doing so. I hope that message is picked up by government.

The definition of native vegetation in the Victorian planning provisions encompasses all plants that are indigenous to Victoria including herbs and grasses. The protection of native grassland presents some unique problems. In theory at least farmers are required to obtain permits if they are contemplating cropping or re-sowing paddocks containing native grass which is more than 10 years old. This is absolutely impractical and an unacceptable situation to impose upon farmers because quite often farmers have to plan well ahead—what paddocks they are going to crop, what acreage they are putting in—and perhaps they have to adjust their stock numbers accordingly. It is totally unrealistic to think that they can make those adjustments and then, at the last moment, when they are ready to plough a paddock they find that maybe they are not permitted to do so or someone holds them up.

Real inequities arise in this area. We are currently dealing with a situation where a farmer has taken out a lease with the aim of cropping the land. Subsequently, the Department of Natural Resources and Environment has decided that the land contains native grassland which needs to be preserved. This has prevented the farmer from continuing with his plan to crop the land, yet he is still locked into the contract to lease the land with no means of generating an income to service that contract. This is a case in point where conservation for public benefit is very clearly costing individuals money.

CHAIR—Mr Lobban, I am conscious of time, and I was wondering whether you could paraphrase some of your key points.

Mr Lobban—The VFF policy on that is that maybe the definition of ‘vegetation’ should be limited to rare and endangered communities, not all species, and the Department of Natural Resources and Environment should identify these areas on private land in advance and the landowner should be notified.

Moving on to the legislative framework for native vegetation, catchment management authorities should have responsibility for considering proposals to clear areas of native vegetation on private land. The main emphasis there is that they are more attuned to the local community and in touch with the people out in the field, and I think that is important. The VFF recognises an in-principle difference between restriction on clearing native vegetation to protect board conservation values and restrictions necessary to prevent or limit offsite effects, and we have different policies on those.

I would like to touch on the contract system for native vegetation. If there is to be protection and it is for the public good, obviously systems need to be put in place to ensure that those individuals who are making that sacrifice and a commitment to do so are financially not impeded but are rewarded for the good of the public.

Perhaps I could very quickly touch on rate relief. Whilst rate relief in some ways sounds all right, it often consists of only chicken feed when what we are really looking at is big bikkies if

it is really to work, and I just make that point. Just very quickly there, the VFF policy encourages farmers to protect native vegetation on private land. However, again we need to have the structures in place that they do not wear that financial burden.

I just want to touch on weed control because it is an important one and it is one that the farming community have been very concerned about in Victoria and one that we have put a lot of resources through the VFF into. There is certainly a great need for funding, both for enforcement on private land and advice, as well as on public land, because it has to be both. Roadside weed management is again a very important area, and we say it has to be a partnership implementation if it is going to work. The current legislation requires the adjoining landowner to be responsible for their half width of the road when in actual fact they have no other right of access or right to do anything on that land, and we see that that is an injustice.

CHAIR—That would be unique to Victoria, wouldn't it?

Mr Lobban—It probably is. It has been a policy in legislation, but it is one that the farming community have constantly rejected. Many farmers do do their roadsides in order to protect themselves, but quite often the source of infestation on roadsides comes from external means, and that is seen as most unfair when councils can spread gravel and you get an infestation of weeds and it is the adjoining neighbour's responsibility.

On the top of page 6, I would ask that the bottom line be deleted there. 'The opportunities to extend this approach should be encouraged' relates to rate rebates. We are certainly divided on that, but our experience to date has been that rate rebates for weeds through shires have not really been working. Firstly, it does not get rid of the problem. For the key offenders, quite often it is far cheaper to forgo the rate rebate than to clean up their act, and that does not assist the broader community, or particularly their neighbours. Again, it comes down to the fact that they are only small rebates and what we need is big bikkies if it is to work.

Regarding the VFF policy on weeds, we are certainly seeking a commitment to long-term funding for weed control throughout Victoria because too many of our projects at times have been short-term funds. While that might be good to clean up or to get on top of an isolated situation, it does not achieve the long-term outcome of really being able to start a program and make sure it is finished. Quite often, with weed seeds living in the ground for perhaps seven or eight years, a program of funding might go for three years, you might get 80 per cent of the way there and then the funding is withdrawn. We see that as not a good way of handling it. Certainly we need a greater share of responsibility for the roadsides, we need a commitment to the traditional role of DNRE on-ground weed control extension personnel and certainly that to be upgraded. I might just let Kate run through the actual resource management funding.

Ms Lockhart—We all know that the centrepiece for Commonwealth government policy is the Natural Heritage Trust Fund. The VFF makes the point that of 1.5(b) only 15 per cent make it on to on-ground works. The VFF would argue that Australia needs core long-term funding for natural resource management independent of other government fire sales. We do not think it should be attached to the sale of Telstra, for example, because it is critical and should not be politicised.

Our sources say that there are continual complaints from farmer groups and their land care coordinators and facilitators in trying to gain NHT funds. The language of NHT bureaucracy is overwhelming and isolating for farmers. Land care is about assisting land-holders to achieve practical on-ground results and not to be forced to have to go to university to interpret an NHT application, the guidelines and the criteria. It is not very welcoming or very fair that farmers have to go through such rigorous processes when that is not their core business. We would like to see some fairly significant changes to the NHT process. I quote:

The VFF regards the process of gaining regional, state and federal approval as ridiculous. The lack of transparency is condescending.

So it is pretty colourful.

The existing procedures are fundamentally flawed and should be scrapped in favour of a simpler decentralised system.

We have put some thought into a decentralised system, which is not too groundbreaking, using the regional catchment management plans which, in part, have been announced today. That is a step along the right way. They allegedly have community consultation at a regional level. The board of the CMA is required to have at least 50 per cent representation of farmers. The definition of a farmer may have changed over time with the new reappointment of the boards. That has been an interesting process. Use the regional catchment management plans as a central point and coordinating point, rather than having these NHT application forms go in sporadically and seemingly uncoordinated, both to the regional assessment panel and to the state assessment panel where they are open for interpretation and then, again, up to the federal government.

It seems that there is not very good feedback. The catchment management plan is coordinated by the CMAs in line with national and state priorities—which seems sensible—that the Commonwealth should make grants to the states based on proposals submitted by the state assessment panels. The state assessment panel would make their submission to the government, consulting the regional catchment plans. It becomes vertically consistent. To a certain extent the Commonwealth has to trust the state assessment panels in what they see as the priorities, which are in fact in line with the regional priorities. And when this funding is allocated, it has to be fairly rapidly moved back to the CMAs so they can work with their local communities to develop individual funding proposals on a relatively informal basis. This can potentially be with a couple of employees from the CMA going to the Landcare group or consulting their regional management plans and saying, ‘Okay, these are our priority areas. Who are the land-holders in this area? What Landcare groups are in this area? How can we work with them to try and progress what we see as a priority area?’ rather than Landcare groups saying, ‘I think we should fix up the salinity in this area,’ and trying to formulate a plan without real access to the technical knowledge to articulate what needs to be done through the current NHT process. The Landcare groups may not have good access to the right information to make the most sound project application, but they know that something needs to be done. With local face-to-face contact with the CMA people, they will more easily be able to establish a way of solving the local problem. Does that make sense?

Mr BYRNE—You covered a lot of territory there.

Ms Lockhart—The VFF recognises the need for accountability and auditing for public funds spent by community groups. VFF also suggests that the government thinks harder about the

accountability mechanisms. It is easy to count the number of trees planted, but a real test of how effective NHT or other funding is is perhaps the number of trees that survive after two years, because then you know you have got a vegetation change. A lot of trees can be planted and not many survive if they are not cared for in those first two years.

An analysis of changing landcare membership and the turnover of personnel in NHT funded positions would also eliminate some of the NHT human resource inefficiencies. There seems to be a very rapid turnover and you lose a lot of experience. Farmers do not like that. They see very clearly that they are sitting in their one space and there is a passing parade of Landcare coordinators and NRE extension officers who just keep going by. Farmers and local communities put energy into educating these people and then they never quite reap the rewards because these people get a promotion and are lost to the local community when they disappear into regional communities. That is a source of frustration.

The VFF would like to see a more market approach to natural resource management. Farmers very much understand market based processes. They organise their grain and their sheep to go to market, so they understand how a market system operates. We are a bit concerned that the current tax driven investment in plantation forestry may not be in the best interests of the local or the regional catchment. The VFF would like to see some coordination in putting trees where they need to be to achieve multiple natural resource benefits—for example, not so much the current trend of trees in the Western District, where they are purely there for the current rainfall, but perhaps more trees in the Mallee, where they might be able to rectify salinity issues as well as provide shade, shelter and biodiversity. Shifting that mechanism to provide multiple benefits would be very good. Other examples are activities undertaken by farmers on private land to generate external benefits for the community at large, and planting trees on a high recharge area which is likely to generate positive offsite benefits. Similarly, farmers implementing grazing strategies that maintain native grasslands contributes to the protection of regional biodiversity. So there is a need to explore new incentives. This is the market approach for best environmental management on private land based on environmental credits that I alluded to earlier.

An approach is for the CMA to assign an environmental credit for projects it believes should be undertaken on private land. For example, the revegetation of a particular recharge site may attract 20 environmental credits. Alternatively, the CMA may choose to allocate one EC per hectare for the protection of native grassland for a specific period. Once the values are assigned they can be quite publicly displayed so that everyone understands how valuable or how important these priority areas or these projects are. Farmers can then choose to tender their time and maybe some capital costs as well to gain those environmental credits so that, perhaps as you were saying before, you have a net benefit in biodiversity or a net benefit in recharge that the farmer agrees on and it is quite a transparent process. That is more tangible and more accessible to farmers.

The CMA would make the payment to the land-holders for the environmental credit when the task is completed—in the case of a revegetation project, when the plants are established, perhaps two years afterwards—rather than a lump sum at the start when you do not quite know how many trees actually did go into the ground or how that fund was actually distributed. This market approach allows individual conservationists that may be ahead of the pack or not members of a local Landcare group to access support and contribute to natural resource management within the catchment. That is quite an important point. Farmers are individuals and

they have different ways of doing things, so this allows them to take the initiative rather than having to deal, potentially, with the politics of a Landcare group.

Lastly, the integration of productivity and sustainable natural resource management is important. The VFF rejects the notion that improving economic productivity of natural resources and improving sustainability are competing objectives. They should not be. The traditional focus of Landcare has been improvement of agricultural productivity, profitability and sustainability simultaneously. The integration of these elements should remain a continuing theme of Landcare and the Commonwealth and state natural resource management policies related to private land. Natural resource management programs should have an economic focus. The economic benefits to the land-holder of encouraging biodiversity should be more widely disseminated.

CHAIR—Could I interrupt you there. We have already taken half an hour. I think we get more out of the questions. Could I ask the members to be succinct with their questions, please. I will give you two each, and I will pick up if there is any time left.

Mr BILLSON—My suspicion is that this paper has been put together by a committee. There is a vast number of interesting suggestions and assertions in them, many of which I find internally inconsistent. I will try and pick out a few, given the instructions we have been given.

To speak in terms of the market approach and putting trees where there is a best multiple natural systems benefit, but at the same time to argue that only threatened and endangered species should come under clearance controls, strikes me as expressing ideas which are poles apart. You are in one point recognising that natural systems health of itself is a bonus and should be worked toward, yet in terms of the tools to support that natural systems help we are to ignore all the things that can help and just look at what is left as an endangered or remaining species. The assumption seems to be: our current practice is okay, yet we know damn well it is not. You make that point in here as well when you are talking about the salinity impact, just as one example.

I wonder whether we could look a bit further at that idea and, working from the ecological services model that the CSIRO is working on which tries to put a market approach in there, you have to recognise not only the advantages of certain behavioural choices farmers make which earn credits; you have to take account of those behaviours that are actually a negative impact on the natural systems, that deserve a debit to come up with any sort of market. Yet in here you are suggesting we should let things go pretty much as they are and that is okay. Can you explain how you would see those various ideas coming together? I cannot see it happening in the way you have described it without some serious revisiting of some of what you have described as policy positions in the document which just do not lend themselves to what you are actually arguing for.

Mr Lobban—Just to start off, and Kate can follow it up, I understand where you are coming from, but I think you are drawing two things together. One is the commercial plantings that we were talking about in the market force, and the other is more the desired protection of native species. I think we need to separate them. It is not fair to put them in the one basket where we were saying that the commercial plantings are getting a tax advantage of planting but maybe that is not achieving the best overall conservation outcome. We made that point. The real thing

that we are looking at is the conservation or the protection of desired species for the public good and having real emphasis there that, if they are to be protected, obviously the community must pay.

Mr BILLSON—Sure, but the health of natural systems is virtuous for everybody. The extremes of the argument you point to make it quite a neat explanation, but the reality is that those extremes are not the only area where policy impacts. The health of natural systems affects farmer behaviour, government investment and choices about what we do and what we do not do. We can just say, ‘To protect the endangered species, we could do this, this and this.’ That is right, we could do it for that, but we have got the whole broader question of how we make our natural systems healthy and sustainable in the longer term, which has some conservation niceties about it but has some hard economic, productive capacity themes about it that make the model you are talking about just a little too simple.

Mr Lobban—I think the evidence on the ground, with the contribution of Landcare and so on, really has gone a long way to demonstrating the commitment of what can be done. But we cannot be expected to do it all on our own. You do the Landcare things, which are beneficial to protecting our assets and it is good for the community as well, but then you have got to look further than that. There are other protected areas that might not benefit the individual landowner, though they might be seen by the community to be beneficial. That is the area we are particularly saying the public has to pay for.

Mr BILLSON—It runs into the Queensland argument, where the Queenslanders were saying—

CHAIR—Can I interrupt you for a moment? Will you come back to us with a paper on how you see a market-driven system working?

Mr Lobban—Yes.

Mr BILLSON—The Queenslanders were saying, ‘Pay us tens of millions of dollars under a right to farm argument,’ which actually was saying, ‘Buy out our right to harm.’ They are saying, ‘We’re okay. Just because we are mobilising salt and making life miserable for everyone downstream, you should pay us not to make other people’s life more difficult.’ I thought, ‘What an absurd argument.’ In a sense some of the market approach to conservation is the same argument, saying, ‘You buy us out of our practices and that will be a market-driven approach.’ If you are going to buy out virtuous behaviour, surely there should be some flip side for the behaviour that is causing harm—

CHAIR—Is this a policy statement?

Ms Lockhart—I cannot quite grasp what you are saying.

Mr BILLSON—Let us have a talk over coffee, because we are running out of time.

CHAIR—We are running out of time.

Mr BILLSON—On NHT, have you got any evidence to back up your 15 per cent claim? I would love to see it.

Ms Lockhart—Warren Cross said it.

Mr BILLSON—Yes, but that does not always make it right, with respect. I would like to know how you sit that alongside some other points. As we travel around, farming organisations and CMAs are saying, ‘Give us more money for extension work for coordination,’ which is nice. Actually, I see that as core state government business and would like to see all of this money going into work on the ground. But sometimes you feel a bit like a lonely soul on that argument, because everywhere you go people are saying, ‘Oh, we need money for people to do this, this and this.’ And you are saying that this is supposed to be for capital works.

Ms Lockhart—State government have been the best at writing out NHT applications. That is where the big cost shift has been, from federally funded to the states.

Mr BILLSON—I agree with you. The model you are describing is exactly what is supposed to work, and does work in other areas. I suggest it might not be the design of the NHT process that is the problem. It might be that the various assessment processes you are working with are not working as they were designed.

Ms Lockhart—That is right. They are not as transparent as they should be.

Mr BYRNE—Can you tell me: how many farming groups have applied for NHT, what value were the projects, and what was the outcome of funding for those groups?

Ms Lockhart—Landcare/funding?

Mr BYRNE—Yes, in Victoria. I presume you would have to take that on notice.

Ms Lockhart—Yes.

Mr Lobban—I would reckon. We will be able to get it but we haven’t got it here.

Mr BYRNE— I was intrigued by the statement, on page 3, about a farmer who has taken out a lease with the aim of cropping the land. My question is: are you saying to the farmer that there is no process whereby a farmer, if he or she or a group wants to purchase land, can determine whether or not there is some grassland there, and thus they cannot purchase the land?

Ms Lockhart—No. It was more a case that a farmer and a farmer have signed a contract. It was a lease, not a sale. In a sale there may be some other processes for notification, but it was a lease. The farmer, the lessee, literally had the plough in the paddock when someone came and said, ‘Oh, you can’t do that.’ That was the first they knew about it. That was in the first six months of their lease and they still have this three-year lease, which they thought they would very adequately be able to service by cropping this land. But that opportunity was taken away without notice.

Mr BYRNE—So what you are saying is that there are whole farming collectives here that may have land, but where they decide to lease to each other that may be impinged upon by the fact that the DNRE then comes and says they cannot do it?

Mr Lobban—It does not really matter whether it is leased or whether it is still farmed. It is for the purpose of farming. If at any stage it is all of a sudden halted, obviously there is a cost and a disruption. That is why we have said to the department and government, when at times they have said they know where the particular species are, and such like, ‘Identify them, so that those property owners who have those rare plants on their properties know up front. You can work out a compensation package and then how they manage the farm if they know. But to keep them in suspense, saying, “Just keep going, but one day we might come and tap on your shoulder and say you can’t do that,” is no good.’

Mr BYRNE—That is the fundamental crux of my question. What you are saying to me is that there are a lot of farmers that do not know?

Mr Lobban—Yes, absolutely.

