
COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

# HOUSE OF REPRESENTATIVES

## STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE

**Reference: Public good conservation**

MONDAY, 11 SEPTEMBER 2000

INGHAM

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**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE**

**Monday, 20 November 2000**

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

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

**Terms of reference for the inquiry:**

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

**Committee met at 11.02 a.m.**

**BIDWELL, Mr Paul, General Manager, Policy, AgForce**

**CASEY, Ms Brianna, Senior Research Officer, Environment and Natural Resources, Queensland Farmers Federation**

**DALTON, Mr Graham, Executive Director, Queensland Farmers Federation**

**MAROHASY, Dr Jennifer, Environment Manager, Canegrowers**

**CHAIR**—I declare open this public hearing of the House of Representatives Standing Committee on Environment and Heritage for its inquiry into public good conservation. Today's hearing is the third for the inquiry. It is part of the committee's program of hearings and visits in different parts of Australia, which allow us to pursue some of the issues raised in the 243 written submissions to the inquiry and to meet with the authors of some of these submissions.

Tomorrow and Wednesday the committee will be visiting Nambour and Cardwell 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 groups involved with farm forestry, conservation and urban development. Our first witnesses will be from the Queensland Farmers Federation, AgForce and Canegrowers.

Although the committee does not require those appearing 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 submissions from all of the groups. So would you like to make some opening statements before we ask questions?

**Mr Dalton**—Perhaps I might open, Chairman. First of all, the Queensland Farmers Federation is the peak rural industry organisation in Queensland. It represents 80% to 85% of all farm businesses. Canegrowers and AgForce, which have made separate submissions, are members.

I would like to say, first of all, that farmers do value the environment and, as an organisation, we support strongly the concept of environmentally sustainable agriculture. What is important to us, though, is that many of the environmental standards for water and land management now exceed the requirements for environmental sustainability, and farmers—our members—are concerned about the inequitable cost to the farm business arising from natural resource management requirements above the duty of care.

There is, in our view, enormous cost associated with the uncertainty arising from these changing standards and what is basically an erosion of existing rights to use property. I am not saying that those changes should not be happening, but they are a cost to farmers. What we are saying is that we need systems of natural resource management that provide certainty and provide consistency. We submit that it is time the community was prepared to contribute to the cost of landscape and environmental outcomes imposed beyond the duty of care.

I will give a couple of examples and then hand back to the committee and my colleagues. As an example, many local governments in Queensland are now seeking to preserve the aesthetic and ideological elements of the landscape; it looks nice, we want to preserve it for the community. That reduces the capacity of our farms to operate as businesses. There is no recompense and no compensation for that loss in the economic value of the unit. If elements of the landscape are taken out of production and preserved for the wider community benefit, weeds and feral animal management are still a cost to our members, even when the land is out of production. There is no recompense and no compensation for those.

So what we are saying is that there is a cost to farmers for meeting changing environmental standards. Many of those standards are for the wider community benefit, not for the benefit of our farmers, and in our view some of the standards we see imposed are not yet based on sound science. So there are, I think, good grounds now for the community to have a fresh look at what is the public good element of environmental standards and to look at what can be done not just to compensate but to encourage, facilitate and reward managers of the landscape for achieving environmental outcomes.

**CHAIR**—Thank you, Mr Dalton. Anyone else? Does Canegrowers want to make an opening statement?

**Dr Marohasy**—Yes. Thank you for the opportunity to address the committee on public good conservation. Canegrowers represents the interests of 6,500 cane growing families from Mossman in the far north of the state to Beenleigh right on the New South Wales/Queensland border.

In 1995 the industry commissioned an environmental audit to look at the impact of the industry on the coastal landscapes as well as what growers were doing in terms of implementing sustainable practices and conservation measures. The audit was handed down in 1996. In 1997 I was employed, to some extent, as an agent of change. A year later our code of practice for sustainable cane growing, which I would like to table today, was endorsed by government. In a subsequent year we developed a fish habitat code of practice and we are currently developing with LWRRDC a code of practice for riparian management. This is a riparian booklet that we developed prior to 18 months ago but, as I said, there is a more technical code of practice being developed at this point in time.

In 1998 we put in a funding application to the Natural Heritage Trust to plant a million trees in cane growing regions in Queensland. As an industry organisation, we were keen to get more involved in the conservation side of land management. The application was not successful, though, as this report that I would also like to table shows. Over a million trees have nevertheless been planted—mostly by cane growers in cane growing regions in Queensland. We have an involvement in public good conservation and a huge interest in it as an organisation.

The submission that Canegrowers made to the inquiry makes three specific recommendations. I would like to read them out. Canegrowers recommends that all works by land-holders that have an obvious community benefit, including wetland construction, be eligible for a 150% tax deduction; Canegrowers asks that government departments better integrate and coordinate their activities so that they can more effectively support public good conservation measures currently being implemented by land-holders; Canegrowers asks that

government provide planning certainty to land-holders implementing or proposing to implement public good conservation.

I see planning certainty as a huge issue that has turned many issues that do not need to be so into emotive issues, particularly in coastal Queensland, because of uncertainty associated with plans that are mooted and that are then not implemented, with strategies that are developed and then not implemented, with new strategies that are developed and then not implemented and with planning schemes that are being developed, redrafted and perhaps implemented or perhaps not implemented.

Of particular concern to Queensland cane growers at this point in time is the introduction of the Vegetation Management Act and the current divisive politics which we believe are being played around this issue, further eroding land-holder confidence in government's ability to deliver fair, equitable and practical policies and regulations for environmental protection, including public good conservation.

Canegrowers recognises the need for regulation and legislation to protect rare and endangered vegetation on freehold land. We support, as an organisation, the protection of endangered vegetation, of-concern vegetation and we support the principle of a cap on vegetation clearing on freehold land. Most Queensland cane farmers farm freehold land in Queensland, and I understand the ABARE report that was not released indicates that we would probably be the major industry affected by the introduction of this legislation.

However, the introduction of the legislation must also be accompanied by fair and equitable compensation for the protection of native vegetation solely for community benefit. Our policy does not support compensation for the protection of vegetation that should be retained because it is on land vulnerable to degradation or the protection of vegetation that should be a land-holder's duty of care. But where vegetation is being protected solely for community benefit that is beyond duty of care, then there should be fair and equitable compensation.

The organisation believes that now is the time for government to show leadership and the community to demonstrate its commitment to the protection of the remaining remnant native vegetation in Queensland through fair and practical legislation, including fair compensation. I would also like to table Canegrowers' 'Principles for vegetation management'. We have 16 principles which we developed to underpin our position on the introduction of the Vegetation Management Act in Queensland.

**CHAIR**—Mr Bidwell, do you want to make an opening statement?

**Mr Bidwell**—Mr Chairman, I will make a few brief comments. Firstly, there is no doubt that some conservation measures have both a private benefit element and a public benefit element, which the discussion paper describes quite well.

As Graham and Jennifer picked up, we are pushing this concept of a duty of care to represent the private benefit. That is something that really is not in the document, but it is something that is well known to CSIRO and land and water ecology. So it is not rocket science, I suppose. Our view is that governments must be prepared to pay for the public benefit measures which are imposed on land-holders—that is the public benefit as opposed to the private benefit. I have

given the example in our submission where the market value of this person's property will be eroded to the extent of 30 per cent come Thursday and this person will be in a non-viable grazing enterprise.

It is an overall comment, I suppose, that governments need to have a very close examination of the concept of property rights. There has been a lot talked about it, but it has never been done. I appreciate it is not something that is the Commonwealth's responsibility under the Constitution—land management is a state exercise—but I think this inquiry is an ideal opportunity to perhaps kick-start that process of looking at property rights generally. I will not labor the recommendations we have made—obviously they are there—but they push this concept of a duty of care which equals the private benefit and governments to pay for anything above that private benefit—this so-called public benefit which is in conservation measures. I should also preface those comments by saying that AgForce represents the broadacre industries—that is, the graziers and the grain growers across the sweep of Queensland. Thank you.

**CHAIR**—Ms Casey?

**Ms Casey**—I think Graham has spoken adequately.

**CHAIR**—I might just ask one question to start with and hand it over to some of the committee so that I do not hog this. Can I ask anyone who wants to answer it: how do you define private duty of care and public duty of care?

**Mr Bidwell**—Can I have a go first?

**CHAIR**—Yes

**Mr Bidwell**—In my view, private duty of care is anything that has an impact on the bottom line for that enterprise. I will give you an example. It makes good economic sense to retain riparian strips, shade clumps, windbreaks—those sorts things. There have been trials done, through various departments of primary industry across Australia, which show that an impact gives you a positive bottom-line effect by leaving an amount of vegetation for those purposes. So that is private benefit.

**CHAIR**—But that would be different in the eye of the beholder, would it not?

**Mr Bidwell**—A lot of this, the science, is unarguable. For example, if you keep windbreaks of a certain distance, then the wind does not come in and trash whatever crop you are growing, or it improves the lambing rates or the calving rates. A lot of that can be proven beyond doubt at a local level.

**Ms Casey**—If I may, the Queensland Environmental Protection Act also stipulates an environmental duty of care on the land-holder. So that actually is legislated across the state. That identifies sensitive places, such as wetlands.

**CHAIR**—It defines certain issues?

**Ms Casey**— It defines certain issues, it defines sensitive places which may be wetlands or the Great Barrier Reef Marine Park, which is where you do have that duty of care to protect those sensitive areas.

**Mr Dalton**—You are right. There is an eye of the beholder effect. A lot of this is in regulation, or it would be enshrined in regulation, and that would be a negotiated process based on best science and based on input from the stakeholders. You are never going to get it perfectly right, but you make the best shot of it at any point of time in defining what is duty of care and what is public good. There is always going to be a margin for debate, but existing regulations do that in a whole range of activities.