Ms Lockhart—Absolutely. And there are a lot of farmers that are scared to tell, as well, because of the ramifications. If you think you might have some fairly special species on your property, you will not tell them because of how heavily it might impact on you or because of the lack of examples of good management agreements around. NRE have created some good management agreements up in the very far west, and they are working practically. But the fear is so high. To establish the broader information sharing, so that then through a tender process you can agree on the value, is less threatening.

Mr BYRNE—I will finish this point, Chair. From my perspective it is a bit of a worry. Notwithstanding the first submission that we got from DNRE, I guess you would agree that that is a fairly worrying development.

Ms Lockhart—It is.

Mr Lobban—The real key to that was in my conclusion, which I did not get time to go through. If we are, as a society and a community, really serious about protecting species that are of interest to the public as such, they need to be identified. People need to know up front. That is why the Flora and Fauna Guarantee Act, where there is compensation, needs to be used. If people out there suspect they have got something on their property and one day NRE will just come and stop them, and if they have the fear of no compensation and just being shut down, I do not need to tell you what is going to happen to it. That is not good for anyone and that is why I was saying everybody should come up front.

Mrs VALE—I will ask my two questions. Under your suggestion about a legislative framework for native vegetation protection, you recommend that the catchment management authority should have responsibility for considering proposals to clear areas of native vegetation on private land greater than one hectare. Isn’t it generally the role of the local councils to do that? Why have you decided that catchment management authorities should do that?

Ms Lockhart—CMAs are in a better position to understand the vegetative value of the catchment. Shires are very under-resourced and do not have the technical knowledge to approve vegetation plans.

Mrs VALE—They must be different, then, from what we have in New South Wales. We have environmental officers that are a part of our councils.

Mr Lobban—You have a lot more money and resources than a lot of our local country shires have.

Mrs VALE—So they do not have the expertise?

Mr Lobban—No.

Mrs VALE—When we went to West Wimmera yesterday, the officer in charge there obviously had a very good grasp of the environmental concerns of the area. I did not get his qualifications, but he would certainly be very much at the forefront in knowing what was actually going on in his locality.

Ms Lockhart—Environment officers in Victoria—if a local government has one—would only have been in place for the last 12 months.

Mrs VALE—It just seems to be reinventing the wheel with regard to the best place for an environmental officer, even if you had to give catchment management authorities some sort of statutory basis. It just seems to me to be doing something double.

Mr Lobban—I take your point: it is a bit of give one and take one. What we want is a system that will work, but to this point in time we have not got it through any mechanism. We saw the CMAs as possibly showing the most promise because the majority of farmers or landowners should be closer to the real issues than perhaps the bureaucrats, so to speak, in the council offices. They may have a better understanding, but we take your point. We still do not have any perfect system.

Mrs VALE—It is just that the people in the council that we met were actually also landholders and farmers in the area.

Mr Lobban—Yes, I take your point.

Mrs VALE—They virtually wore two hats. They have a very real, heartfelt investment in the objectives of the state native vegetation retention, but also it conflicted with their particular position.

Mr Lobban—I think what has happened in Victoria to influence it a bit is the amalgamation of so many shires, so that now a lot of the local communities feel very removed from their shire. They might have only one local representative, and that person might be a long, long way away anyway, whereas before in local government, when they had ridings, they felt they were really represented. The amalgamation has turned all that around, and I do not think there is quite the confidence there. That is what our farming community are telling us, that they have not got the

same confidence in the local government as they had before when they felt more ownership of it.

Ms Lockhart—West Wimmera would be one of the exceptions. It has a small population and so is still well represented. But it is different if you go to towns that are on the edge of big regional towns, like Bendigo, Ballarat, Swan Hill or Mildura. The rural city of Mildura is as big as Tasmania; it covers a big area. The decision making in Mildura has become quite urban, even though Mildura is a rural city, because it has a significant population and therefore significant representation.

Mrs VALE—I just had concerns about creating another bureaucracy.

Ms Lockhart—So do we.

Mrs VALE—Maybe they could be supported by an arm of local government or have—

Mr Lobban— In some of the remoter areas we have people 150 kilometres from the shire office, and they feel very removed.

CHAIR—Could you move on to the next question.

Mrs VALE—Yes. Maybe the catchment management authority can actually have some sort of input into council decision making. The other question I want to ask is: exactly how does the VFF represent farmers at state level? I come from another state, and I am not sure how you do it. Also I would like to know: what sort of input did you have in regard to the native vegetation retention controls when they came in? The farmers we met were ambushed; they had absolutely no idea from the state government and did not have any idea either from the VFF.

Mr Lobban—On the first one, the VFF—I have not got much time—it is the farmer organisation, as I said.

Mrs VALE—Perhaps you could take that on notice.

Mr Lobban—We are the representative body. We have our peak general council and then we have our main committees which make up the policies on recommendations from our grassroots members and then represent those members to government and other bodies.

Mrs VALE—Did you have some input to the state government into how the native vegetation retention controls would impact on farmers when the legislation was brought in?

Mr Lobban—No. It was really just brought in as government legislation. We are still working to try to have a greater say and to modify it very much to make it workable.

Mrs VALE—So you were not able to have any impact on government in a consultation process?

Mr Lobban—It just happened. That was the real sour point.

CHAIR—That is 11 years later.

Mr Lobban—Yes, that is right—and still trying to work it out.

Ms Lockhart—We had quite good input into the Flora and Fauna Guarantee Act and, as a result, we had compensation built in for those rare and threatened species which obviously have a very high public value and perhaps not such a high private value. The Planning and Environment Act has come over that and is across all vegetation without any consultation or compensation. That is the crux of where we are seeing contradictions—we had input and now we don't.

Mr BARRESI—Reading through your submission and listening to you this morning, it seems to me that you are advocating a much stronger role for the CMAs. Do you have faith in the model that is out there, which the CMAs are operating on, to be able to take on this added responsibility? You are advocating decentralisation. They almost become a more powerful body for the distribution of government funds, yet they could be accused of being more interested, and rightly so, in their own regional environmental objectives rather than perhaps overarching state or national environmental objectives.

Mr Lobban—I share some of your concern. The option we had was to try. The VFF have put a lot of resource and thought into trying to make it work because that is the way government is going: to set up regional CMA committees to take over a lot of that government responsibility of policies, et cetera, and on-ground administration and works. We could either be a dog in the manger and say, 'No, we don't want it,' or try to make what we have work. There are problems with it as far as the CMA is concerned. To take you back to the weeds—they make the strategies and the policies, but then they cannot implement them. They rely on the DNRE to enforce the act. That is a real downfall. It does not matter what policies you have; if the department does not enforce the act, the whole thing will fall down. So we see the CMAs as workable, provided they are resourced and made to work, but we still have some refinement to go.

Mr BARRESI—They must also have the national and state environmental objectives overarching their decisions, surely.

Ms Lockhart—Yes. We would agree with that. We have articulated that.

Mr BARRESI—My second question goes further to the role of CMAs. You have advocated contractual arrangements between landowners and governments covering native vegetation on private land. Do you see a role for the CMAs in that contractual process? Do they become a middleman to the contracts or is it purely left between the DNRE and the landowner?

Ms Lockhart—You would have to see that the regional vegetation management plans are a part of the process. If the DNRE thinks it is a good thing, the CMAs will think it is a good thing and the federal government will think it is a good thing because all of the national state and regional priorities are consistent.

Mr BARRESI—Idealistic?

Ms Lockhart—Maybe. What is the point of having strategies? Strategies disseminate information and, therefore, we get a shared community vision.

Mr BARRESI—If they work.

Ms Lockhart—We have to make them work because we spent a lot of time.

Mr JENKINS—I have one quick question about the Flora and Fauna Guarantee Act. In the consultations running up to it, was there any discussion about a definition of ‘compensation’, given that it is compensation for change of land use. It is not about compulsory acquisition or under planning change of zoning. How did you envisage the calculation of a compensation under that act?

Mr Lobban—The compensation was purely to do with either the devaluation of your asset, the restriction on your ability to manage that land or to do certain things which would generate income and the difficulty in managing your property if there was an area locked up which might have been one of your main access points for stock movement and you have to go right around it. That is going to be a long-term cost. Therefore, that has to be paid for. We took all of those things into account. If it was really going to restrict that landowner’s asset or income in some way for the good of the public, obviously it had to be protected. That is what we worked for and achieved. Unfortunately, then they found the backdoor way, through the planning act.

CHAIR—Have the VFF ever sought advice or considered a test case against government to protect farmers’ property rights?

Mr Lobban—We have often looked at test cases. We had one case some time ago on the right to move stock on a roadway because someone objected to it, and won. There is always that possibility, but the cost of going through the legal system is often a deterrent.

CHAIR—Because you are dealing with government?

Mr Lobban—It is a well-known fact that it is jolly difficult to beat government in court cases.

CHAIR—Not impossible.

Mr Lobban—It is not impossible; it has been done. There is always a reluctance because, if you take on government in court, you know that you are going to eventually finish up in the High Court. You can win the early ones, but they are going to take it to the High Court. I have had some experience, through the Murray-Darling Basin Commission, with compensation on that very issue. They admit they will put into it whatever resources are necessary to win. If you are going to match it, you are going to need a lot of backing.

CHAIR—Would the National Farmers Federation support you?

Mr Lobban—If it were a real case of farmers being absolutely taken to the wall, obviously the fighting fund would be looked at. It has been looked at and used before, but I hope it would

not come to that. Surely there is a better commonsense and more amicable way of trying to make it work than going down the legal path, having costly court cases to resolve something such as native vegetation cases. That is what the farming community would work towards. It would be used only in desperation if, at the end of the day, as a collective throughout Australia, it threatens our viability and livelihood. Then, obviously, desperate measures would have to be taken.

CHAIR—You are now on the third government of different political persuasions and you have not persuaded them.

Mr Lobban—Maybe. It is not easy.

CHAIR—I am very interested in conservation contracts. I understand there are examples in other countries. Do you have any evidence of how they work?

Ms Lockhart—We were given the opportunity to have a preview of the framework which is being announced today.

CHAIR—This is the state one?

Ms Lockhart—Yes.

CHAIR—I am talking about overseas—Europe and America.

Ms Lockhart—The state one is quite closely based on the US Department of Agriculture conservation program, but it is easier to apply in the US because they are already quite heavily subsidised. There they are saying, ‘We will pay you to plant 80 acres of corn rather than 100 acres of corn and for that other 20 acres we will give you some technical assistance and funds to redevelop it as native vegetation.’ It is a lot simpler there because they have ready amounts of—

CHAIR—They also have private conservation parks, do they not?

Ms Lockhart—And conservation trusts. One of our regional managers went across to America. There was a trust called Ducks Unlimited, a self-sufficient community trust which buys land for the preservation of ducks. They have a whole commercial merchandise industry associated with duck hunting—duck equipment, guns, leather jackets, all equipment which then goes and shoots the ducks.

CHAIR—That would go down well in Victoria.

Ms Lockhart—It is a whole lifestyle system where they are self-funding. So there are two examples there. Part of the work for that tendering suggestion that we have in there for the market approach for farmers to tender has come from the US through the USDA where a region values—

CHAIR—We can get access to that now. It is being announced today, isn't it?

Ms Lockhart—Yes, it is being announced today.

Mr Lobban—I think the real point is that whilst you look at overseas and Europe they are paid not to farm or they are subsidised, so we do not have a level playing field here. Everything we try to produce and sell on the world market—because we are an exporter of primary produce—is competing with subsidised countries. That is totally unfair. Then it comes back and you have got that impediment threatening your viability to start with. And then you are going to be impacted upon by having part of your farm locked up, and they are not going to pay you. We have got to ask the question: ‘Do we want farmers in Australia or not?’

CHAIR—Are you satisfied with the science that is being used to make these bureaucratic decisions?

Mr Lobban—I get hot.

Ms Lockhart—I picked up part of the last presentation and there was a suggestion to have town planning as a more active role in these policies decisions. I am a little bit concerned because in Victoria town planners, as a general rule, are town planners, not rural planners. In fact, I did a year of town planning and felt that I was better off doing agricultural science because that is where I can best develop my—

CHAIR—But given the fact that they have got the degrees, what about the science that they use to make the decisions?

Ms Lockhart—But I am not sure that the planners do, at this stage. It is a bit like the councils: they are only just starting to understand that there is an environment out there not just a space for them to build roads and bridges. VicRoads is another example. It is not just a space where we can keep the weeds on the verge low and spray for weeds to preserve our road. There is an environment associated with that road and VicRoads are still trying to gain technical and environmental information. I think NRE is the one institution that does have the science and the understanding of natural resource management. NRE’s association with the CMAs is where there is real potential, whereas I am not so sure that local government, through their integration with the state government—

CHAIR—I understand that.

Mr BILLSON—If I could just add to that: the town planners are not the only people that have anything to do with town planning. If you just left it to the town planners we would all have a problem. Good town planning has agronomists, economists and infrastructure planners. It was more the tools—

Mr Lobban—Coming back to your real question about confidence in scientists, I would say no because in my 30 years of experience in agropolitics I have seen too many instances where the bureaucrats, coming in with big degrees and everything, have said, ‘This is what we need to do,’ and quite often it has finished up a disaster. Locking up land is just a classic. Years ago they thought that if you locked land up—even Landcare—you protected it. If you lock land up you still have to manage it; otherwise some other force takes over.

CHAIR—I am sorry, we are right out of time. Thank you very much for your evidence. It is another vital part of the committee's hearings.

Mr Lobban—Thank you very much for having us.

[11.04 a.m.]

MORAN, Dr Alan John, Director, Deregulation Unit, Institute of Public Affairs

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. You may like to give us an opening statement and then we will go to questions.

Dr Moran—Thank you. We have made a submission on the matter. The Institute of Public Affairs places a very strong priority on property rights to bring about efficiency generally within the community, particularly in agricultural issues. I am sure you have had a lot of definitions of ‘public goods’. Basically they are sometimes referred to as externalities, positive and negative.

The first issue before the committee that we would like to look at is maintaining land productivity where non-point specific contaminants might reduce that productivity. The second one is preserving native flora and fauna. In both cases we look at employing property rights to facilitate promoting these two issues and do this more efficiently. We also are somewhat sceptical about some of the suggestions made about the damage to agricultural or land productivity as a result of changes. Salt is often cited. We have some information, which we have put in the report, about the productivity of land. Notwithstanding all the cries that land productivity is declining as a result of excessive exploitation, it just goes up and up. Indeed, information in Western Australia has come to our attention since writing our submission. Western Australia is often cited as an area where salt is a particular problem. In Western Australia, land productivity has gone up much higher than in the rest of Australia. One of the issues to bear in mind with salt is that not long ago, at least in geological time, Western Australia was under the sea. Therefore, the whole place was pretty saline. Over the past few million years it has been washed away.

We also look at preserving native flora and fauna. Again, there is a great deal of rhetoric about the fact that we are icing a lot this flora and fauna and continuing to do so and, sometimes people are saying, doing so at an accelerated rate. The evidence of course is quite the contrary. The flora and fauna that we have lost was lost basically over the years before the 1920s when native flora and fauna was not valued very highly.

We have a few words to say about the NFF-ACF report, which is calling for \$60 billion of mainly public money to preserve the land. We suggest that that would largely be wasted. We do not deny that there are problems. Clearly, there are problems. These need to be fixed, but that could probably be done to the order of magnitude of maybe one-tenth of the levels discussed in that particular report. It ought to be concentrated on some specific matters, for example, the Murray-Darling system, which does create these negative externalities. Much of that can be combated by a tradable rights scheme for water and deciding how much water is permitted to be used now to flush the whole system.

We draw attention also to the preservation of native flora and fauna and the sorts of measures that might be employed there. Certainly in other countries, particularly the United States—I heard you mention Ducks Unlimited—there is also the Nature Conservancy, which we mentioned. The Nature Conservancy tends to go out and buy parcels of land to preserve certain features which their members' value particularly highly. Unfortunately, in Australia these conservation or environmental movements tend to use any moneys that they get for political agitation rather than for buying the land and direct action. I think that is a matter for regret here.

By and large, I think we are inclined to exaggerate some of the problems we have, both in maintaining land productivity in the face of non-point pollution and other matters, and in preserving native flora and fauna. Having said that, we recognise there are ways in which we can facilitate the better preservation of these kinds of public goods. Most of these facilitations involve using property rights, vesting rights and certainly compensating people for any regulatory takings or other measures. We would be happy to answer any points you have beyond that.

Mr JENKINS—So that I can get the submission in context, Dr Moran, what disciplines were used to formulate this submission? What is the background of you and your associate who put the submission together?

Dr Moran—We are both economists; we have doctorates in economics—both of us are overeducated!

Mr JENKINS—I accept there are differing views about the size of the problem, but it concerns me when perhaps there is not as great a multidisciplinary effort to put these things together. I think we would argue that part of the problem is that, in reaching the solutions, we are not perhaps using that approach, that perhaps certain people with certain backgrounds or disciplines are getting greater weight in trying to put together the solutions. I suppose that is more by way of comment.

I am interested in the notion of trying to give a market value for threatened species. I think I understand it from the aspect that you are coming from in trying to deregulate this regulation, but you are acknowledging here that one of the tools that might be used is a form of intervention by making a quasi market—and you use the word 'quasi'—for some of these things. I am interested in your comments about that, and also I am interested in your comments about whether it is applicable across the board. How would we use this sort of mechanism to save kangaroo grass or something like that?

Dr Moran—There are two issues in this. One is that markets are pretty straightforward in some of the natural products. There is absolutely no threat to the megafauna—elephants, rhinoceros, giraffes, et cetera—because they are very valuable. People want to go and see them and take pictures of them. They even want to hunt them. Hunting, of course, means that they are perpetuated by the people who own them—if the property is vested in some way. Much has been said about that in Africa over recent years in terms of the contrasting health of elephant herds in one part Kenya versus other parts—Zimbabwe, et cetera—and how very closely correlated that is to the vesting of rights. I think in those cases where the flora or the fauna is of value to people, it is really a question of allowing it to be vested.

Certainly in Australia, for example, we have moratoriums or we are forbidden to export certain wildlife. That control is there for quite sensible reasons on the face of it, but it means that there is no incentive to raise frill-necked lizards or whatever else we are talking about, that they are actually pests on your property rather than things you can make some money from. I think marketising those sorts of goods which are valued—parrots, kangaroos or any of the cuddly megafauna—would facilitate better conservation preservation.

You did raise issues about things which are not apparently valued—maybe kangaroo grass. Some of them are negatively valued because they harm people. There was also a celebrated case in the United States about the dart mimnow fish, which was preserved and is poisonous and kills a number of people a year. That is when you get into the hard end of matters. As legislators, it is your prime task to say, 'Just how much do we want these sorts of things?' and then set aside some funding for it. The alternative to setting aside funding is to say, 'We will expropriate this fellow's rights or that fellow's rights' and tell them they may not farm their property there, presumably without compensation—that often happens. If we say, 'Okay, here are the sorts of things that we think aren't valued and won't be preserved naturally and we think that this much should be spent on them,' then we have to go ahead and find the best way of spending that money, getting the most optimal value for the money. In that case, it is a question of going to areas—you mentioned kangaroo grass—and saying to people, 'You've got kangaroo grass. We'd like to preserve it,' or deciding first how much you want to preserve and putting it up for auction. These kinds of market approaches will give us more bang for our buck than simply regulating in terms of the veto power.

Mr JENKINS—How discrete do these markets have to be, given that we are talking about the environment and on some levels it might be from an environmentalist point of view that we are trying to protect a habitat or a certain ecosystem? Can the type of economic models that you are suggesting have an effect at a habitat or regional level?

Dr Moran—When you say 'regional' do you mean state wide?

Mr JENKINS—More based on an ecosystem, something which has some ecological integrity.

Dr Moran—One of the movements gaining some strength is exclosures, the opposite of enclosures—you exclude the vermin and the introduced species. There are a few of these in Australia now—one in South Australia and one in New South Wales—associated with Dr Walmsley. He is clearly making some money on it. Basically, he excludes all the introduced species. People pay to go to these places to see the megafauna or the things they want to see. Also, that megafauna is usually associated with the things that people do not particularly want to see. It thrives best under conditions which you might call natural, pre-European settlement. You create a situation where you have win-win solutions by using that exclosure system. It depends what you mean by 'regional areas'. These are fairly big exclosures that he has, but in my view you would not see exclosures of thousands of square miles happening commercially in Australia. I do not think you would see that much, but obviously you do in parts of Africa.

Mr BARRESI—This goes on from what Harry was asking. On private sector investment, you criticise the ACF and the NFF for their submission on investments. How extensive and

successful has private sector investment been to date in Australia and how can we promote greater private investment?

Dr Moran—The answer is that we have taken a barren continent and fed ourselves four or five times over. We have made this land highly productive and it has all been through private investment, virtually, based fundamentally on property rights which allow people to decide how much of the land they are going to use and how much they are going to improve it while making these kinds of trade-offs. I think it has served us very well. We have an agricultural productivity as high as any in the world, as far as I know. Indeed, we have continuing growth in that productivity.

The aspects we refer to that have detracted from that are some of the reductions in the security of property rights. We certainly see the Mabo decision as one example—we do not know how much of a reduction this brings us yet, but it does bring one. We have certainly seen at state level what we would think of as expropriations—which is sometimes called rezoning—of land and that often occurs without compensation.

Fundamentally, the reasons why we have had such excellent performance in terms of agriculture over 100 years or so is that we have very strong property rights and the farmers are permitted to more or less do what they wish with their land. We ought to be aware of and guard against any things that might reduce those property rights. Certainly, when we do things for the public good, we ought to ensure that we compensate fully. If we do not, it will lead to risk averse behaviour and reductions in that solid growth.

Mr BARRESI—Have you done an analysis of how much private money has gone into public good conservation? Aside from the creation of private parks, which are discrete in their own right, there is the shared rights concept that you talked about. Are you able to quantify how much private money has gone into that area?

Dr Moran—I have not seen any figures for that. In a sense, you could do figures for the major types of private things like the Walmsley listing on the stock exchange, but you could not do it for the kind of win-win situations whereby farmers set aside parts of their land to grow trees—partly to try to stabilise any salt problems they may have—or basically decide to leave parts of it fallow or unused. The answer to your question is that I do not think you could ever get to a level where you could quantify the private amount of money that people may have spent. I did not see it in the ACF publication.

Mr BARRESI—You also advocate deregulating the franchising trade in wildlife to promote species preservation—I think Harry might have asked a question along those lines. I assume that, by doing that, you would end up creating areas where pockets of endangered species were protected. But what about those species that are on the margin: they are not endangered but they do have a native species classification and end value? Would deregulating franchising protect them?

Dr Moran—If they were covered by the franchise, it certainly would. Say we have 18 different types of parrots that we decide to franchise out in some way and the owners of the franchise go about setting up areas of preservation where the birds can be trapped and whatever. Compensation is given to the farmer and there are the same sorts of mutual arrangements that

you find throughout the wildlife process. Often some of those marginal species co-exist with the ones you want to target—in which case they get preserved automatically because the ones that are targeted bring them in in their backwash. Otherwise, you could simply define some of the marginal species and put them in a marginal area.

CHAIR—On the issue of externalities and their aggregation, how do you envisage in a market based arrangement taking account of cumulative impacts, say, on water quality? You are up the catchment going along happily and doing, by all measures, a good job managing your property yet there is mobilisation of salt from your property. It is nothing that will seriously affect the potability of the water, but you and 100 others are doing it and, by the time we get to your property and my property down the end, we feel it is a big issue. How would you see the market-based mechanisms addressing that example of the sorts of real life issues that they would need to work with?

Dr Moran—Some of them are not so much about conservation but reversing natural things—for instance, in areas, there might be a salt outcrop with water washing over it, and it is washing into the river and creating salinity in there. So there is a kind of perverse thing here, because you are actually trying to reverse a natural process—not that there is anything wrong with that.

Mr BILLSON—It is not an entirely closed system.

Dr Moran—No, exactly.

Mr BILLSON—Contrary to many markets which are.

Dr Moran—If you want to ensure that there is less salt in the water, then somehow or other you have to get coalitions of downstream people to negotiate with the upstream people. If it is only one person, it is not very difficult. If it is several people, it is easier to go to them and say, ‘You can get agronomic advice to say X per cent of the problem is caused by this and X per cent, by that.’ You can go with them and, again, you can get an auction system going. The downstream people can say, ‘Who will bid not to farm or to take these measures which don’t result in the salt naturally getting into the water? How much will you bid not to do things?’ I do not think that has ever been tried in Australia, but I think that is a pretty forceful way of doing things. It is actually the way things happen in some other common law nations. For example, with regard to the rivers in England, downstream people prevent trout going up. There are rights to the rivers there. Gradually, as industry became less profitable than fishing, the people who wanted to bring back fishing bought back rights from agriculture to stop the pollution of water so that the trout could move up there. There are blueprints for doing the sorts of things that you are saying, but I do not think it has happened in Australia yet.

Mr BILLSON—We have tradable water rights.

Dr Moran—Yes, water rights—

Mr BILLSON—And now tradable tree rights in Victoria for the crop, as distinct from the owner of the asset. The point I am making is that in a perfect world it is entirely doable, but asking a farmer on the Monaro to bid to buy out some activity, given that, because of drought

conditions, he or she is impoverished to start with and does not have the capacity to buy out upstream activity, is another thing. I am just posing that as an issue.

Dr Moran—I think it is a real issue. It may be difficult to bring that coalition together where there are rights. I do not know that too many people have tried it. They have done the water rights. Certainly, farmers, impoverished or not, are pretty smart at finding out about an opportunity to make money. As soon as there were tradable water rights, people down the pub were trading them. People like me, who thought it would take a long time for a market to emerge, found that it emerged almost overnight and the price was apparent almost overnight.

Mr BILLSON—A few of us have been working with the farming community on sequestration credits for greenhouse. Yet, again, there is an issue of market entry. A 20-hectare property with a third of it planted out is a big effort but, in terms of a transaction amount going into the marketplace, it is a pootteenth. You are talking to energy producers wanting sequestration values to hundreds of thousands of tonnes, not just six or seven. On the same issue, in the north-east of the United States where you have got the sox and knox trading arrangement, one of the interesting market interventions is the conservation lobby buying up sulfur dioxide emissions permits to accelerate the change in the behaviour by the energy producers. In your idea of a market based arrangement, is it welcome to all comers?

Dr Moran—Yes, it is. That is a very interesting case in the US, because the actual cost of reducing emissions is like a fifth, or even a tenth, of what it was estimated to be, simply because people find smarter ways to do things when you have a market there. That basically argues strongly against the heavy-handed regulatory approach which would force this bloke to do that and that bloke to do that. If you have a market, there are smarter ways of doing it at a fifth or a tenth of the cost.

Mr BILLSON—So you would be happy for non-participants to intervene in the market and perhaps accelerate the demands placed on landholders?

Dr Moran—Sure.

Mr BILLSON—Because they are buying up tradable permits and the like.

Dr Moran—I think it is an ideal way for people to express their preferences.

Mr BILLSON—Sure, but it can upset those who have to change their behaviour because it places a greater demand on them.

Dr Moran—It does not really do that because they are getting compensated freely.

Mr BILLSON—Someone is getting compensated.

Dr Moran—Yes. The man who is on that land is emitting less salt, but he is doing it voluntarily by mutual agreement.

Mrs VALE—I would like to ask your view on the current Victorian regime in native vegetation retention controls. What do you see as the faults in the current regime and can you suggest how it could work better?

Dr Moran—I do not have a great deal of knowledge about the regime now; it is some years since I studied it. When it was brought in under the administration before the previous one, I was at a different institution and we did a lot of work on it. We were concerned about a new concept—or what was then a new concept—of unique ecological communities. That made us think that every ecological community was unique and that, if we were not careful, we would give licence to the authorities to move in under any pretext whatsoever. I think that was first used in San Remo.

So I think one of the issues for legislators giving guidelines to bureaucrats is to define what we mean very carefully, otherwise there will be immense licence which, in the final analysis, could clog up all actions. That is a case in point. A ‘unique ecological community’—if you are going to use a term like that—needs a lot more definition. That is basically one of the issues that we had with the act when it went through in about 1992, I think, but I do not know to what degree the situation has changed—probably not at all.

Mrs VALE—So you have not had an opportunity to look at this legislation to see how it is impacting at grassroots levels?

Dr Moran—No, we have not studied it in Victoria.

Mrs VALE—Okay. That is the only question I have.

Mr BYRNE—You propose compensation. Do you have a rough costing of that?

Dr Moran—Not really. It depends—a rough costing for what?

Mr BYRNE—Compensation for land that has been partially taken away. You are talking about bundled rights. What if part of the bundle were taken away?

Dr Moran—It is not difficult to do; we do this with mining rights and a whole lot of other things. It is difficult for you and I to do, but people come and value things at full market value. Again, the compensation for the expropriation is not our preferred route, but sometimes we may go that way. I think the best thing for parliament to do is to say: what is this worth to us, over and above what we have got now, and how much are we prepared to spend? A bundle of money could be allocated for that and then it would be up to a valuation expert to decide who gets what.

Mr BYRNE—It is funny when people talk about things such as audits. In my view, there needs to be some sort of independent audit. Would you support that suggestion? There are certain bits and pieces of information but there does not seem to be a comprehensive audit conducted with respect to price. You are talking about tradable rights: a price put on that or this. I am not seeing that: I am seeing bits and pieces, but not a comprehensive picture. I think that is part of the problem.

Dr Moran—I think it is worth while trying to estimate those prices beforehand. In this case, it is the other end of the scissors: one end is how we value it and what its value is and then what it is all going to cost us. With tradable rights that we were discussing before, we found that it is actually costs a hell of a lot less than we thought it would cost once we brought them in. All you can do is try to get some academic studies of what the price is likely to be and know you are likely to be wrong once you get the thing in practice. You are probably likely to understate it if you are going to use the tradable rights approach.

Mr BYRNE—Have you had a chance to look at just how each department and structure interlinks with respect to all the environment bodies—the state, federal and catchment authorities—to see whether that is the most efficient mechanism for the outcomes that everyone is trying to achieve?

Dr Moran—We have, but in a casual way. I would not claim too much expertise from our point of view on it. Almost everybody says we have got one too many layers of government in Australia and that is probably correct. We have probably got several too many layers of departments, although in this state there has been some attempt to coalesce the departments. We are not experts on how public administration should be set up. We hear horror stories—a lot of which I am sure you are going to hear today. We are not really experts on how it should be resolved.

Mr BYRNE—But on a cursory examination do you feel that considering we are starved of resources we have got the most productive system to implement some of the stuff we all agree needs to be implemented?

Dr Moran—I do not know. I just could not answer that. My intuition would be to say no. But unless we did some major studies I would not feel qualified to say how it should be done better.

Mr BYRNE—I have a final question about private sector involvement—and I am sorry I missed the earlier part of your presentation. Are there specific examples where private enterprise would actively get involved in these sorts of conservation measures other than establishing trusts and a range of other things?

Dr Moran—I think there is that pretty rare human commodity, love for each other—and one can be cynical about that. Nonetheless it works to some degree. Farmers basically want to do the right thing. Everybody wants to do the right thing. That actually has had some effect in terms of land conservation and preservation. We talked a little bit about the enclosure movement which is being undertaken using land to exclude the introduced flora and fauna, returning it to its 'natural' state and using it for tourism purposes, and there are issues like the Ducks Unlimited and even the Nature Conservancy—and it has been suggested that there is too little of such activities in Australia unfortunately. Other than those, the private issues are people finding ways in which they can negotiate win-win solutions and compensation for people upstream, and it is sometimes difficult to do. But we have seen cases of where it has happened, for example, in trout and salmon fisheries in the UK where it would seem to be even harder than the kinds of situations that we might be confronting here.

CHAIR—I have a variation on a couple of other questions that Tony has asked. You mentioned in your preamble that management practices do not always mean loss of income—and a lot of people might agree with that. How do you get a genuine agreement on what is the

d a lot of people might agree with that. How do you get a genuine agreement on what is the actual loss? Farmers will argue one position, conservationists will argue another, and governments will probably argue yet another. How do you get that genuine assessment of what the compensation should be?

Dr Moran—We should try to do it through mutual agreement more than anything else, through saying, ‘What do we actually want and how much? Do we want 10,000 hectares of kangaroo grass? Who is going to preserve the kangaroo grass? What will you bid for it?’ That way we can get that preservation at the lowest cost. But if we are going to step in and say, for instance, ‘You cannot grow rice there. Maybe you can use the land for grazing,’ then that is a partial taking. In the end valuers can make these determinations, and they do with mining—

CHAIR—So a private valuer?

Dr Moran—Yes. The loser always grumbles; nonetheless, if you cannot come to a mutual agreement, you can bring an expert in to say, ‘You would have earned that much from growing rice, you can earn this much from growing beef and here is the capitalised difference over so many years.’

CHAIR—I have a question on the same type of subject but in this area of compensation. I suppose the Australian public would not believe that governments are accountable, but they are very accountable, thank goodness, and if you are going to spend a certain amount of public money on a particular issue, you have to have a fair costing of it before you go ahead. Treasuries, especially, will demand that. Has there ever been any work done on the cost of, say—and we have a graph here this morning—the number of small farmers in Victoria that could be affected by some of this legislation and potentially forced out of business?

Dr Moran—I think there has hardly ever been—

CHAIR—The cost of, say, people walking off their land and leaving that land to be managed by the taxpayer and the cost of then having private management of that area, with some contribution from the taxpayer?

Dr Moran—I have never really seen any estimates of that. Indeed, you tend to see—and I have worked in government for much of my life—the global budgets of the environment department. You do not see an adequate breakdown—this much is going to redwood preservation or whatever it is—or any sign that they have actually gone into a great deal of detail to find out how much it would cost and whether there are alternative ways of doing it. I think it would be a good discipline on people to do that.

One aspect, I think, of your walking off the farm type issue and it then being left to be tended by public processes—and we draw a little attention to that in our submission—is that ‘natural’ does not mean good. Quite often, ‘natural’ is bad. We talked about the fact that natural salt in the rivers is not all that good. I drew attention to the Los Alamos fires in the United States, where people decided that, for one reason or another, they wanted natural habitats, they wanted areas of deadwood. Areas of deadwood mean massive wildfires which, indeed, create a lot of damage to property.

I think we have gone beyond the stage in humankind where we can say that we want wildernesses and that we want them willy-nilly—at least throughout most of Australia and certainly even more so throughout the rest of the world—because these are dangerous places and create danger to human beings. If we are going to run sanctuaries and preservation areas, they have to be managed properly, and that is one of the issues. If, in fact, we do force people off the land and try to turn it into a conservation area—which is a non-use area, if you like—then that does pose some difficulties and dangers if it is not managed properly.

CHAIR—It might be a challenge to one of your members to come up with a paper about their assessment of the difference in the two disciplines.

Mr BARRESI—Dr Moran, in this market-driven, deregulated regime that you are advocating—and I am not averse to market-driven regimes at all—which government body or public institution would be responsible for maintaining the deregulation and, more importantly, for the compensation factor that is associated with it? This is not exactly the point I am making, but you do talk about the Nature Conservancy in the USA as one such body that can be used as a medium to purchase property. How would you see that happening in Australia; who would be responsible for that?