**Dr Marohasy**—The Canegrowers' code of practice, recognised under the Environmental Protection Act, talks about minimising off-farm impacts, and for us that is duty of care. But when one is retaining, for example, a significant amount of vegetation on-farm for community benefit, that is not duty of care—or construction of a wetland, which is above and beyond techniques that can be implemented to minimise downstream impacts.

**CHAIR**—So instead of any hard and fast statutory regulations, you would have that code of practice.

**Dr Marohasy**—We have the code of practice and we have subsequently a fish habitat code of practice. We are now developing three other codes of practice to try to ensure that growers are meeting their duty of care, but that also does help us. I guess our focus at this point in time is ensuring that we understand and can meet our duty of care individually and collectively as an industry.

**Mr BILLSON**—There is an enormous gap between what you just said, between no off-farm impact being a reasonable definition of duty of care—

**Dr Marohasy**—Minimising off-farm impacts.

**Mr BILLSON**—That narrows it somewhat to what is commercial and what is not. That is the debate that we are having. There is an implication in here that a lot of legislation of measures by the Queensland government have been an unreasonable imposition. They represent pretty much best practice in other jurisdictions. Is that something that the two organisations are coming close together on?

**Mr Bidwell**—Can I just go back a step? Brianna raised this Environmental Protection Act, which talks about you having a duty of care not to cause environmental harm. That is all it says, and it gives a very broad definition of 'environmental harm'.

**CHAIR**—So who assesses that?

**Mr Bidwell**—That is a very good question. Nobody at the moment.

**Dr Marohasy**—The idea is that industries develop their own codes of practice and those codes of practice define those issues specific to those industries. Not all industries have

developed codes of practice, so they do not have quite the same handle on the concept of duty of care.

**Mr Bidwell**—If I could just—

**CHAIR**—Could I just interrupt again? I am sorry, but I am sure that the vast majority of farmers would probably try to comply with a code of practice, but what about the rebels who refuse? What do you do then? What is the enforcement?

**Mr Dalton**—There are very significant penalties under the Environmental Protection Act if harm has been demonstrated.

**CHAIR**—Who assesses that?

**Mr Dalton**—The Environmental Protection Agency in Queensland, as they do in other states. The law is no different if you pour chemicals down a river system than in other states.

**Mr Bidwell**—What you just said is one of the reasons why we are very keen to push this, and for vegetation management: to have a reasonable planning process which will determine regional guidelines—local problems fixed at a local level. Those regional plans will enunciate or articulate the duty of care and a person has to have a property plan that is consistent with those regional guidelines. That property plan will articulate at a property level what the duty of care is.

**Mr BILLSON**—But using your definition, that would be a property plan that incorporates sound business practice as distinct from a duty of care that delivers minimal off-farm impacts compared to another jurisdiction where the whole concept of a priority right is peaceful enjoyment; that is, 'Do not take away from anybody else's property right in exercising your own', which is another standard again.

**Mr Bidwell**—Yes.

**Mr Dalton**—I think that you are trying to draw a distinction that really is not there.

**Mr BILLSON**—I am convinced it is there, Graham.

**Mr Dalton**—Between the two approaches.

**Mr BILLSON**—The nods seem to indicate that I was not too far off the track. So maybe you guys can explain that, because I think that there is quite a difference there, which is at the heart of what we are trying to work out.

**Mr Bidwell**—Sure.

**Mr BILLSON**—Because everyone says 'duty of care', and you feel all warm inside and you think, 'We are all using the same language', but when you drill down on it, people have vastly different understandings of what that actually means.

**Mr Bidwell**—But that is to be expected, almost, if you look at the Industry Commission report into the ESLM.

**Mr BILLSON**—It is to a point, but if you are going to have taxpayers paying for the difference, if you are asking taxpayers to compensate people for anything above duty of care, it makes a hell of a difference.

**Mr Bidwell**—Absolutely.

**Mr BILLSON**—Those distinctions, and we need to get a bit clear on what they are—

**Mr Bidwell**—Our only principle is that this duty of care has got to be negotiated. You cannot have a state wide duty of care, from the grazing industry's perspective at least, because things need to be done differently in different parts of the state. So what is a fair standard in the gulf country is not a fair standard in south-east Queensland or for the Channel Country.

**Mr BILLSON**—So the bucket of compensation, if it was greater, might make the duty of care greater, whereas if the bucket of compensation was a bit thin on the ground, you would be looking for a reasonably accommodating duty of care?

**Mr Dalton**—Can I respond to that?

**Mr Bidwell**—I would hope that you would not do it that way, because I think that you have got the principles back to front.

**Mr BILLSON**—I agree with you, but I am just trying to understand what you are on about.

**Mr Dalton**—I think that it is for the community to some extent to define what it wants as a duty of care, but that is negotiated.