Dr Moran—I think there are two issues. One is that the Nature Conservancy is not an agent of the government. It basically goes out and collects funds—people agree to have their wages docked each month—and it acts over and above whatever the government has decided. It depends what we are talking about, but I think the prime responsibility for land conservation is at state level. The state level actually determines how much land it wants of these particular areas and then goes about preserving and conserving it in a cost-effective way.

I think the Commonwealth role in that would be to actually say, ‘We think there should be more,’ and allocate funds over and above those allocated by the state. That can lead to the sorts of difficulties which are not uncommon in federal systems whereby the states go back to the Commonwealth, thinking they can get the money out of Canberra, et cetera. These are not easy issues to resolve, but I think in the end you decide how much is to be spent on this, over and above what might happen in the marketplace, and stick to it. Does that answer your question?

Mr BARRESI—So basically the state and Commonwealth governments?

Dr Moran—Yes, the state and Commonwealth governments have to get together, but, the way the Constitution lies, the states have the prime responsibility in land.

Mr BARRESI—Yet we have heard from other witnesses today that the more decentralised the better. They are closer to the ground and they are able to identify the regional implications of the environment decisions, and perhaps they should be used.

Dr Moran—You mean something smaller than the state level?

Mr BARRESI—Yes.

Dr Moran—Maybe, but we get a proliferation of government bodies and, if we are not careful, we have an extra layer when some of us think there are too many already.

Mr BARRESI—You talk about deregulation and franchising of wildlife and you have spoken today about kangaroo grasses. If you take this concept and move it to flora, not just to fauna, is there not a danger that there will be species that will slip through the system because people out there do not see a value in them, they do not look good, not aesthetic? Could we potentially be turning a native species into an endangered species, if not taken right off the list?

Dr Moran—I think that is a possibility, but if you can get some areas of native fauna preservation, usually the rest of it goes with it. You get rid of the exotic species and pretty soon you find that you get regeneration of grasses which were thought to be endangered, et cetera. There may be some species which have no value to anyone—nobody knows about them and some of them have negative values. In those cases the legislature may say, ‘Okay, we have venture money that we then basically parcel it up for these species which we are informed by experts would never find a market of their own.’ That is the way you would do it. There is a lot of exaggeration about how many endangered species we are losing. We have lost hardly any species since the 1920s. It is not unreasonable that Australia would have lost a lot of species—Hawaii did and the south-west of the United States did. These were areas cut off from the rest of the world for such a long time. Mainly it is not man who has done it but the introduced species that have wiped out natives. Again, the numbers are a lot smaller than some would have us believe.

Mr BILLSON—Dr Moran, there is a school of thought which says that effort to recover significantly degraded natural systems is a false economy. You talked about Western Australia. Aggregating data is comforting, but for the poor folk who live in the area that is cactus, that is not a lot of comfort. Is that a reasonable construct to overlay public investment or are we better placed to compensate the property owners who have lost the productive capacity of that land and looked at aquaculture or something like that, using the salt for some other productive purpose in those waterways, like SARDI is recommending in South Australia?

Dr Moran—I think it is a difficult question. You are really saying we should compensate people for some activity that is inevitable anyway.

Mr BILLSON—Yes. There are some land-holders who have had their productive capacity so impacted upon already that, if you ran compensation for current productive capacity, that would bring them no comfort at all. I was trying to draw you into whether the compensations are highest and best use logic, assuming that the natural systems are healthy and there are no externalities, or whether you just go with what has been lost. In some devastating cases, families have already lost just about everything anyway.

Dr Moran—You have to be quite specific in saying that about some of the losses. I notice that the NFF referred to 35 per cent of Western Australia. One of our colleagues, John Hyde—who would be known to most of you—is a farmer out there and he tells me that there is salt on his property as well. The issue tends to be that salt does not destroy the value of the property and it often occurs naturally in Western Australia because the land was sea a short time—a few million years—ago. There are outcrops of salt all over the place. The environment department occasionally requires that the salt be replaced. I think Western Mining has a mine there; they are trying to find some gold. As part of their mining plan, they have to put the salt back on top after they have mined the gold. That is costly but perhaps not unreasonable.

Mr BILLSON—Folks living on the Tragowal Plains in the north-west of Victoria might not take a lot of comfort from what you are saying.

Dr Moran—I do not know what their situation is.

Mr BILLSON—They are further up and a major salt problem is impacting on their livelihood. It is marginally arable land anyway, so what do you do after a couple of drought years when the salt load increases?

CHAIR—You are dealing with a very big problem, Mr Billson. I will have to bring this session to a halt otherwise we will be stung by a swarm of bees. Dr Moran, thank you very much for your evidence.

[11.52 a.m.]

JAMIESON, Mr Gavin John, State Executive Member, Victorian Apiarists Association

McDONALD, Mr Robert Herbert, Resources Committee Chair, Victorian Apiarists Association

CHAIR—You have probably heard all this before. The committee does not require you to give evidence under oath. I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make a brief opening statement and we will then ask some questions?

Mr McDonald—Yes, Mr Chairman. Our overall concern is the application of a precautionary principle as many honey bees access both public and private land for native flora. I will give an overview of the industry in Victoria. The managed honey bee industry is a small primary industry whose main source of revenue is derived from the production of honey and beeswax and providing beehives for contract pollination of horticulture and broadacre seed crops. Between 80 per cent to 85 per cent of our honey production is from native flora, mostly eucalypts. Eucalypt species flower at different times of the year and intermittently on at least a two-year cycle—in some cases, on three- or four-year cycles. With a large diversity of eucalypt species and proper planning, beekeepers can follow these flowering patterns to produce honey and breed bees on a regular basis during a ninth-month annual production cycle. In between, beekeepers provide a pollination service to the agricultural industry for horticultural and broadacre seed crops.

I turn to the value of the beekeeping industry. There are 1,830 beekeepers in Victoria, owning about 110,000 hives. Victoria produces about 16 per cent of the honey produced in Australia and we are the third largest producing state. Of those 1,830, 200 people are directly employed in the production of honey and beeswax full time and in the provision of pollination services. There are 50 people directly employed in the processing and marketing of the Victorian honey crop and there is also the multiplier effect of supplying the needs of the industry. Our honey production contributes in the vicinity of \$9 million at the farm gate per year.

Then we engage very much in managed honey bee pollination. There are over 38,000 hives currently engaged in pollination in Victoria, with a rise in demand for more. Paid managed honey bee pollination services for various crops requiring crosspollination return \$1½ million per year. Almond pollination alone in the north-west of the state requires 16,000 hives annually and returns \$560,000 to beekeepers for pollination. This is to produce an almond crop which is worth over \$30 million. There are a further 15,000 hectares being planted to almonds in north-western Victoria, and this will require another 12,000 beehives over the next five or six years. Without managed honey bees for crosspollination, there would be no almonds produced. This is the same across most horticultural areas in Victoria.

On the precautionary principle, public land managers, particularly those within Parks Victoria, have continually espoused the precautionary principle when issues relating to the apiculture industry's access to reserved lands are discussed. Despite positive research results from various projects on studying the effects of managed honey bees in the Australian environment, there is a persistent refusal to accept these results and insistence that more research be undertaken, with the proviso that, if new research finds a negative result against honey bees, the industry will be phased out of reserves lands. Because of the refusal by public land policy makers to accept these results, further research will achieve nothing. A policy to exclude bees is more likely, therefore, to be based on political sentiment rather than on irrefutable scientific evidence.

In the list of research findings we have here, we cannot find any negative impact of honey bees on the national ecosystem. There are several research projects that conclusively show that competition between managed honey bees, honeyeaters, nectar-eating small mammals, native bees and ants has had no effect on all these sorts of things. That is a quick overview of the industry.

I have a couple of statements here. Although we rely greatly on public lands, we also rely greatly on eucalypts which grow on private lands and road corridors, because they compose a large percentage of the mature trees. Mature eucalypts flower more regularly and more heavily than the immature trees which grow in many areas of public lands. There is the proviso, too, that quite often when these trees get over mature, the amount of foliage, and therefore the amount of blossom they carry, is greatly reduced. So we also need a balance of growing forests.

The precautionary principle is being used to limit our access to national parks and other parks under the control of Parks Victoria. One of the recommendations in the Environment and Conservation Council's draft report on the box-ironbark woodlands—that came out on 8 August this year—states that governments should also have the right to limit beekeepers' access to private lands for their bees.

Before I finish, I should make a comment on something said this morning. Our bee sites in the Grampians have been reduced from 250 to 40, and we have become fairly political in the last 18 months about that issue. We now have it up from 40 bee sites to 100 bee sites, but we will never get it back to what it was prior to Parks Victoria taking over. That will be as far as we will ever get, but we have managed to turn this around a little. That is about all I have to say.

CHAIR—Mr Jamieson, would you like to add to what Mr McDonald has said?

Mr Jamieson—Yes. There are endangered species all over Victoria and all over Australia. If the precautionary principle is used to justify or to cause exclusion from access to the native systems, the industry is potentially going to see the end of its operation and its existence. The Commonwealth certainly has the potential to do that through the Commonwealth Environment Protection and Biodiversity Act. It would take a minimum of 80 days to get a permit under the new Commonwealth legislation and potentially up to a couple of years. Many of the eucalypt species in Victoria flower with a prewarning of perhaps up to two years, but some give only a couple of months prewarning. In other words, we would not know necessarily ahead of time where we would need a permit within that allowed time frame, so that resource would be lost and therefore a cost of that conservation ethic.

Given that there is no empirical evidence supporting reduction in access, therefore, that cost again has not been costed by government. It is very interesting to hear that the Victorian government said that there is little known about these costs. We support that there should be a knowledge of these costs, but their own department through the inquiry into the utilisation of Victorian flora and fauna, even though they had written submissions made to them, did not seek and support that evidence being tendered to that inquiry. I could provide those to committee members for their perusal, if that is appropriate.

CHAIR—Who did that inquiry?

Mr Jamieson—It is a state, all party, parliamentary standing committee, similar to your own. It is interesting that it transitioned both the previous government and the present government, so that it has only just come out with the new government's flavour to the document. There is no consultation available from the Commonwealth as to how the biodiversity act process will affect our industry in Victoria. The only consultations have been undertaken by the state government in the last couple of months and this is their overview of the Commonwealth's legislation.

CHAIR—For the *Hansard*, this document is *Changes to Commonwealth assessment and approval of development projects* by the Victorian Government Information Centre.

Mr Jamieson—While the Commonwealth have put out these documents talking about the biodiversity act, we believe that there has been no consultation on the effects that it is going to have either at a state or a national level across Australia. We were talking this morning about natural vegetation removal regulations in Victoria having no consultations. Certainly, there was none prior to their introduction, but there was a two-year process of consultation once they came in before the final regulations were adopted. With the Flora and Fauna Guarantee Act, there were also two years of negotiations and consultations with the Victorian government and the rural industries which both the VFF and the Victorian Apiarists Association were heavily involved in. It is a shame in a way that three governments in a row in Victoria have promised to change the native vegetation regulations. I understand what is being released today is not a change but a redressing of the same regulations. It is only how they are going to be carried out; there is no actual change to the regulations.

There are incremental losses of native vegetation going on all over Victoria all the time. There seems to be a lack of will to prosecute for the losses. They are small, but adding up to significant losses. The only time prosecution or enforcement proceedings happen in Victoria is if you take a bulldozer out. We notice this as beekeepers. Our organisation started in 1892 as a result of our concern at loss of natural habitat in state forests. A royal commission was then undertaken and the Victorian Forestry Commission was created, so we have a longstanding interest in nature conservation. There are a number of species, particularly grandiflora and some eucalypts, that have been directly identified as a new species as a result of beekeeper knowledge. As the VFF people commented this morning, certainly there are beekeepers who are not prepared to share that information for fear of it then becoming a special habitat from which we will be excluded.

CHAIR—You say in your submission that you are being excluded from sites within public land and that there is also a move to exclude you from some private land, based on the

precautionary principle. You also say that there is no evidence that the introduced bee—is it a Spanish bee that you use?

Mr McDonald—No. European bee—Italian bee; the Caucasian bee which comes from the Caucase Mount in Russia; and the Carniolan bee which comes from the north of Italy. You have got the whole of Yugoslavia and those sorts of mountains there, but it is the European bee, basically.

CHAIR—So you are saying that there is no evidence. On what do the departments base their decisions?

Mr McDonald—Basically, on that precautionary principle—and, when you offer to put the research that has been done in front of them, they refuse to accept it. Quite often some of the scientists who have done this research have gone out to test the impact of managed honey bees on native bees and have found that there is no impact—or no negative impact—and, because they are biased before they start, refuse to publish the results of their research. Then they make subjective statements that, because managed honey bees are an exotic species, they must have some impact when you look at the other exotic species like foxes and rabbits and the impact they have. That is a statement made by Dr Michael Schwarz in 1993 when he was at the university in South Australia. He was with—

CHAIR—So this was an independent study by a university fellow, was it?

Mr McDonald—Yes, in 1993 Michael Schwarz did research on it.

Mr Jamieson—That is the Commonwealth overview of all known research Australia-wide.

Mr McDonald—The *Overview of the impacts of feral and managed honey bees in Australia*, by the Australian Nature Conservation Agency.

Mr Jamieson—It is out of publication at this point.

Mr McDonald—It is out of publication—right.

Mr Jamieson—No doubt the National Library would have a copy.

CHAIR—The thing that interests me is that universities are independent. Obviously, from time to time, people do PhDs on this type of research. So you are saying there is some research from the independent universities in this area?

Mr Jamieson—Four pages of it—references.

CHAIR—And yet the department still will not accept that.

Mr McDonald—No. We, in discussion with Parks Victoria, offered to table the results of this research. When we had discussions with them on 29 June 1999, they just said it was not relevant. This is when we entered into discussions to try to reverse the trend in the Grampians to

get our bee sites back there. They refused to accept it and said, 'We make our decisions on a precautionary principle and that's it'

Mr Jamieson—When in doubt don't.

CHAIR—Mr Jamieson mentioned the federal government legislation which is based on a precautionary principle. What about the Native Vegetation Act of Victoria? Is it causing the same types of problems?

Mr Jamieson—No, because it is only dealing with vegetation. There are no recovery plans on private land under the Flora and Fauna Guarantee Act. There has been no critical habitat declared, and it has not been fully promulgated on freehold land even though that is in the act. So in nine years they have not been prepared to invoke it on freehold land. If it did, there would be a problem. But, in terms of the RFA process and the forest management area process, we are now not allowed to put bees in some forests, because they might somehow conflict with, for instance, powerful owl. Yet in the Dandenongs we have got powerful owl which has been known to sit on rotary clotheslines and pick off kittens from out of the back door, but we are not allowed to put bees within six kilometres of these areas. I do not understand the logic of it, but a document from the Victorian government, *Managing potentially threatened processes* talks about maintaining an inventory of bee sites on public land to ensure that key biodiversity areas on public land and, wherever possible, on private land are protected from feral bees and that introduced bees and their hives are excluded. So, once again—

CHAIR—That is on private land?

Mr Jamieson—Yes.

CHAIR—Is the importance of the public land just for the production of honey or is it for over wintering?

Mr McDonald—It is for the production of honey and the breeding of bees. When you look at managed honey bee pollination of horticultural crops, the stock and rates on those crops is very high to maximise seed set. Therefore, bees do very poorly on it—because you put too many bees in there for the flora that is available; the stocking rates are something like three or four hives an acre and in a lot of cases there are about eight hives to a hectare—and we use the public lands, to a great extent, to rejuvenate the beehives in between pollinating the horticultural crops. Incidental pollination—that is, managed honey bee pollination—we pay for. Other incidental pollination in Victoria results in production of food to the value of \$250 million a year.

Mr Jamieson—In this state alone.

Mr McDonald—Yes, in this state. It is well over \$1 billion Australia-wide.

Mr Jamieson—If we compare that with the NHT—\$1.6 billion over six years—we can see that we produce \$6 billion worth of economic activity at no cost to the community or government over the same period. We value add to a greater extent than any other industry I know of.

Mr BYRNE—It is a pity we could not have read this information before; it is quite interesting. How do you calculate that \$250 million figure?

Mr McDonald—It was calculated in a research project by Rod Gills of the New England University for the honey bee research and development council back in the mid 1980s. At that time, I think he based Victoria on \$150 million and, over time, we have gradually increased the figure to \$250 million, with inflation and that sort of thing.

Mr BYRNE—How did he calculate that figure?

Mr Jamieson—Let us take raspberries or almonds as an example. If you have no bees, you get no almonds. If you have some bees, you get some almonds. If you have a lot of bees, you have a lot of almonds. Each crop will have a different variable equation. So he evaluated all the crops—let's face it, 99 per cent of our food crops are imported from Europe where the honey bee has adapted fully to them—looked at what the production was and what the production losses would be if we took bees out of the equation.

In California, for instance, a predator parasite in bees has meant that there are no feral bees whatsoever in the southern half of the US. Disease affects bees in the northern part of the US and in Canada, and therefore food production has reduced. A special report has gone to the US Senate saying that. We are not just surmising that food production will reduce if there is an effect on the industry by exclusion from the natural system. If you extend it and model it through, you will see that that will occur. Exports will be reduced and we will have to import food. Almonds are being imported into Australia at the moment. So the work that Bob and many other beekeepers do is an export replacement program.

Mr BYRNE—When you asked the department precisely how these bees will damage plant and animal species, they talked about—I had a very quick look at their response—competition with birds for hollows or something like that. Did they say that the bees would sting native species?

Mr McDonald—Let us see what they say. They refer to overzealous predation on limited nectar and pollen sources—in other words, we are competing with honey eaters, native birds and things like that—and displacement of native bees and other insects by honey bees, which ties in. They say that unnatural selection of some plants over others through selective pollination is therefore increasing pollination of some plants, and refer to competition between honey bees and native animals for natural hollows, and hybridisation of native plant species.