**CHAIR**—Which community?

**Mr Dalton**—The wider Australian community, but it involves science and the science is negotiable as well. We are saying that regional processes are a good way of doing it, because a riparian zone on a gulf river system is going to be very different than the necessary riparian zone on a tropical river system flowing into the Barrier Reef. The numbers associated with that are going to be very different.

**Mr BILLSON**—But would you imagine, Graham, that your property right involves not having someone else do something that detracts from what you can do on your property?

**Mr Dalton**—The externality?

**Mr BILLSON**—Absolutely.

**Mr Dalton**—That is, in essence, what this is all about—the externalities and making sure that they are manageable. It is a complex argument, and we are not going to cover it in the next half-hour.

**Mr BILLSON**—I understand that. That is just one day's worth. We are trying to get to the nub of it.

**Mr Dalton**—I am trying to find words that bring it down.

**CHAIR**—We are trying to come to terms with it, too. That is why we are asking.

**Mr Dalton**—But you have got existing rights, and that is probably the issue. We are talking about changing rights. You have rights engendered in the property: you do have a right to carry on business under existing legislation. What we are saying is that when those rights are eroded, or the bars are moved for environmental reasons, we need to look at what is duty of care. If a duty of care is something that the community requires, that we agree on, what is there for the public good and does it have an impact on the farm?

**Mr BILLSON**—But you have said in there that those rights amount to someone's expectations on what they can do on their property.

**CHAIR**—We will come back to that on property rights. Dr Marohasy?

**Dr Marohasy**—The cane industry prefers to define its own duty of care, because we believe that we understand the business of cane growing. That is why we have a put a lot of work into developing our general code of practice and developing subsequent codes of practice. So we would prefer to be the ones who define what was duty of care when undertaking the business of cane growing, and how a cane farmer can best minimise impacts on the environment through adherence to the code of practice. A lot of the issues that we have touched on in our code of practice and the codes of practice that we are developing fall under section 1 of our environment management strategy, which again is about sustainable farming and minimising off-farm impacts.

We have a second section to our environment management strategy, which is titled something along the lines of balancing sustainable production and the protection of natural systems. That is where we see that cane growers are doing things like, for example, putting in wetlands, protecting vegetation, seeking covenants with rate relief and things like that for community benefit. That is a whole separate section of our environment management strategy.

It was an outcome under that strategy to put in the application to the Natural Heritage Trust, for example, for funding to plant the million trees in cane growing catchments. So we believe to some extent that, as an industry, we are in-house working very hard to make sure that we meet our duty of care and more.

I guess it was a big move in 1998 to put in that submission to the Natural Heritage Trust. There was a lot of internal anxiety. We started off with an environmental audit. We are moving to make sure we are meeting duty of care, meeting minimum requirements as an industry and as much as possible not tolerating cowboy operators. But now we really want to move into another

phase, which is about protection of the environment for community benefit, because a lot of that is already happening within the industry.

There one tends to be up against a brick wall. Also, for example, tax benefits and other things as they have tended to come in have focused on the needs of the grazing industry, or broadacre industries, and have not recognised a lot of the things that are happening in coastal Queensland. Again I use the example of wetland construction. It is very difficult for cane growers who are looking to do more than a recognised duty of care to actually access some support.

I guess the industry is terribly frustrated with the government's handling of the Vegetation Management Act, because we recognise as an industry the need to protect land that is endangered and of concern. Regional planning and cane production area assignment systems recognise the need to protect these areas. Yet there seems to be no clear government leadership being shown on the issue and the planning uncertainties associated with the introduction of that legislation. The coastal management plan, which is currently being developed in Queensland, is also creating a lot of uncertainty, which undermines land-holders' belief that if they do the right thing they will somehow be rewarded in the future.

**CHAIR**—You have mentioned that to us. I am trying to get to Mrs Gallus, who wants to ask a question, but you did raise an interesting point. You have mentioned it about two or three times before. This is the position: you are frustrated with the Vegetation Management Act in Queensland but, as cane growers, would you not be coming from an historical position of strength, because in your areas all the vegetation was cleared long ago?

**Dr Marohasy**—There are huge areas of concern and that are endangered within the central cost, the tablelands region and Proserpine. I understand that a report that was commissioned by the government indicated that we would have been the industry most affected.

**CHAIR**—Mr Bidwell?

**Mr Bidwell**—Just as an example of the difficulty we have got in discussing where the duty of care lies, I will deal with tree clearing, which causes salinity. If, on my property, I am told by the scientists that if I clear these trees I would have a salinity problem on my property, we are saying that is duty of care. It makes no sense for me to go and clear it. But if I clear trees on my property, which cause Senator Hill to have salty drinking water, so the externality, we are saying that is not a duty of care.

**Mrs GALLUS**—So you think they should be compensated by the government?

**Mr Bidwell**—Yes.

**CHAIR**—There is a South Australian here, so you will get a question.

**Mr Bidwell**—I understand that.

**Mrs GALLUS**—I am rather curious then about this distinction between public and private duty of care. Just clear me up a bit on this. That is a fairly good example that you have given. So you have got this uncleared land, you want to clear it, you are probably a bit on the side of a

hill so it is not going to cause any problems to you, but eventually that is going to cause enormous salinity problems for the property next door. I understand that salinity is not the huge problem here that it is in other parts of the country, but it is not a bad example. So by your action, you have actually acted to the extreme detriment of the environment to somebody else, and you are saying to me, 'So if I do not do this, you should pay me.' Can I ask—and I will start with you, Paul, but perhaps you all might like to give me an answer to this—about, say, an industry in my town and that industry is stuffing out sulfur. It gets absolutely no benefit when it reduces whatever it is sticking out into the air itself and it does get quite a reduction in profits. As you indicated, one of your farmers would not be viable once the conditions come in. I can assure you that, in the city, a lot of industries become not viable once you bring in standards of environmental care. If industries in the city are forced to pay under the duty of care for a public benefit which has no private benefit at all and quite a detrimental private benefit to the industry, why should it be any different in the country?

**Mr Bidwell**—I cannot argue against that analogy or example. However, if you look at town planning as an example, the same thing applies in the city or in the country. I live in Brisbane and if there is a 'downzoning' of my property I am able to get compensation. That is the analogy I am drawing. You have got me there with the example of industry being forced to comply with new standards. But for every example there will be another one, I suppose.

**Mrs GALLUS**—I think you are quite right; I do not think it is an example; I do not even think that it is an analogy; I think it is a straight comparison. We are in a world now where we recognise the rape that has occurred to the environment. Everybody now has to contribute. Just as industry has to stop polluting so do the farmers, whether they are graziers, cane growers or whoever else. There is a public duty of care for you to stop doing something, such as not taking down a stand of trees or clearing, because of the devastating environmental effects that will have for someone else. I cannot see why you should be compensated.

**Mr Bidwell**—Can I just respond with one point: it is a property rights issue. Again, from a town planning perspective, it would apply equally; it does not matter where you are in Queensland, whether it is urban, regional or rural. I do not know whether the property rights issue applies as much to your industrial—

**Mrs GALLUS**—I think you will find property rights are changing somewhat.

**Dr Marohasy**—We would not, as a cane growing industry, support clearing on a slope that was going to have a negative impact on a neighbour. We support catchment-level planning. We have been very involved in integrated catchment management. We recognise that sustainability is about catchment sustainability and it is about developing catchment-level plans that can then be cleverly implemented by the land-holders within the catchment. We support the protection of native vegetation to a level of 20 per cent within a catchment area. This comes back to my point about the need for planning, for the planning to be clear and for those plans to be implemented. What has been the problem in Queensland is that we started off with catchment plans some 10 years ago. Then they said, 'You can't get any HT money under the catchment plans that have been developed. You have to develop regional plans that link more than one catchment.' Some of these land-holders who had put a lot of time and effort into the development of the catchment plans started putting a lot of time and effort into the development of the regional plans. Until those regional plans were fairly advanced they could not get any HT money. Now those regional

plans are fairly advanced and they are being told, 'Well, there's no money', or, 'We're not putting money into this or that.' Then along came coastal management planning. On top of that you have got regional committees being set up under the Vegetation Management Act. There seems to be all of this planning, and people who really do want to see good catchment-level planning implemented are becoming more and more frustrated.

**Mrs GALLUS**—What you said is fairly clear, but what interests me is the reference to the Natural Heritage Trust money. You are saying, 'We've done this but we're not getting the money for it.' My argument to you is that other sectors of the community do not get the money for it. In relation to property rights, property rights generally were established a long time ago. If we still maintain the property rights that we were given at Federation, we will have one hell of a mess in the environment. I do not see why people in agriculture and in the whole industry should be looking to public money to fund what is sensible for the environment. As we always say, you are custodians of the land for the future. This is the future for everyone, not just your own economic future right now.

**Dr Marohasy**—There are three issues there. The first is the Natural Heritage Trust. If Telstra is going to be sold and money is going to be available and an expectation is created, let us make sure that money is spent on more than just planning. That is the first point. Certainly some of it has been, but probably not as much as people would have liked. The second point is that duty of care is one issue. Good planning is another issue. But where people are actually being asked to basically protect large areas of endangered vegetation, for example, for public benefit, that is where we are asking that that land be bought out by government, that a covenant be placed on it and that it be resold, for example.

**Mrs GALLUS**—Let us go back to my factories. New requirements are being placed on factories in urban areas all the time, for example that they filter what they are putting out. You might decide that another one is too noisy for its location near a residential area. And different requirements might be placed on other factories. Those requirements are put on all of those factories for the public good. Are you then claiming that those factories should be asking for money from the government because they are acting in the public good and there is no private good in it?

**Dr Marohasy**—Not at all. What they do is duty of care.

**Mrs GALLUS**—Why are they different from you? This is what I cannot understand.

**Dr Marohasy**—There is a fundamental difference in what we are talking about. All of the examples that you provided relate to duty of care. Land-holders and cane growers are already doing that: seeking to minimise their off-farm inputs by ensuring that minimum sediments and nutrients are lost and there is a minimum impact on air quality. All of that is happening. Within the cane growing industry it is happening as duty of care.