We have listed 10 research projects looking at nests and hollows and not one of them has found that feral honey bees are a problem as far as hollows, nesting birds or bats are concerned. In practically every case, there is a surplus of hollows. A lot of the studies did not look at feral honey bees; they looked just at the availability of hollows for particular birds, and then feral bees came into it because they occupied four or five amongst 300 or 400 hollows.

Mr Jamieson—The real issue is that there are not enough hollows because we have overcut our forests. That issue concerned us in 1892 and it is still an issue today. I do not see how the RFA process is going to address that issue. We are more than mindful of the situation with hollows and, if we were creating a problem, we would address it—and we do. That is the real

issue. But they are sidetracking us onto something that we might do. The departments have no program for resolving the problem where it exists. If it is a problem, why don't they do something about it? We have asked them regularly to do something about it and they do not do it.

Mr BYRNE—Why were feral bees brought in in the first place? Are they more efficient with respect to pollen?

Mr Jamieson—A feral bee is a rabbit gone wild. We brought rabbits into Australia for food and for pleasure, for game shooting. It was government policy 150 years ago to proliferate native plants and animals from where we came from. That is what a feral is today. It is a bee that is genetically—and there is research in that document to point it out—largely unrelated to our commercial honeybees. They are what came in from 1850 to 2000. They are not related to our commercial bees today.

Mr BYRNE—Are you commercial honey bees predominantly European or are they native? What is the mix?

Mr Jamieson—All our bees are of European origin.

Mr BYRNE—Why is that?

Mr McDonald—Because they are more efficient at producing surplus honey.

Mr Jamieson—And they are a social insect. They are colonised. We can pick them up and shift them. Most of the 2,000-odd varieties of Australian native bees are solitary insects. There are two varieties that are especially adapted for macadamia nut pollination, but they abscond, clear out. Therefore, management of them is very fragile. They go walkabout, somebody once said.

Mr BILLSON—The ones you use come home.

Mr Jamieson—Yes, every night.

Mr BILLSON—I was just trying to work out what is feral about that.

Mrs VALE—You are talking about two different types of bees.

CHAIR—Ferals are the ones that have swarmed from the hives and are now living in the wild.

Mr Jamieson—But we are being blamed for them.

Mr McDonald—It is important to distinguish. The first honey bees to come to Australia were the English black bee brought in first in 1822. Although there is very little record of them, there is a feeling that they spread throughout Australia practically as fast as the rabbit did, mainly because, prior to the European honey bee coming to Australia, there was an extreme

shortage of pollinating insects within Australia. That is why our eucalypts produce nectar so profusely—they had to compete to attract pollinating insects. It was a natural home for them. Later on we brought better producing bees from Italy and Europe. We have also bred our bees. The honeybees, just like anything else, go out and gather nectar when it is available. In Australia, because our eucalypts flower very spasmodically, there are long periods in the forest when there is absolutely nothing. The European bees which have adapted to living in the bush—what we call the feral bees—have adapted to the dearth for several months. When nectar becomes short, they reduce their breeding and their populations go down to a small cluster. We have bred that out of the managed honey bees because we shift bees continually. We shift them about six times a year, roughly once every two months. We want them to keep breeding as nectar flow starts to diminish in a place, so that the population stays high and we can pick them up and put them somewhere else to start producing honey straightaway and they do not have to rebuild their population. We have bred out of them that aspect of conserving their energy when there is not much around so that we do not contribute to the feral bee problem in the forest, if it is a problem. If a swarm escapes from our managed honey bees and establishes out in the wild, it is lucky to live 12 months. We bred this survival instinct out of them.

Mr Jamieson—There are research findings in that document supporting that.

Mr McDonald—Here is a document on the economic value of the honey bee industry—you could have that, if you like. In the centre, we talked about the incidental pollination—Rod Gills work. There is an overview of the Victorian honey bee industry, which quotes a lot of that research. We can give you the references or find copies of the research for you if necessary.

CHAIR—The two documents by the Victorian Apiarists Association Incorporated are *Beekeeping generates income from the natural environment without destroying habitat* and *The economic value and environmental impact of the Australian beekeeping industry*.

Mrs VALE—I have many beekeepers in my electorate, and they try to give me lessons at a regular intervals on how important bees are. Under what legislation is the government actually refusing you entry to the Grampians and to other places?

Mr Jamieson—There are three separate acts.

Mrs VALE—I could not find it in your documentation.

Mr Jamieson—The National Parks Act, the Crown Land Reserves Act—

Mrs VALE—Is that the Victorian National Parks Act?

Mr Jamieson—Yes, of 1975. It is all state legislation.

Mrs VALE—And the other ones?

Mr Jamieson—The Crown Land Reserves Act 1958 and the Forestry Act 1958.

Mr McDonald—They licence bee sites under those three acts.

Mrs VALE—So it is not Commonwealth legislation at all?

Mr Jamieson—No, but what will happen now with the biodiversity act, as we understand it, is that—

Mrs VALE—This is the Environment Protection and Biodiversity Act?

Mr Jamieson—Yes. They could well not licence those sites, subject to approval from the federal minister.

Mr BILLSON—Can I just correct you there. I do not know where you have got that idea from. The only thing the feds are interested in are world heritage properties, wetlands, nuclear sites—and I am not sure how many bees are hovering around those—migratory bird species, the marine environment and nationally listed threatened species and communities. Where you have state listed, and even where you have nationally listed but there is a state regime in place, the states can seek to have their management arrangements accredited. So you do not even need to talk to the Commonwealth if the states have the game covered.

Mr Jamieson—With due respect, JAMBA says ‘migratory birds’. Now CAMBA, the Chinese Australian Migratory Birds Agreement, and JAMBA—

Mr BILLSON—Yes, I know them well.

Mr Jamieson—Bird habitat is right across Victoria for latham snipe, for instance.

Mr BILLSON—Yes, for periods of the year.

Mr Jamieson—Yes, in summer, our most productive period. If we can be assured that we do not therefore have to apply for a permit, because bees are going to be put into a CAMBA/JAMBA type habitat, that is fine. But I have been to three briefings by the state government about this legislation, and we have had nothing in writing from the Commonwealth that says that we are excluded. We have to apply to the Commonwealth to see whether it say yes or no, and given one of the processes involved in this is virtually doing a mini EES—

Mr BILLSON—Yes, but there seems to be a convenient putting to one side of the fact that the states can have their processes accredited under the federal act and therefore, as I said before, you do not need to talk to the Commonwealth if the state processes are accredited. If you are saying that the state processes are there but you do not like them terribly much, that is another point.

Mr Jamieson—No, they informed us that nothing has been considered yet for accreditation in Victoria, and it came in on 16 July.

Mr BILLSON—It sounds like a good use of your time to encourage the state to submit its management arrangements through that process so that the clarity you are looking for is there. No-one here can give you a feel for what the outcome of that would be. It just seems that you are putting your energy into a strange spot when you need to encourage some other bay.

Mr Jamieson—Given that the national parks' plan for the Grampians was Commonwealth funded and inputted, our exclusion from the Grampians was on the same basis some 15 years ago: influenced more by the Commonwealth than the state thinking that we should be excluded from it. So if this is another layer of the same thinking—

Mr BILLSON—Who knows?

Mr Jamieson—We may disagree with it, but if it is reality that the precautionary principle will be used in case there is a problem, say no.

Mr BILLSON—Yes, but it is a test of process. We can go around in circles on this all lunch time.

CHAIR—Are there any other questions?

Mrs VALE—Are apiarists in other states having the same problems, as you perceive them?

Mr McDonald—The quick answer is yes.

Mr BARRESI—The book that you passed around earlier on had 200 species of native flora that the bees interact with. Of those 200 species, how many of them are actually on the endangered list?

Mr McDonald—None that I know of.

Mr Jamieson—I have not done the comparison. The list was not been easy to extract from the Commonwealth prior to 16 July, and I have had difficulty getting it off the Net since. Perhaps we should add that, with regard to the species that are mentioned there, there would be three or four times that number of species—they are only the ones that have been researched—that beekeeping across Australia interacts with.

Mr JENKINS—How does the regulatory framework operate to allow apiarists to go on to private property? What requirements are there?

Mr Jamieson—After some 18 years of negotiation with the Victorian government, we were put in a position by the former government to produce a code of practice which gave us as of right use under the Victorian planning provisions, or what were the planning schemes before that. Provided we comply with the Victorian apiary code of practice, we are as of right, and it is private negotiation with the individual property holder.

Mr JENKINS—What nature do those private negotiations take?

Mr Jamieson—‘Do you eat honey? Here is a bucket of honey.’ It is a private thing. There are some property holders who refuse a thank you gift and say, ‘It can’t do any harm to my property. I will have you no matter what.’

Mr McDonald—Quite often we are of benefit to them because of the introduced flora they have got there.

Mr JENKINS—So it is a quid pro quo?

Mr McDonald—Yes.

CHAIR—But in some instances horticulturists pay, don't they?

Mr McDonald—In many cases, yes.

Mr JENKINS—For the pollination?

Mr McDonald—Yes, but then they dictate how many hives and they generally overstock it so that our bees do not do terribly well on it.

Mr JENKINS—Is there any fear that any existing legislation or regulation is likely to impinge upon the as of right use of private land?

Mr McDonald—The draft report on the box ironbark forest and woodlands, which came out on 8 August, does suggest that governments should restrict our access to private lands. It is one of the recommendations; I cannot quote the exact recommendation, but 22 or 23, something like that. When you talk about migratory birds, swift parrots, which live and breed in Tasmania, fly over to the mainland for three to four months of the year and eat a lot of nectar. I have already been told that we have got a conflict of interest in the box ironbark forest because of swift parrots.

Mrs VALE—What comes first, I suppose: the pollination which produces more blossoms, which produces more nectar for swift parrots and bees?

Mr Jamieson—But that is a different section of the department. Several of you asked this morning how the agriculture department works. I took notes of the answer to that. It is interesting to me how it does fit. The agriculture department is a different section, and it is not the national parks policy people's core business to be involved in the survival of ag industry.

Mrs VALE—They do not talk to each other.

Mr BILLSON—Thank you for the answer on the pollination effect as an ecological service you provide. That was one of the points. The other one was, even though you select bee species for the very fact that they come home, there is a suggestion that some of them might hang around in semi-feral behaviour in hollow logs giving birds a hard time, which is basically the rationale for your exclusion from areas where you would like to go that you are being denied, in a nutshell.

Mr McDonald—Practically everyone in power believes that we feed the feral bee.

Mr BILLSON—So it is not a ‘where you loiter’ thing as much as that you sustain those that are unhelpful?

Mr Jamieson—A swarm is a reproduction of a beehive. All beehives can be manipulated to prevent that process, both by genetic selection and by management. If we have got a feral hive in that tree, it will swarm and swarm and swarm, so it is proliferating itself because its genetics are a survival of the fittest process. So it creates its own problem more than we are creating the problem in the wild.

Mr BILLSON—Just like you can get oysters with spat that is incapable of reproduction, do you guys have bees that do the same thing?

Mr Jamieson—No.

Mr McDonald—We do not add to the feral bee problem in the bush. We reduce swarming to the minimum but genetically we have bred out the survival instinct in the wild so that they do not last very long before they die out. It is a bit like the managed pig in intensive housing—how long would it last in the bush against the feral pig?

Mr Jamieson—Recessive genes versus dominant genes.

CHAIR—I am going to have to cut it off, because of the time. Thank you very much.

Before the committee breaks for lunch, the committee will accept two documents presented. One is *The economic value and environmental impact of the Australian beekeeping industry*, and the second is the document presented at this hearing by the Victorian Apiarists Association Inc., *Beekeeping generates income from the natural environment without destroying habitat*.

Resolved (on motion by **Mr Barresi**):

That the exhibit from the Victorian Apiarists Association be accepted as exhibit No. 1.

Proceedings suspended from 12.30 p.m. to 1.18 p.m.

MARTIN, Mrs Leanne Deborah, General Member, Maryvale A Team

MOODY, Mr Christopher John, Secretary, Maryvale A Team Association

McKERROW, Mr Peter Irving, Facilitator, National Farm Forestry Roundtable

POLLOCK, Mr James Ross (Angus), Chairman, National Farm Forestry Roundtable

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have received submissions, but would you like to make a brief opening comment before we ask questions?

Mr Pollock—Yes. I would like to refer to the submission but also introduce a few other facts which I think have relevance to it. Firstly, I would like to refer briefly to the third page in our submission which was a brief profile of the roundtable and, in particular, to the goal that the roundtable has, item 6, which is to foster the profitable and sustainable development of farm forestry in Australia covering plantations and private native forestry on farmland. I would also like to tender our terms of reference, which Mr McKerrow has here, which set out in detail the matters which we were asked to look into when we were appointed by the Minister for Forestry and Conservation.

Farm forestry is really the incorporation of commercial tree growing into farming systems. It can take many forms: plantations on farms, wood lots, timber belts, alleys, wide-space tree planting and native forests. Put simply, it is a sustainable management of trees on farmland. Natural resource management, in our opinion, is at the crossroads. We, as a nation, have a significant dilemma with rising water tables, dryland salinity, loss of biodiversity and habitat, and water availability uncertainty. In essence, imposed environmental regulation has not really worked well for Australia. It has not worked well because we, as a nation, are alienating the very people, including most landholders, who can assist in overturning these issues on a national scale. The National Farm Forestry Roundtable believes that many of the negative impacts can be turned around with more extensive and well-managed farm forestry—that is, in the broader sense of the words ‘farm forestry.’ Farm forestry can provide environmental services—and environmental services have been defined as the condition and processes through which natural ecosystems and species make up, sustain and fulfil human life. The protection, enhancement and delivery of environmental services are the reasons, surely, that regulatory environmental measures have been imposed on landholders in the past.

Farm forestry can provide both wood and environmental services. In most low rainfall areas, and in some of the high rainfall areas in Australia, wood production alone and the value of wood produced is not sufficient to induce people to make the decision to plant additional trees. If we can recognise the value of the environmental services and reward the people who are producing those environmental services then we would have a system which could assist greatly in natural resource management within Australia. Some work has been undertaken in Australia to value the environmental services of farm forestry, and some work has certainly been undertaken, in an exploratory sense, based on the work of Costanza, including the value to Australia. The result is that the value of the ecosystems from services is in the order of \$14

billion a year or \$345 per hectare per year. To put that into context, that is about the equivalent of, in very round terms, 20 cubic metres of wood grown per year at a value of about \$17 a cubic metre, taking some low grade sawlog and some pulpwood as the average of that, so it is about equal. But we are only recognising half, if you like, of that value to the landowner who is producing those benefits. The committee members will no doubt be aware of work being undertaken now by CSIRO supplemented by the Myer Foundation to specify and value these environmental services within Australia.

I would now like to turn back to our written submission of 19 May. We had three points which we are making. Firstly, there should be the objective of equity to ensure land-holders are positive in their approach to land management and not being always on the defensive. Secondly, the beneficiaries of off-farm natural resource management benefits can be identified. That identification should then allow the nation to encourage a customer-supplier relationship between the people who produce the benefits and those who benefit from them. I am not talking about just a cost-plus basis but an actual benefit for the delivery of specified services. If we can do that then we are talking about boosting rural economies and providing a vehicle for addressing widespread environmental degradation. The roundtable clearly favours a reward based system for landholders.

In conclusion, the Farm Forestry Roundtable believes that the generally imposed environmental measures have been counterproductive to sustain environmental services management recognising, of course, the wisdom of some technical guidelines as to how people might actually run a spraying operation, for example. There is a key role for farm forestry in the delivery of environmental services based on customer-supplier commercial arrangements. A whole-of-government approach is needed to oversee this cultural change. The world market for wood products—half of the commercial drive, as I have mentioned—is not unlimited so we do have some degree of urgency to make our position known amongst the trading wood nations of the world. To achieve these benefits and this vision the objectives and actions need to be managed strategically at a national level. Thank you.

CHAIR—Thank you. Does the A Team want to add to that?

Mr Moody—Yes. Our submission was separate from Angus's but just briefly I want to point out that our organisation is an independent, voluntary organisation made up of employees and staff and other community supporters supporting the pulp and paper industry in Gippsland. What is important to us and our community is investment in the industry and jobs and that is what we continue to lobby for. The product that we make, particularly copy paper, competes in a fiercely competitive market and obviously our industry needs to be competitive if there is going to be further investment.

Australian Paper Plantations, as we noted in our submission, manages about 11,000 hectares of their property purely for conservation or the public good. We believe that if our industry is to remain competitive then there ought to be some sort of compensation for that land being managed for the public good because it was originally purchased for plantation. So while there is still native vegetation on it and I think there will always be native vegetation on it and it will be managed for conservation purposes and that is probably the way it should be, there should be some compensation available to the company.

I think it is interesting to note in contrast that one of our main competitors in the copy paper market is from Indonesia. I read an article in the *Age* recently where it said that some 300 million trees were just stolen from the forests there last year, and they are the sorts of products that we are competing with. So that is where we are coming from. I do not know whether Leanne wants to add something there.

Mrs Martin—No, I think you have covered it.

CHAIR—Mr McKerrow, is there anything you want to add?

Mr McKerrow—No.

CHAIR—In this whole private forestry area is there legislation in place in Victoria that gives you the right to harvest?

Mr Pollock—There is not specific legislation but there are parts of the legislation which do give the right to harvest planted material—that is correct.

CHAIR—And has it got watertight provisions so that, in fact, if a subsequent government changes its mind then you would be compensated?