For example, 60 per cent of the Cardwell shire is world heritage or protected for its conservation value. There are other areas that are owned—freehold land—by farmers who have long-term plans to develop that farm bit by bit. If they can no longer develop significant areas—100 hectares here, 200 hectares there—because it is important from a mahogany glider perspective or another perspective or simply because the community wants that area protected

because it adjoins a world heritage area, we ask that those areas be bought out at market price and on sold with a covenant or that the land-holder be compensated.

In respect of cane growing areas, in the central coast, or Mackay area, 40 per cent of that region is still under good native remnant vegetation. The areas on freehold farms are recognised as currently not under threat but of very high value to the community. The people who own that land, in many situations, have plans for that land into the future or are currently developing that land to turn it into horticulture or sugarcane. In the eyes of many in urban areas and in other areas, they are actually sitting on a national treasure. Those people who are sitting on this treasure which is part of their business are asking that that be recognised when laws are brought in which are going to affect their long-term business plan.

**Mrs GALLUS**—Would you draw a distinction between when as part of your normal farming practice you are having not to do things? You gave the example of a hillside. If you have a large property and you want to develop the last part—and let us exclude it; it is not part of a treasure—but it is just not good management to take out any more trees, do you believe that you should be compensated? Let us say that one-fiftieth of a property has not been cleared. You were going to clear it, but it is not good management for the rest of the environment outside your own property. Should you be compensated?

**Dr Marohasy**—It sounds like it has not been cleared because it was not sustainable to clear it and develop it.

**Mrs GALLUS**—No, just take the hypothetical—yes or no?

**Dr Marohasy**—Is it a wildlife corridor? Is it riparian vegetation? Is it on a hill slope? Is it underlain with acid sulfate soils?

**Mrs GALLUS**—Any one of those—wildlife, riparian—

**Dr Marohasy**—No, you should not be clearing it.

**Mrs GALLUS**—So where is the compensation line drawn?

**Dr Marohasy**—I believe it could be fairly easily drawn, according to how I understood the Vegetation Management Act was going to be implemented. In a cane farming situation, one has to develop a farm plan before one actually clears land, for example, to put under sugarcane production. As part of the development of that farm plan you will look at the soil type—whether it is suitable for growing sugarcane, whether there is water available, what the slope of the land is and whether there is any acid sulfate underlay.

**Mrs GALLUS**—We have gone through that before.

**Dr Marohasy**—You will tend to get down to areas that can be sustainable and effectively developed.

**Mrs GALLUS**—I think Paul is dying to say something, aren't you?

**Dr Marohasy**—Those areas that can be sustainably and productively developed, if one can then not develop them because of the vegetation sitting on top of them—that is where we are asking for fair compensation.

**Mr Bidwell**—I do not disagree with anything that Jennifer said. There is a very big line between what is a private benefit and public benefit, which is why I used that salinity issue. We believe it is about on-site impacts. In many cases, though, there will also be externalities. That is not a problem. It is really if there is an on-site benefit and you are doing it. We are not suggesting that you should be able to clear from fence to fence. In fact, you should not. Most people are saying that if you value all of those things—clumps and riparian buffers—you will probably end up with 20 per cent vegetation intact on a grazing property or a broad scale farming property.

**Mrs GALLUS**—Mr Chairman, can I make one comment? It is not my habit to answer comments that have been made outside this committee—

**CHAIR**—We do not want to get into a debate.

**Mrs GALLUS**—I do not want to get into a debate, but as I raised the example of my industries, let me assure the people who are sitting opposite that when my industries get these controls they do not have the ability to raise their prices, as they are in a competitive globalised world and many of them, in having to meet higher standards, do go out of business. Mr Chairman, I hand back the questioning to you.

**CHAIR**—We have a lot of other issues that we need to cover. Graham, did you want to make a comment?

**Mr Dalton**—I think the analogy we should be drawing is with a suburban block that has a development right. Our members have bought properties. They have acquired them for the sole purpose of turning them into a farm and developing them. They have that development right. That development right is now being taken away for a range of reasons, some of which are environmental, some of which are scientifically based, such as greenhouse. Some are probably aesthetic and some are probably ideological; the people of Australia like trees rather than grasslands. We are saying that that development right is being removed. The property is worth less as a result of the removal of that property right. That loss of value should be compensated. That is fairly simple stuff. It equates to this: if someone took your backyard, you would be compensated for it. The people of Australia are taking our economic backyard as well. That is not a hard concept. But we can get into a debate at the margins.