Mr Pollock—I cannot answer that question. I think the answer is no, but it is legislated so it would be a matter that would need to go before parliament.

CHAIR—The public good conservation undoubtedly would concede the benefits, but you mentioned that there was some research done. What was that research?

Mr Pollock—I will mention two things. One is that there has been a desk study based on a published article published in the United States and applying those conditions to Australia. That gave the figure of—

CHAIR—Putting a value on it.

Mr Pollock—\$14m for Australia's circumstances, using the methodology as had been proposed in that United States study but applying it to Australian conditions. There are two people's interpretation of that. In order to start to quantify that information and to bring that into a more public light, if you like, and have more people look at those issues, CSIRO, as I understand it, have commenced a study looking at two catchments in New South Wales and two catchments in Victoria, firstly to start to specify what those benefits are.

People talk about liking to preserve our native forest and native vegetation, but what exactly are the attributes that go with that native vegetation? Is it the relationship to the original vegetation, its nativeness, its undisturbedness? What exactly is it that people are looking for? So how can we specify, firstly, the facts that people have in their minds when they have got a picture of native vegetation? And that goes for all the other products as well. Secondly, how can we actually value what those benefits are? Doing all the rough calculation of all of those things

together it comes to a significant sum. Water may well be one of those products, as well, depending on state legislation and of who owns those particular water rights, if you like.

CHAIR—Are you aware whether they are looking at the best management for optimum biodiversity?

Mr Pollock—Biodiversity and the habitat that goes with biodiversity will be some of those components of it. If we can take a reward based system rather than an imposed system, if you like, where we able to say, 'These are the benefits which we would like the landowner to be able to produce,' and specify what those benefits are, then each landowner, as a manager, can then start to apply his or her mind as to how to actually contribute towards that. Whereas, if we take the approach that we have in the past by just saying, 'You cannot clear any more native vegetation in your particular area,' then people say, 'How can I make a living out of the other products that I have got from that?' Other people are saying, 'You must retain that native vegetation,' without giving any guidance as to some sort of compensation for the people who are making that decision.

In the case of water management, for example, there are imposed, through codes of application of private land, things that landowners may or may not do in relation to matters which might affect the water quality. Water rights are traded and yet none of the value of that trade gets back to the people who have incurred managerial decisions to make sure that the water that comes off their farm is of top quality. That is not equitable. We, the public of Australia, are asking the landowners to make a conscious management decision at cost to themselves without any recompense for that work. If we can get them onside we suddenly switch the whole thing around into a very positive thing and we might have 80,000 or 90,000 farmers in Australia starting to work towards some very positive outcomes. They have to make a living to be able to give those positive outcomes, but we should try and set in place a system which would do that. Before we can put that in place we have got to culturally address the concept of rewarding people for the off-farm benefits that their particular actions are producing.

CHAIR—So you would say that once those benefits have been substantially identified and a quantum of value put on them the whole community should be contributing towards that?

Mr Pollock—We need to identify who are the beneficiaries. It may just be, if you like, the whole community. It may or may not be sections of government, but we need to actually identify the products, firstly, and then the beneficiaries. To take a simple case, which is not quite watertight yet by any means, the concept of carbon trading is one of those things where they are starting to put in place—and an awful lot of work is going into that—ways of identifying who the beneficiaries might be of stored carbon and how we might be able to set up some of a trading system for that. It is first steps but we should be looking at extending that concept to these other environmental benefits which the general public, if you like, say are good to have and which these studies are starting to show can be valued.

Mr BILLSON—I am very attracted to the ideas that you put forward and have been for a while. Let us use carbon trading as an example. Once you become a player in the carbon trading market you certainly accumulate some sequestration advantages but you have got some responsibilities on emissions at point of harvest, and the like. I wonder how we extend that double side of the same coin argument over to the sorts of things you were talking about. If we

reward and deliver benefits to land-holders doing good things for the natural system's health of the country, do we reward them from the base they start from or do we reward them against what is reasonable practice in the first place? And what do you do with those that perhaps have an off-farm negative effect on the environment?

An example might be your 100 hectares. You might have cleared the whole lot because of the stage of your family and the length of time there, while Chris might have turned up only 20 years ago and he has got only 20 of the 100 hectares cleared. Yet you will get rewards for putting back what he never lost in the first place. Have you thought about how those equity arguments go and how the rewards would land in a way that is fair and defensible?

Mr Pollock—Only in the general position, obviously, but I think that those are the issues which we need to put on the table and go through. Taking the carbon based one, for example, we know that we are looking for a long-term benefit there. So if somebody plants an area and, providing it is harvested and replanted, in the long term it is going to still sequester more carbon than if no action took place at all. So by understanding the nature of the carbon cycle people are able to say, 'This much is very little at the moment. If we plant we get up to here; if we harvest we get down to here, but we have still got this bit so we get a level there.' I think we need to go through all of those good points that you have raised there for those other points as well.

To some extent we have regulation or codes of practice in place to stop disastrous action by someone or any inadvertent disastrous action. With chemical spraying, for example, people are regulated there and they are also educated to know that if they spray in inappropriate conditions the spray drifts off property affecting the neighbours, or if they wash out their containers of spray equipment close to a watercourse chemicals get into the watercourse, et cetera. By educating people we are able to say that those practices are not appropriate, so some underpinning environmental guidelines are certainly needed.

Mr BILLSON—Like a threshold of—

Mr Pollock—A threshold of good practice, in a sense.

Mr BILLSON—nil or zero external impact.

Mr Pollock—Something of that nature, yes, that is right. But I think we should be able to be smarter and go above that then if we can. We certainly need to identify what those broad items are that are of benefit to the rest of the community and then start to talk about them in scientifically defined terms, if you like, so we can actually agree on what we are talking about as we work through those issues.

Mr BILLSON—I will give you an example. The farming community here in Victoria and in South Australia have already had to contend with and combat vegetation clearance controls for some time and that has caused some irritation. The Queenslanders actually want to be paid for what you guys have done anyway, and that always struck me as being quite an unreasonable expectation given the adjustment that has been made in other jurisdictions without that reward. It was presented as being part of the overall natural systems management framework. I guess the start-up of these sorts of ideas fascinates me. As for using carbon credits, if you give permits to, say, coal-fired power stations and then they can make some savings and therefore have a

cash windfall, what do you do with the Snowy? They never emitted anything in the first place, which you would think was the most virtuous, yet they are penalised because they are the most virtuous because they do not have a whole lot to give back. How do you land that type of change evenly so that you are actually rewarding good behaviour, not just—

CHAIR—You use credits.

Mr BILLSON—As shown by the discussion we have had at another time, yes, there are ways of doing it. But I know with the CSIRO ecological services model, we have asked them the same question and they are not quite sure about that either.

Mr Pollock—I guess in the Queensland case you have the situation, as in some of the other states, where there have been quick overnight decisions made about retention of native vegetation in one form or another and there have been some winners and losers in that current situation. In Victoria, for example, East Gippsland has more land-holders with more extensive areas of private native forest. If they are able to manage those areas as productive native forests then they have a chance to get some return from that. If they are not allowed to manage them as productive native forests then they have cost imposts on them which are not recoverable in any way. There is the view in Queensland about whether the government owns the vegetation or whether the lessee does in some of the areas compared with the freehold land, so that is an issue as well.

Mr BARRESI—You mentioned the reward system that needs to be encouraged and you make quite an argument there for the reward system. Is compensation the only way in which that reward system can be achieved or is there some other way in which you can create that incentive for people to go into conservation on their private land? If so, then I want to talk about that compensation and just thrash out how it is actually going to work.

Mr Pollock—I think the compensation is slightly different from the reward system. If you had a reward system and then someone was prevented for some other reason from being able to operate on that, then there may be some compensation for that. If we had a reward system and someone had an expectation, as they have at the moment, that they plant trees so they might be able to harvest them and then people are prevented from doing that because of some new technical knowledge that comes forward saying in the public or the greater good it would be better not to harvest, then I think compensation would be well and truly appropriate for that. But that should be on the full cost expectation that that person had of recovering his money from that particular operation.

Mr BARRESI—You say that 11,000 hectares have been set aside. You have got in your submission that much of the reserved land was purchased with the original objective of converting it to plantation to supplement the natural fibre requirements of the Maryvale Pulp and Paper Mill. That was the original objective of it. Some can say that the fact that you set it aside was a company decision. There was no compulsion on you to set that aside. So why should you be compensated for managing that 11,000 hectares when it is an internal management decision which can be reversed in years to come? You may say that you do not want to reverse that and that it is not going to be used for commercial purposes today. The new regime tomorrow may change all that and say they have got the technology now and the motivation to turn that 11,000 hectares to commercial use. If you have been compensated, then

you have been compensated for a period of time which you are then going to get the benefit of down the track.

Mrs Martin—If you are compensated for it there would have to be some legislation that said that once you had been compensated you could not harvest it at any future time. That 11,000 hectares was part of a lot larger area. The reason a lot of it has been set aside is that government regulation has made it unviable.

Mr BARRESI—Some of it was, and some of it was due to planning controls but other areas were voluntarily reserved.

Mr Moody—That would be, too, because of community expectation—a nice patch of bush in the local community. The company has made a decision that rather than having the local conservation groups on their doorstep every five minutes or running to the television station every 10 minutes it is a better decision for them to set it aside for the public good. As I said earlier, when you are also competing in a fiercely competitive market those things come at a cost. There is a cost that a lot of your competitors do not have.

Mr BARRESI—Can we explore the compensation and how that should take place? You have got land swap which you have spoken about. Is there also a financial compensation that takes place? How do you decide what that figure will be? How do you place a value on that? Is it based on the percentage of the land which has endangered species or indigenous flora and fauna? Have you given some thought to the model that will be used for compensation?

Mrs Martin—Other than buyback or land swap, no. As Angus was saying before about starting to look at these issues, they could be looked at there.

Mr BARRESI—If you buy back lands you are still looking at it in terms of having actually arrived at a value amount. We have heard some solutions. This morning we heard about auctions and bidding systems. Have you got any thoughts on it?

Mrs Martin—No.

Mr Moody—I do not know, Angus, whether you would have—

Mr Pollock—This is from the Victorian submission, I presume. That is part of the solution to it. That is a mechanism. We need to identify what it is that people are bidding for. Things that I have been talking about must underpin an auction system. If we go for an environmental levy which other people have been talking about—I am not too sure whether you have a presentation on that but that has been floated around from time to time—again, the general public would probably be not too happy with wearing that unless they know that they are getting value for their money. There needs to be some properly identified attributes that that would go towards compensating landowners for that particular action. I think that these are complementary actions in that regard and the auction would be a mechanism where the bidders would come forward and identify who the beneficiaries were. It would be people who would be prepared to pay for those attributes that were being put up.

Mr McKerrow—Just on that, we are talking about the economic value of the benefits of natural resources. One of the tools that economists have used is to actually go out and ask people. There are various ways of doing this. They actually go out and actually ask a sample of the population what value they place on a particular natural resource or what value would they place on it to be preserved, for example. Those sorts of studies have been done.

Mr JENKINS—Just a question for the A Team. You mentioned that the conservation is at a cost to the company. What might be the quantum of the cost in relation to production costs and things like that?

Mr Moody—I have heard the company quote that \$100 for every tonne of paper is purely for environmental purposes. I am not sure what the breakdowns are for how that bears down to this part of it but that is certainly a part of the cost. We certainly support those costs. When a company is working in the community it obviously has to be sensitive to the environment that it works in. That is important. But on the same hand we are competing against products that are not. We want to see investment back into our community. We want to see our industry grow and we want to see jobs in that community. We have to start looking at ways we can strike up some sort of balance.

Mr JENKINS—So is one of the avenues for compensation taking that figure as something that governments should consider as recompense for the public good conservation that the company does?

Mrs Martin—I think it is something that could be put on the table. We are not saying, as Chris explained, that \$100 does not directly relate to the public good conservation. It also relates to the environmental controls within the mill, the production, and so forth.

Mr BILLSON—Water and the whole lot.

Mr JENKINS—The roundtable submission talks about the need for decisions and strategies to be based on good R&D. Have you a comment about the state of R&D?

Mr Pollock—I think we have made the first steps with that work that CSIRO is undertaking now to start to quantify what it is we are talking about in this particular issue, and no doubt there is a whole lot more that needs to be done with that. If we talk to some of the state agency people—and I come from Victoria—in terms of actually identifying those attributes that they look at in the general sense of a particular classification, I think we have got a fair way to go to get down to something which could be put into a contract for delivery of services, if you like. We do need more research—no doubt about that—in this particular aspect.

One of the criticisms that I personally have had with the NHT arrangements were that there was not a great deal of money, apart from farm forestry, for research into the attributes that went to support where the allocation of money should go under the NHT. That was a decision of the day, but we have missed out a little on getting some good scientific research to underpin those decisions. So there is a need.

Mr JENKINS—Do you have a feel for what would be a reasonable amount of money that we should be heading towards?

Mr Pollock—No, I have not given that any attention, I must admit. I think it should be a significant proportion. If we can put in, as most nations do, a particular component of GDP into research in order to maintain our status, standard of living and those sorts of things, if there were another \$1 million dollars, if you like, from a particular activity, then a percentage of that could be applied—and from memory it was about 4½ per cent but I am not really too sure what that figure is. But if we took the national average that at least would be a start.

Mr JENKINS—Considering the state the argument is at at the moment, that answer will suffice. Thank you.

Mr BILLSON—I have two questions. It is a touch ironic that earlier presentations were critical that all the NHT money was not going into on-ground works. There are mixed views about that. I wonder whether the external market is going to run over the top of us anyway. In your industry, you have the Forestry Stewardship Council and its various derivatives trying to identify good wood from bad wood and trying to look at internalising externalities as part of that process. In Europe, mainly in the UK, you have purchasers of farm product, Tesco and the like, saying that we subsidise our agricultural production because we do not internalise the externalities—at least the farm subsidies in the US and the UK are in people's faces. I think that is a bit of a counterfeit argument, but it is an interesting trend. Is there not a risk that, in trying to devise a way of tackling this, we could end up losing market access? We need to make sure we have somewhere to sell our product first, which might bring about a faster pace of change than any government-led or domestic goodwill-led assistance.

Mr Pollock—Yes, that is right. You raise two points. The first is about the market for wood. In my summary, I mentioned that the world market for wood products is not unlimited and that there is a degree of urgency to ensure that these matters are addressed. I think there is particular urgency in Australia because of natural resource management issues. But many other people are also looking at the opportunities for additional tree planting—obviously South America, South Africa and a lot of other areas are being planted up. I have spoken to you about this previously. Australia needs to send a market signal out to our trading nations that we are serious about our wood production. That is what a lot of this has been about; that is what 20/20 vision is about and why I think it is so important now to look at farm forestry.

The bottom line—if we think about it in the long term from a strategic point of view—is that probably the only reason we need a forest industry and tree planting within Australia is for the natural resource benefits that that brings. We could import our products from other people if it were more commercially appropriate to do that. We could abandon the central component of the Murray-Darling Basin system and put it into a tourist area. I do not think anybody wants to do that. That is why I think we have to look at it with a national focus and take a strategic approach. It is a long-term issue. It will take us perhaps 120 or 140 years to reverse some of the salinity damage, but we have to start somewhere and we need to start now. That is why I think it is quite urgent.

We will also, therefore, need to do some additional research in terms of what those other products will be if, say, the pulp and paper market falls over. How can we get energy out of those materials? Should we move to a carbohydrate-based vehicle system, if you like, rather than a hydrocarbon-based one? Those sorts of issues need to be thought through. Tree planting gives Australia the ability to manage our conditions and our unique—which is perhaps

unfortunate—set of soil and salt circumstances. We have to turn that opportunity to our advantage, because it is an opportunity.

Mr BILLSON—So the commercial farm forestry side will pretty much look after itself to a point. But where there is forestry for natural systems renewal benefits above what the market is looking for, that is mainly where you see these types of—

Mr Pollock—Yes. I think we could put farm forestry into perhaps two groups. The first is where the tall forests stood within Australia—the higher rainfall zones—and some 20 million of that has been cleared.

Mr BILLSON—Yes, that is 600 million a year.

Mr Pollock—In most of those areas, commercial farm forestry will stand on its own feet, except where it is at a greater distance from an existing processing plant or a reasonable opportunity for a port. Folk in those locations that are remote from infrastructure facilities will need some support. But in the areas below the 600 million, we clearly need to do something more for those people who would like to replace woodlands with some tree opportunities.

CHAIR—Particularly in the Murray-Darling Basin.

Mr Pollock—Yes, exactly.

Mr BILLSON—The related area deals with the emerging debate over water yield and how yield is affected by vegetation initiatives. That is an undeniable argument; it is quite legitimate to raise that point. What troubles me is that we have a marketplace for water that has placed a value on water that is tradable within cap and other allocation frameworks. There is a price tag on the loss of water yield that is quite definable, so it is easily understood. The benefit side of the planting of vegetation that brings about the reduction in yield is not so clear. I am encouraged that you are supportive of the work that is going on in the ecological services area. We need that to actually mount the counter argument. It is very easy to say, ‘We’ve lost three gig of water through the system and that works out at da da da. Can we afford da da da?’, but we cannot go back and say, ‘Yes, we can, because this planting activity has delivered us this value of benefit.’ It just concerns me that one side of the argument is ready to run and the other is not. That makes it pretty hard to talk up these sorts of things.

Mr Pollock—Yes. But we need to go back over the water debate to some extent, don’t we? The legislation, I think, around Australia is slightly different. We certainly need to have a much more informed debate about the water. We need to be thinking in terms, I think, of the classifications of the water—the precipitation of surface run-off, the ground water and the water that seeps into a root zone, if you like. That is not entirely clear at all. The legal situation is not clear.

Mr BILLSON—It floats into another property right, doesn’t it?

Mr Pollock—It does.

Mr BILLSON—The land-holder is saying, ‘Hang on, that is our water; it has come off our property.’ Yet the water authority is saying, ‘No, it is not,’ so you start running into these arguments about property rights.

Mr Pollock—Yes, but going right back, most people have valued their particular farm on the productive capacity of it, which is proportional, normally, to the natural rainfall that it has had, unless it has had artesian water supplying to it.

Mr BILLSON—Or the diversion right that comes with it—assuming the water is there and not overallocated—

Mr Pollock—That is right. That has been a secondary activity going right back. The higher valued land tended to be in higher rainfall zones. I do not think we have really addressed the legislative framework that went with that. That is another issue and there should be much more debate about that to get it clarified.

CHAIR—I will take you to a complex issue on this compensation area that has been exercising my mind since yesterday, actually. It was put to us yesterday that, in fact, the areas for agroforestry and private forestry are limited because, if there is some native vegetation, or a percentage of native vegetation on the land, it cannot be cleared for forestry, anyway, under the Victorian act. So that leaves what—only cleared agricultural land available to the industry?

Mr Pollock—Firstly, we need to go back and check on the first point. We need to ask: what are the attributes we are asking that land-holder to manage that native vegetation for on that land—assuming it is freehold land, or leasehold land? We need therefore to see whether there can be some reward system to encourage that landowner to manage it in an appropriate way: keep the noxious weeds out of it, keep the fires out of it—if fires are supposed to be kept out of it—and keep the stock out of it if that is appropriate or not appropriate. So there are those expense items which the landowner has to incur to manage that. If that native vegetation was the last remaining lot, or if it was required for an ecosystem conservation zone and so on, there are mechanisms in place in most states to reward that landowner with at least something, although very limited. If we can start to define what that is, then we can get a handle on what would be appropriate compensation bids for that. That is part of the farm forestry thing. If there were trees in amongst that stuff, we would say that was part of farm forestry. In other words, managing that native forest area on someone’s property for conservation purposes is part of farm forestry.

CHAIR—The problem here is that these people want to sell the property. There is a buyer—a company that wants to grow blue gums—and they are prepared to pay much more for the land than the graziers next door. But they cannot sell it, because the environment department will not allow them to clear a few trees off it to make it attractive to the buyer. Really, what the property owner is losing is the difference between the grazing value and the value to the company that wants to buy it for blue gums. Now, should they get compensation?

Mr Pollock—In the Victorian situation, the guidelines for interpretation of the legislation say that there should be no net loss. So, as far as the potential purchaser was concerned, providing that purchaser agrees to reinstate native vegetation, the equivalent, under negotiated conditions with the department, they can do that. So there can be a trade-off, if you like.

CHAIR—The department says no.

Mr Pollock—Is that right? I am sorry about that. I did not think that was the intention.

CHAIR—The department says no. From memory, they wanted to take 70 trees which are not old trees but relatively young trees, maybe 25 or 30 years old, and they are not habitat trees. They wanted to take those because it made it more attractive to forestry and the department said five, I think it was. So there is a loss.

Mr Pollock—Yes, okay.

CHAIR—Should they be compensated?

Mr BILLSON—In the east coast of the United States, around the Carolinas and the like, this market based no net loss model works with wetlands and swamplands. So if you want to actually develop a swampy intertidal island area for a Kiowa Valley golf course, or something like that, that is fine, and this is what operates. So they have created a market of no net loss while actually facilitating investment, which seems frightfully sensible. But, from the example you are citing, it does not always work that way.

CHAIR—Because the legislation is so open-ended, it comes down to the decision of the bureaucrat.

Mr Pollock—Are you talking about Victoria?

CHAIR—Yes.

Mr Pollock—No, in Victoria there is not the right to automatically clear native vegetation. There are some exemptions if the land is going to be used for plantations, but that exemption rests with the secretary of the department. It does not rest with the landowner.

CHAIR—No, I said the bureaucrat.

Mr Pollock—It is the secretary within the department who has to make that decision.

CHAIR—That is what I am saying. It seemed quite stupid, because what they were saying was that 80 per cent of land would probably be planted to blue gums and there would be 15 to 20 per cent that would be allowed to naturally revegetate. So in the long term it was plus-plus.

Mr Pollock—I cannot comment on that.

CHAIR—It just seemed to be a totally stupid decision. Because that property owner cannot realise the value of the property, should that be included in compensation?

Mr Pollock—I think the answer is yes, because the community, through that set of circumstances that you have described, is saying that we value that remnant native vegetation at an astronomical sum and we do not want you to clear it under any circumstances. That is really

what it is. Other people are saying, 'We think that, under a reasonable condition, it would be better to put it into this productive use, or a different use.' Yes, that landowner is being denied that value, if you like, from that property.

This is my personal view, but most landowners, I think, if that happened to be the last remaining habitat of something or something of that nature, would have sympathy for negotiating to retain that particular area. I think that the investment company would probably be doing the same thing, if there were good reasons why that was so. Most people subscribe to the laws of the land in terms of retention of threatened species, where that is demonstrably so, but it is when that concept is applied generally without that bottom line stuff that I was mentioning earlier on that we get confusion and sending the wrong messages out to landowners about that.

Mr BARRESI—My question follows on from a question asked before about the 11,000 hectares. You said that if you received compensation you would be locked in and you would not be able to convert the land back to commercial use. If I were a private land-holder and I was going through some rough times on my farm, I could make an argument to say that, as a way of perhaps just surviving, seeing it is my land, I would lock away a percentage of my land for conservation purposes and receive compensation. In that situation, would you be strict in terms of saying that that person has taken the decision that 10 per cent of the land will be used for conservation and they will be locked in for perpetuity for it, or can I reverse that decision during the good times? What is your view on that?

Mrs Martin—I think they would have a responsibility to the community to leave it as such.

Mr Moody—I think, for it to be locked in in the first place, the community have put some environmental importance on that particular piece of land. I think part of the agreement for compensation would be to make a commitment that that land stays there for environmental purposes. That would be my view.

Mr BARRESI—So you would not see it as a defined contract arrangement with a sunset clause to it?

Mr Moody—I think it would have to be some sort of arrangement where that piece of land is kept for environmental purposes for ever and a day.

CHAIR—If it were an act of parliament, it would be up to a subsequent parliament to decide.

Mr Moody—Yes.

Mr BILLSON—Just bringing the two thoughts together, with the aggregation of things like carbon credits, no-one is going to trade half a tonne of CO₂ sequestered, because it amounts to a poopteenth of not much of anything and the transaction costs would be more than the value of the credit. Is there some argument that says that the catchment management authorities, the local councils, a cooperative of property owners in an area, should be able to not only aggregate their sequestration credits but also act amongst themselves to deliver these trade-offs on vegetation losses and gains and then have the areas set aside for conservation purposes protected through the planning scheme, or something like that, so that the whole world knows if there is a move on to strip that status; so you could actually get the tools in place? It just

concerns me that some of these good ideas fall over because they are very hard to implement on a one-to-one property basis. You actually need a bit more wiggle room to bring in other landholders, share the benefits and try to put the vegetation gains in places where they are best suited.

Mr Pollock—I think that is a good suggestion actually. If you think about it, the same thing applies for the wood that farm forestry might produce too. If you have a fairly small planting—it might be 10 hectares all planted over a fairly short time—there are not going to be too many millers who would be interested in buying and setting up a mill for that and having nothing more. So there are cooperatives emerging now which are aggregating the volumes of wood from the smaller lot growers, anyway, and placing that on the market. The Internet is being used for some of that marketing stuff right now, and there are some more proposals in place, if you like, to have that happen. To encourage marketing cooperatives seems to be a good way to go for the wood products, and certainly those same principles will need to be applied to the other benefits as well. Certainly, the catchment management authorities and so on have a vested interest, I think, and a responsibility for ensuring that those sorts of things happen. They may well be a facilitating group for that.

Around much of Australia we have groups called regional plantation committees—and under various names—which are looking at the concept of production marketing opportunities for the wood products. There is no reason why they should not be involved in that also. A partnership between those two groups of people, if you like, at the regional level might be most appropriate. In Victoria, for example, there are roughly two catchment management authorities for each of the regional plantation committees—these things never overlap exactly; the regional plantation committees are slightly larger in geographic area—looking at wood flows. One could notionally say that, with some of these environmental benefit products, there could be a slightly larger group as well. But, yes, that is a great structure.

Mr BILLSON—Picking up the point that was spoken of earlier where you have a stand of trees standing between a significant investment and getting the highest and best sustainable use out of the land, you would all know that within a district there are dodgy, useless shaped paddocks that you cannot do anything with because you cannot get machinery in there. A lot of the farm forestry issues are about management obstacles and have nothing to do with where the trees are. It seems as though most of the tools that people are talking about we have with us. It is just that we have not quite got it right on the forms and structures that support their implementation. That is where we are running into our biggest hurdle.

Mr Pollock—That is where this concept we had of loss at the bottom line in some of those things comes in. You can do a bit of giving and taking on some of those odd shaped little bits and pieces to the benefit of natural resource issues as well as the commercial returns that might come for the remainder of the property.

CHAIR—I am not a negative person, but I keep on raising caveat emptor with this carbon trading.

Mr Pollock—You are going long if you are buying them now.

CHAIR—There are a lot of people running around with ideas but it still has not developed as a market, and we have to be very careful.

Mr Pollock—That is right. But the water is going to be the next one. Water comes square into this area.

CHAIR—Water is a possibility. Thank you. That is terrific.

Mr McKerrow—Can I make one quick final point to add to Angus's comments in answer to Bruce Billson. It is important with these environmental services, products and benefits to use that sort of language and then in turn speak about payments for delivery of those services to society perhaps, rather than cost sharing, which is a common term—particularly using the term 'payment'—because if we are not careful we are going to jeopardise some of our international trading obligations if there is a whiff of government subsidy. It is important that we agree on wording.

CHAIR—That is a good point. Thank you very much.

[2.12 p.m.]

BINNING, Mr Carl Eric, Steering Committee Member, Ecosystem Services, Goulburn Broken Catchment Management Authority

McLENNAN, Mr John Roderick, Consultant, Biodiversity Committee Coordinator, Goulburn Broken Catchment Management Authority

McPHERSON, Ms Dianne, Board Member, Goulburn Broken Catchment Management Authority

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Ms McPherson—I have chaired the native vegetation plan steering committee and now the biodiversity committee. I am also the chairperson of the joint steering committee for the ecosystem services project that we are doing with CSIRO.

Mr McLennan—I work as a private consultant and one of the jobs I do is to coordinate the Goulburn Broken Catchment Management Authority's Biodiversity Committee.

Mr Binning—I am here as one of the members of the project team working on the ecosystem services project. I also have a fairly long background in thinking about cost sharing arrangements.

CHAIR—We would probably like to meet you later as well on those particular issues. Although the committee does not require you to give evidence under oath, I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make a brief opening submission to follow up your written submission?

Ms McPherson—When we inquire into public good conservation, what we are really attempting to do is to operationalise sustainability. According to Sylvia Earle, a leading American aquanaut, it has taken us 4.5 billion years in the history of this planet to reach this stage we are now at. We have not even begun to understand the magnitude of what we do not know. We very definitely do not know how to recreate the complex ecosystems that we are currently destroying. It has been said that we are destroying our children's future.

Doctor Jim Cullen, head of entomology at CSIRO, estimates that about a quarter of all plants, animals, fungi and micro-organisms may be extinct by the year 2025. In our catchment we already have four extinct species. We have 95 plants that are rare or threatened and 85 animals that are threatened.

Sustainability is a term that is bandied around with little real knowledge of what exactly is implied. In current agricultural accounting practices, projections which show increased yields

are equated with sustainability, yet already we have seen evidence that overseas investors are placing far greater importance on the security of the land and water supply which underpins the operation than they do on the cost. Banking also is beginning to ascertain the sustainability of a property before allowing loans to be taken out. Environmental legislation and policy setting tend to be reactive, never ahead of the problem. Our state biodiversity strategy is primarily a nature conservation strategy. We need to see biodiversity in its wider context. Rather than focusing on our plants and animals alone, we need to incorporate the ecosystems, the air, the micro-organisms, the soil, fungi, bacteria, invertebrates in the water and genetically modified organisms.

What we need to do is determine what really sustainable production means. We need to understand the links between ecological processes and economic production. We need to increase the marketability of our products overseas. We need to take advantage of the benefits of ecosystem services in land use planning and natural resource management decisions. We need to understand cost share and what constitutes duty of care. The level has been rising in line with community expectations in legislation and yet it has not been accompanied by proportional public investment. Sustainability we believe will only be achieved through enhancement, and this is well beyond duty of care. How do we distinguish between private versus public benefit and how do we divide the costs? We need to be looking at the farm, the local, the regional, the national and the global level.

It is very fortuitous that Carl Binning happened to be in our catchment so he could come with us today. Carl will be handling all your extremely difficult questions about cost sharing. Carl is part of the ecosystems project which is looking at the nature and value of Australia's ecosystem services. It is a three- to four-year project funded by the Myer Foundation and CSIRO. In a nutshell, they are looking at what are nature's benefits, what are they dependent on to survive, who benefits from them and to what degree. The services include production of goods, regeneration processes, stabilising processes and life-fulfilling functions—and these services worldwide are valued at about \$US16 trillion to \$US24 trillion per annum.

I would like to move away from the scientific and just create a picture in your mind. When we think of ecosystem services, what we are really talking about is a silent army, invisible, out there working 24 hours a day for us, and all entirely free. They are out there churning up our soils, filtering our water, chewing up our waste, disposing of toxins, pollinating our plants, cycling our nutrients, helping to control our floods, supplying medicinal products and aiding in pest control.

I would just like to put this into the context of our catchment. I might just get this document handed around, and I would like you to refer to pages 18 and 19. What these two maps show is broad vegetation types pre-European settlement, and then on the other page, map 4, what it looks like now, as at 1993.

CHAIR—What pages were they?

Ms McPherson—Pages 18 and 19.

Mr McLennan—In the centre; there are two separate sections.

Ms McPherson—What this tells us is that we have already lost two-thirds of the vegetation in our catchment. Most of what remains is on private land. There are some broad vegetation types where we have less than one per cent remaining. This is really just to show you the extent of the problem. In all cases we thought that we could solve our problems through best management practices—and we do lead the field in numerous ways—but in some cases the land use is just fundamentally wrong. I can cite the Lower Goulburn rehabilitation scheme as an example of this. We have a river where the capacity upstream is 185,000 megalitres per day; downstream, where it narrows down into a very narrow funnel, it is only 37,000 megalitres per day. That is an example of where the land use is just not working. It floods with great regularity—on average, once every 10 years. It is currently used for dryland grazing, with a bit of mixed cropping, but it is a perfect example of where we could start to see large-scale landscape change with some Commonwealth investment.

The benefit to cost ratio of the scheme—and I will hand out these pamphlets to make it a little easier—is 1.76 to one. That is not really including the environmental benefits; that is pretty well a straight economic cost-benefit analysis. The reason we looked at this was that we found we no longer had any disaster relief funding unless we addressed the problem of our levees, which are consistently failing and would take quite a deal of money to rectify. I am using this as an example to say that we are often fiddling around at the edges when we are looking at our incentives and some of the cost share arrangements. We need to expand our thinking into very large, landscape-scale change. We have other examples in our catchment, though none of them worked through to quite this degree.

There is expected to be an increase in agricultural production by farmers but less land used—that is, there will be fewer farmers using less of the land. Farming will be concentrated in more productive soils. This will leave tracts of land, providing a good opportunity for large-scale contributions to our natural resource base.

These are all things that require fairly large-scale, significant public investment, but there are things we can also do in the interim. I believe the funding process is fundamentally flawed, with unrealistic time lines both to prepare submissions and to complete projects. We cannot build in three years what it has taken us decades to destroy. We are having conflicting directives from ministers, uncertainty and inconsistencies. We have instances where bids have failed and yet have been approved the following year, when there was significant additional funding being spent on employment, as opposed to on-ground works. So it is quite confusing.

We need to encourage large integrated projects rather than small isolated projects that are inherently inefficient. We estimate that it cost our catchment about \$300,000 in staff and consultants' time just to coordinate and assess our NHT projects. This did not actually include Landcare's contribution, where you can probably multiply it by four—or at least three. It is not an ideal situation.

We believe also that incentives should reflect public benefit. So the more benefits a farmer can demonstrate the works will achieve in salinity, water control and vegetation, the greater the incentive should be. Our approach to environmental management grants is very innovative, and I think we have had quite a bit of interest from other catchments throughout Australia.

After listening to the previous session, I am trying to make sure that we are not just fiddling around the edges. We have to think on a very large scale if we are to solve our current problems. I have not gone into any of the details. We would like to discuss with you more in the next section the need to gain a commitment from Commonwealth agencies to develop integrated programs that will encourage multiple benefits. We need provisions of funding on a regional basis to determine landscape-scale, cost-effective actions that enhance the entire suite of ecosystem services. Very importantly, we need to ready urban Australians for the greater contribution that they will be expected to make to the management of ecosystem services. Lastly, we need to enter into a true cost-share approach to management of Australia's native vegetation.

CHAIR—Thank you. Would anyone else like to add to those comments? If not, I invite Bruce to ask some questions.

Mr BILLSON—We have been briefed on this project before and we walked over some of the areas, so I will not spend too much time on it. The point that comes out of your comments—and reflects on this project as well—is the extent to which we work through the reasonable expectations of the beneficiaries and the actions that they would otherwise take on their own, recognising their own benefits and what additional or different effort is required to bring about a broader public good outcome. This question might be best addressed to Mr Binning. Are you canvassing in your ecosystems work how to value improvements, what needs to be encouraged and what has a dividend back to the landowner in its own right? Are those the sorts of things you have been canvassing in your catchment?