**Mr JENKINS**—What would you say was the basis of that development right?

**Mr Dalton**—They have it at the moment in law. That is now being removed, because a new standard is coming in. We are saying that that will remove the economic capacity of that property to develop income. In some cases, it is very significant. It will put families out of business, because they can no longer clear. We are being told that the possibility is arising of not being able to clear regrowth. Regrowth is part of the normal farming cycle. People prefer trees to the grasslands that they are replacing. The economic impacts are going to be significant. We are saying that, if Australian people want to remodel the landscape or remove a development

that now exists, that should be compensable. I repeat: if someone puts a roadway through suburban South Australia, that loss of property rights is compensated. The analogy is in fact fairly simple and is very similar.

**Mr JENKINS**—I was going to try to avoid going over the ground because these are all the central issues. So according to your explanation, a development right is limited by the duty of care?

**Mr Dalton**—Yes.

**Mr JENKINS**—I turn to the codes of practice. These are industry codes of practice at the moment. Do they have any other legal status? Would it help if they could substitute for certain things having to be done, for example, if people signed up to say that they were going to conduct their business by the codes of practice?

**Mr Dalton**—You have a duty of care under the Queensland Environmental Protection Act. If you follow a code of practice, that can be used to demonstrate that it is good practice and you have done the best you can to minimise harm to the environment. So the codes have to be formally approved under the act and they have all been gazetted. The legislation is setting new standards under a range of planning laws. We will obviously need to modify the codes of practice as benchmarks change, but they do have standing in law.

**Ms Casey**—Codes of practice can be used as a defence in the case of environmental harm. QFF developed an overarching environmental code of practice for Queensland agriculture in 1998. Some of our member organisations then followed up. Jennifer has mentioned the Canegrowers' code of practice. We now have a dairy code of practice and a piggeries code of practice. The chicken growers are looking into codes. Also, the cotton industry has a best management practices manual. In order to grow cotton you need to be under that BMP program. So we have all of our industries following up with industry specific codes of practice because, as Paul and Jennifer have mentioned several times, it can be industry specific and it is also regionally specific as well.

**CHAIR**—That is the under the state environmental—

**Ms Casey**—Under the Environmental Protection Act. The environment minister then gazettes those codes of practice.

**Mr JENKINS**—In going through the submissions at one stage you mentioned—I think it was in the Canegrowers' code of practice—that there was recognition of a responsibility to protect endangered species.

**Dr Marohasy**—That is not under the Canegrowers' code of practice. The Canegrowers' code of practice is about minimising off-farm impacts, and I have tabled a copy of our code of practice for you to look at later. It talks about developing new farms, established farms and what is good farming practice. It also talks about the need to retain areas of vegetation as riparian areas and wildlife corridors. Our support for the protection of endangered and of-concern vegetation was a policy that we developed in negotiations towards the development of the Vegetation Management Act.

Endangered vegetation, as currently defined in the act, is probably going to change with time. It is not necessarily easily understood at a farm level because it is something that relates to herbarium mapping in Queensland. It has a specific term as defined by the Queensland Herbarium. It is not the sort of thing that you would put in a Canegrowers' code of practice, which is a document that people carry around in their glove box. You should be able to understand it without reference to, for example, herbarium mapping.

**Ms Casey**—The QFF code of practice actually addresses that issue and it says that 'all reasonable and practical measures should be adopted within the constraints of a sustainable agricultural system to conserve representative native species and ecosystems'. The QFF supports the protection of endangered regional ecosystems. We also support that under the Queensland Vegetation Management Act it is broken into endangered, of-concern and not of-concern regional ecosystems. We do not want to see not of-concern ecosystems drop back to of-concern and we do not want to see of-concern drop back to endangered. We are trying to protect those biodiversity values as well as land degradation and greenhouse issues.

**Mr JENKINS**—I apologise to the Canegrowers, because I fitted them with that question. It was the QFF that I picked up there. I want to now go to that—

**CHAIR**—Mr Bidwell, do you want to say something?

**Mr Bidwell**—Can I just add something on the grazing industry, because the grazing industry made a conscious decision not to run with codes of practice on the basis that we are better to have a property plan which deals with all these issues in a way which is probably specific—

**CHAIR**—Is that an REP, a regional environmental plan?

**Mr Bidwell**—As it turns out, the first of these regional plans that are coming up is the regional vegetation management plans under this new act. The reality is that most of the environmental harm that comes from the grazing industry is in relation to the Vegetation Management Act potentially. Noise and things like that just are not an issue. That is one of the four definitions of environmental harm under that act. Mr Jenkins, to fill your dance sheet, so to speak, that is where we come in on this issue on codes.

**Mr JENKINS**—I accept that that then is the framework that can be used as a defence to try to—

**Mr Bidwell**—Our view is that a property specific plan is a much better defence, particularly for our industry, which crosses a fair lump of Queensland.

**Mr JENKINS**—But as the chair said, you would acknowledge that would be on a regional or catchment basis?

**Mr Bidwell**—Absolutely.

**Mr JENKINS**—Can we go back then to the QFF's code of practice? I am trying to be careful and flesh this out. Would these statements about representative native species and ecosystems actually really fall within duty of care or are they beyond duty of care?

**Ms Casey**—That is where we have to look at the act. We have stated that the QFF supports the protection of endangered regional ecosystems. So certainly our producers would follow that line as well.

**Dr Marohasy**—We see protection of endangered ecosystems and of-concern ecosystems as clearly outside of duty of care. Once you have actually developed your property plan—and the whole first section of our code is about the development of a property plan—if otherwise you could develop that land which has endangered ecosystems on it, we say that is clearly community benefit and that is above and beyond duty of care. Protection of endangered and of-concern ecosystems is supported by the Queensland cane growing industry. But we consider it to be for community benefit and above and beyond a farmer's duty of care.

**Mr JENKINS**—Do you think that legislators give enough recognition to the fact that a number of the measures that would be taken as part of the property owner's duty of care also can go towards improving the situation on some of these things like protection of biodiversity? Is enough recognition given to that?

**Mr Bidwell**—There is no recognition given to the concept at all. The whole concept of a duty of care is not mentioned in the Vegetation Management Act. It is essential in that Environmental Protection Act, but it is a fundamentally different concept. One of the things that we pushed for in a united way was for the act to acknowledge this duty of care. You can argue all day about where it lies, about what is in and what is out and you have to have that argument at a regional level. But to insert the concept somewhere in the legislation across all acts that deal with resource management—

**CHAIR**—Mr Billson has been very restrained.

**Mr BILLSON**—I do not disagree with the point about duty of care. It is just that we have definitions as wide as the state of Queensland on what that actually means. If you travel around different parts of the country, you will get an even wider spread of it. Picking up on Jennifer's earlier point that duty of care is to minimise off-farm impacts, what is an acceptable off-farm impact?

**Dr Marohasy**—From a water quality perspective?

**Mr BILLSON**—Whatever you want to describe. I am just trying to find what this duty of care thing is that we keep talking about.

**Dr Marohasy**—We are looking to make sure that the discharge is well below current ANZAAC benchmarks.

**Mr BILLSON**—So some water pollution is okay?

**Dr Marohasy**—We would like to have a target of zero and we are working towards that, but I would have to say that, under the Queensland Environmental Protection Act 1994, duty of care is clearly defined. It is about minimising—

**Mr BILLSON**—Which brings you back to the question of what is an acceptable off-farm impact?

**Dr Marohasy**—We are seeking to make sure that all discharges, for example, are below benchmarks levels.

**CHAIR**—What is the benchmark? When you say zero—it never was zero.

**Dr Marohasy**—It is effectively zero for many chemicals, but the problem with zero is that, as our ability to measure things improves, you can detect all sorts of things at very minute levels. But we have a policy of continual improvement.

**Mr BILLSON**—So at the moment the minimum for off-farm impacts is a bit of a moving feast. We are hoping that it is going to get better. Again, if we are going to talk about duties of care and say, 'Okay, a duty of care is this and it is okay to muck up on that and anything that we do that is above that muck up someone should pay us for', but it becomes fairly important to be clear on what the duty of care is.

**Dr Marohasy**—There are no issues with respect to paying and duty of care and discharge—

**Mr BILLSON**—The proposition before was if someone outperforms the duty of care there should be some financial—

**Dr Marohasy**—No.

**Mr BILLSON**—So if someone outperforms there should be no compensation?

**Dr Marohasy**—We would like recognition for particularly coming in under established ANZAAC benchmarks on a whole range of values, but we believe it is in our interest to do that as well.

**Mr BILLSON**—Just so am I am clear, if someone outperforms a duty of care however that is defined, that should not generate some financial reward?

**Mr Dalton**—No.

**Dr Marohasy**—Not at all.

**Mr Bidwell**—It may be you need incentives to encourage them to do that. What I was getting at is that the duty of care separates public benefit from private benefit.

**Mr BILLSON**—I know precisely your point. The beauty of describing it that way is you never get to the nub of what is the public good or the private benefit, a point that would marry up with all jurisdictions.

**Mr Bidwell**—Sure.

**Mr BILLSON**—One of the debates we are having here is talking about a duty of care that other jurisdictions have had in place long ago and people have not been compensated for. Taxpayers are a little concerned about why one bunch of land users should be paid for something others thought was reasonable but were not paid for. That is one of the difficulties we have got in recommending something, that is, how you apply that consistently so that the taxpayer thinks they are not getting ripped off or there is some opportunistic benefit borne out of non-performance in the past. They are the sorts of things we have to try to work through. Let us take whatever the duty of care may end up being. Do you imagine that is sufficiently definable so that you could trade that? Let us, for instance—

**Dr Marohasy**—Duty of care is duty of care.

**Mr BILLSON**—You keep saying that, but it does not mean anything yet. If you are going to have tradeable property rights where one citizen feels inclined to have a greater degree of vegetation coverage than is required, can you trade that benefit against somebody who has cleared more than they should have?

**Dr Marohasy**—With all due respect, Mr Chairman, I do not think that your committee has heard some of the points that we have previously made with respect to—

**Mr BILLSON**—