Mr Binning—Firstly, on the ecosystem services, I think we are trying to quantify the benefits to different parties from taking different on-ground actions. That will take quite a while to achieve. You also alluded to the question: what do we do once we decide that the public benefits outweigh the private benefits?

The first thing we have to acknowledge is that the responsibilities of landowners will evolve through time. What was appropriate 20 years ago is not appropriate now. We have to be very careful not to lock ourselves in; we have to allow the rules and norms of society to evolve through time. In some previous work we asked: can we expect this as part of a normal business operation? If we want to change what landowners are doing today, can we help them make the transition? The first cost-share arrangement would be a one-off payment to assist in making the transition to a new, more balanced landscape. If you want that change to be permanent but reflected in the land-holders responsibilities, that sort of transition arrangement might be the most appropriate. If you want ongoing stewardship, where you require very active ongoing management for conservation values, we would argue that you can secure that through time only through an ongoing stewardship payment.

Finally, I think it is very important to recognise that we cannot apply just one set of rules to all situations. There has to be a set of judgments. We must ask: are we trying to make a permanent change; do we think the landowners should ultimately hold the responsibility but do we need to help them get there; or is this really just too great a burden on the landowner and we will need to fund them on an ongoing basis?

Mr BILLSON—Your submission talks about retiring certain areas of real estate, and land uses in particular. Do you feel there is a need for some new structure to make that highly political judgment call about what the technology, the science and best practice means? Do you need skills to arrive at that conclusion? What are the social and adjustment-type calls that need to be made to have that sort of direct impact on people who will feel that they are carrying a disproportionate burden of this adjustment challenge? How do you go about easing them off that land—if that is the outcome—and into some other activity that will be productive for their lives and their futures?

Ms McPherson—To a large extent, the current market forces will be making those decisions. A lot of the restructuring will occur without our intervention.

Mr BILLSON—Through what—rundown of property values?

Ms McPherson—Not getting enough returns; larger corporations having the ability to take it over. That then gives you the chance to look at a larger operation and to separate the land that is not quite as productive. They are the areas that we are looking at and where maybe we can start building up our natural resource base.

Mr BILLSON—So it is a portion within a larger productive parcel?

Ms McPherson—Within—yes. The other thing that I should have pointed out with regard to the Lower Goulburn is that really was not an outcome of looking at how we could increase our area of vegetation. It was a problem with flooding. It was a straight economic solution. But we do have other areas in our hill country that are mobilising salt sediments—nutrients—and significant weed problems, with no real return from the limited dryland grazing on them. That is an area in which we might start to look at intervening because, if some of that land were perhaps subdivided and changed to an urban rural zone, you could work with the developer to make sure that you retain the hillsides and keep them vegetated, for instance. You could have covenants on the vegetation. We are looking at all sorts of different ways at the moment.

Mr BARRESI—What about the second half of Mr Billson's question, which was about the model?

Mr BILLSON—It is on the institutional structure to make those sorts of calls. You have not had the benefit of some of the other travels we have done, but there is an increasing view that some of those really difficult sharp-edged judgment calls need to be made. It is all well and good having the best scientific advice, but it often might not reflect the public sentiment or the accountability for making those more political, socially interventionist calls.

CHAIR—The socioeconomic effects on the area.

Mr BILLSON—Yes, and whether you need to look at the skills based board arrangement that you guys have supplemented with some public accountability mechanisms where someone can get beaten up if people do not agree with them. It is just whether those models need to change a bit.

Ms McPherson—Perhaps our biggest problem, when we look at the social elements, is this indecision. We see it with bypasses and highways, and we are seeing it with this Lower Goulburn scheme. It is actually the indecisions which cause a great deal of social pressure. In that case, if we were to look at it, there are in fact only 10 landowners who are probably going to be very upset with this. We would have to look at them on an individual basis, and we would be putting a lot of effort into that.

Mr BILLSON—You would feel the catchment authority has that?

Ms McPherson—That is what we would have to do.

Mr BILLSON—Do you have the tools to do that well?

Ms McPherson—Not necessarily at the moment, but we would make sure that we access the right tools for that, because we are very aware of that problem.

Mr McLennan—What would you categorise as the right tools?

Ms McPherson—Probably the right staff, for a start.

Mr BYRNE—But if you had a group of people who were going to be fairly severely disadvantaged, say just in the short term economics, how would you cope with that?

Ms McPherson—I do not know whether they are going to be disadvantaged economically, actually.

Mr BYRNE—Applying your model broadly, could you say, on a theoretical basis, that you will have groups of people—farmers, et cetera—who will come to you and say, ‘I am going to be economically disadvantaged’? You talk about indecision. Just say you are in a situation where you say, ‘Okay we’re going to do this,’ what is the mechanism that you then use to cope with those groups of disaffected individuals, farmers, et cetera?

Mr Binning—From my perspective, these are large, once-off decisions which almost have to be dealt with in their own right. Quite clearly, you are making a decision to, in this case, remove some levee banks. That is going to flood some land and render some farms unviable. You need to treat that situation on its merits and with equity.

Here there is a clear case for structural adjustment and compensation because the impacts are very acute on a very small number of property owners who are going to be rendered unviable. You need almost a special mechanism to deal with those once-off cases. In a broader context, there are other models that can be used. Land swaps were mentioned in the previous discussion, but there is also this concept of a revolving fund where you purchase land, rezone it and resell it to a willing buyer. I think it is a matter of getting a fuller toolbox of different tools that we can apply to different situations, particularly when they are specific proposals that relate to specific land use changes. It is not about saying that we need a single model to address these but saying that we need some principles to deal with these situations equitably and that we have a toolbox there sitting behind us saying, ‘These are the different ways in which we can manage a structural adjustment process.’

Mr BILLSON—I guess what we are all angling at is that, getting more into judgment call areas, at the moment the best tool we have is called politics: if you don't like the way it is handled, you kick the buggers out. That is not perfect but it helps to deal with these competing interests and the like, whereas under the model you are talking about you do not actually have that release valve where, if people really get unhappy with what is going on, having a concerned, empathetic 'Yes, we are sorry it has caused you great problems but we think it is the right thing to do. Keep going' is not going to take the community with you in all cases. You can get by with that for a while, but at some point—

Ms McPherson—This is by no means a new situation.

Mr BILLSON—No, I agree, but it is new that it is an appointed outfit making the call rather than an elected outfit. You can take the Puffing Billy railway line, where you have buy-back and acquisition, and Crib Point down in Westernport where you had buy-back. They are similar sorts of tools, but at the end of the day the buck stopped with an elected outfit.

Mr Binning—I have just one comment on that. I think that it has to be accepted that there is a concurrence of responsibility between the different spheres of government here, and so local councils are very actively engaged in these issues, as are state councils. I suppose that it is not a coincidence that you have all heard of this proposal because of the controversy that it creates.

Mr BILLSON—Every time we go near Shepparton we hear about it.

Mr Binning—So I would probably conclude by saying that we do not need a new institution to deal with this but what we need to do is look pretty hard at the relative roles and responsibilities of those different players.

CHAIR—What is the percentage of support in the community for this?

Ms McPherson—It is about 60 per cent. We have about 95 land-holders that are affected, and 10 houses, I think. In fact, we are getting comments the other way, saying, 'Hurry up on this. We're really in favour of it and we're waiting for you to push it.'

CHAIR—They have their cheque books out, have they?

Ms McPherson—Exactly.

Mr BILLSON—On the basis that the Commonwealth will pay for it.

Ms McPherson—Exactly, and they are by far the larger proportion of responses.

CHAIR—Has there been a costing done?

Ms McPherson—Yes, \$21.7 million.

CHAIR—The vegetation map, map 3, which is pre-European, where did the data come from?

Mr McLennan—The data has come from the Department of Natural Resources and Environment. The broad vegetation type is based on a fairly coarse system of looking at things like soil types to determine what the vegetation is there.

CHAIR—Do they take into account the effect of Aboriginal burning on the landscape?

Mr McLennan—I would expect that would have been taken into account.

CHAIR—It has not in other areas.

Mr McLennan—I am not certain, but I would expect it would have been.

CHAIR—The science that was used to develop this, would the CSIRO put their reputation on it?

Mr Binning—We have not been directly involved in this study, although we have been involved in similar studies, and there is a pretty good set of tools for estimating pre-European vegetation. The thing that we at CSIRO would emphasise is that understanding what was there provides a good basis for planning but not necessarily for setting objectives. What you need to do is understand what was there and where you are today, and then you need to say, 'What is the landscape that we want to achieve? What are the objectives we want to achieve in this landscape?' and use the two as a tool for moving in that direction. The one thing that is unfortunate, from my perspective, about the pre-European mapping is that people make this assumption that that is where we want to return to. The Goulburn Broken is one of the food baskets of Australia. It would continue to be so, but we need this information to provide a basis for planning for conservation management into the future.

Mrs VALE—My understanding, from you are saying, is that you actually intended to change the land use. Is that right? You were saying that the land use in this particular valley has just been inappropriate.

Ms McPherson—No. Most of it is all right, but there are areas where it is not all right. That is one point. The other point is that we think structural readjustment will change it of its own course.

Mrs VALE—Taking Mr Binning's point that we do not want to go back to that, exactly what is the consensus of the people there? What would you like to take it back to? What will the land still be used for? What is the positive land use? Sorry; I have asked too many questions.

Mr McLennan—No, that is fine. Just ask me again if I miss one of them. As Dianne suggested, of what was originally there, we have something like one or two per cent of some of the vegetation types remaining. They are usually on the best agricultural land. Ecologists tell us that, if we want to retain or encourage back some of the key species such as woodland birds, we need in the order of 30 to 35 per cent tree cover. Clearly, going back to 30 to 35 per cent represents absolutely monstrous change. It is probably something that the community is not ready to accept, and it is probably not achievable. What we have done is worked with our native vegetation planning steering committee and gone out and consulted on what the appropriate targets might be. We have suggested that, of those types that are severely depleted, we would

aim for something like 15 per cent of cover. That would represent something that is still an enormous change but something that might be achievable.

If you are going to achieve something of that magnitude, it is important to then work out whereabouts in the landscape are you going to be able to achieve that. Our fundamental philosophy is to focus on the best examples of the rarest types and build on those. They are the ones we have to build on. It requires some land use changes in order to achieve that. It might also result in having best practice for existing land use. We are finding that, if we maintain the same land use, we are not going to achieve our goals for nature conservation, let alone all of our other natural resource management issues. We have also suggested in the submission that the vision would be more agricultural production produced on less land and probably by fewer farmers. That is where it seems to be going.

Mrs VALE—How do you envisage the structural change in land use taking place? Do you feel it will be a natural evolution? I just did not quite follow how that was going to happen.

Mr McLennan—Some of the change in land use, as I think Dianne suggested, will be inevitable just as a result of markets and the more marginal agricultural land being changed towards something that is perhaps more beneficial. Some of it may come about through the age of land-holders, for example. The average age is increasing dramatically in some parts of the catchment, and there may be opportunities as the land changes hands for alternative land uses to start to come into place. That is perhaps one option.

Mrs VALE—What is your time frame in anticipating this will happen?

Mr McLennan—The goal of 15 per cent is over a 30-year time frame; the year 2030 is when we would like that to be achieved. While I have the floor, I would just indicate too that there is more refined information about. The catchment response at the start of the document you have is based on ecological vegetation class data which I think all of Victoria now has. That is more refined data, but the same principles apply about trying to increase those native vegetation types that have been largely cleared.

Mr Binning—We certainly need to send some signals out to the market about what sustainable land management is and how it might be achieved. I think the COAG water reform process is a pretty good example where there has been a 10-year reform process put in place to correct the price signal for water the land-holders are facing. I think environmental accreditation and management systems are an emerging area, but in a 10-year time horizon they could well become a reality.

Likewise, markets for providing clean water, if you are providing water into an urban catchment zone, are emerging areas, as is salt trading for the Murray-Darling Basin end of river caps. One of the big jobs we have is to work out how to pull this down to a regional level and provide something that is tractable to the landowner. We need to put some packages together on which landowners could put their hand up and say, 'Yes, if I can achieve that sort of return for undertaking environmental works on my property, I would be a willing participant.' Because all this stuff is hanging a bit loose at the moment and it is being developed, we need to find some way through that and to land it and make it much more pragmatic for the individual landowner. I think that is the big challenge we are facing.

CHAIR—Has there been a cost benefit done on it?

Mr McLennan—The whole plan or the project?

CHAIR—The project. You said that \$21.6 million was the cost, but has there been a cost benefit done on it—what improved value would we see for the community out of it?

Mr McLennan—Out of the Lower Goulburn project?

CHAIR—Yes.

Ms McPherson—Yes, there has been. PricewaterhouseCoopers has done a large amount of work. As I said before, the benefit cost is 1.76:1.

Mr McLennan—Which is updated information, I think.

Mr BILLSON—Yes, it is 1.9 in here.

CHAIR—You mentioned in your introduction that you were wanting federal government involvement. Given the Constitution, how would you see the federal government being involved?

Ms McPherson—Cash.

CHAIR—We do not have any control over land management decisions or whatever. They are state decisions.

Mr BILLSON—Cash?

CHAIR—That is the second question, I suppose. How did you see the split-up of payment for the \$21.6 million?

Ms McPherson—I am not in a position to answer these questions—

CHAIR—Could you take them on notice?

Ms McPherson—We certainly could take them back and I will check those answers.

CHAIR—This would be something that any government will ask—any Treasurer will certainly ask.

Ms McPherson—Yes, I am just the wrong person to be asking. It has been done, and we can get that information to you.

Mr JENKINS—Can I ask about the target increasing to 15 per cent. Have you calculated how much of that you can achieve as a consequence of your other natural resource activities

within the catchment? So, in all the other things that you are doing, how much further would you have to go to reach the 15 per cent?

Mr McLennan—Those calculations have not been done. But that is an excellent point that you have raised, and we do have a very strong principle of encouraging integration of the projects and trying to encourage multiple benefits. So one of the things that we are doing at the moment—and it will come through with the ecosystem services project, too—is trying to work out the benefits of all of the activities that were undertaken. Some of the grants programs that were developed in the last 18 months within the catchment have been all about encouraging multiple benefits. And, as Dianne mentioned in the introduction, it is a fairly innovative approach. It is being expanded right across other parts of Australia—not all of Australia, but other regions are very interested in it. It started from looking at the waterways grants. The waterways grants initially put in place a certain incentive for the land-holder. If they were close to the waterway and put a fence in, that would provide a waterway benefit, but it would not provide any water quality benefit nor any nature conservation benefit if it was very close to the edge. But it provides stability. So the philosophy is that, the further you go out from the waterway, the greater the public benefit that is received and therefore the greater level of incentive that would be provided. We have expanded that to the terrestrial vegetation as well out on the plains. That is starting to take off quite well also.

But what we need to do—we are working on this presently—is work out the numbers. When you start to get that sort of thing happening, what is the overall result? How much is that towards the 15 per cent? Are we going to get, say, a five per cent contribution looking specifically at salinity? With the primary benefit being salinity control, does that make a five per cent contribution towards that 15 per cent? We do not know just yet, but that is what we are working on at the moment.

Mr JENKINS—The other thing that we have been trying to tease out over the last couple of days is the role that catchment management authorities have under the Native Vegetation Retention Act. I see that as an important tool in what you are trying to achieve with your 15 per cent, but you are at the side of the process. That has been the impression that we have been given. I am wondering whether there should be a more direct role for CMAs under that legislation.

Ms McPherson—You are talking about the native vegetation retention controls that are administered by local government?

Mr JENKINS—Yes.

Ms McPherson—On page 43 of the draft Goulburn Broken *Native vegetation plan*, we have the nature conservation priority action zones. The way we might be able to link up with local government is to basically transpose that as a vegetation protection overlay into the local planning schemes. It is a perennial question. Local government believe they should take over the role of the CMAs, and probably the reverse, so it is a matter really of communications and staying in close working contact with them to work out the best solution, I think.

Mr McLennan—The timing is incredible in that this is being launched today—I do not know whether you are aware of that—along with the other catchment authorities. There are native

vegetation plans, together with the state framework. We anticipate that the state framework might provide further direction on that. At this stage, the catchment authority is trying to fill a gap, I guess, to liaise with the regional community to come up with the best approach to dealing with native vegetation retention. The back of the document shows the draft approach to native vegetation retention controls in the Goulburn Broken catchment—it is right at the back.

Ms McPherson—It is worth pointing out, though, that ours was a pilot project. It has gone out to the public and has had responses—unlike the rest of the state.

CHAIR—There are high conservation areas which, not surprisingly, are along most of the creeks. How wide are they?

Mr McLennan—The information is on page 43 and has been updated. It has also been included in the catchment response, which is on page 13. It is all from satellite imagery and is about where the existing larger stands are—overlying on that is the vegetation types—and then seeing whether, within proximity, there are other stands that species might use. It just so happens that, of a lot of our remaining remnants, the biggest ones are associated with watercourses. So there is no set width for those things; it is to do with proximity, and the rules are listed in there.

CHAIR—Thank you very much. Before we break up I have to ask the committee to approve the two documents we have received. There being no objection, it is so ordered. The committee will accept the two documents, the first of which is the draft Goulburn Broken *Native vegetation plan* and the second, *Tackling flood problems on the Lower Goulburn River and floodplains*. There are also some leaflets here on new catchment centres; environmental grants for land-holders in the dryland. There being no members of the audience who would like to give evidence, I thank all the witnesses.

Committee adjourned at 2.55 p.m.

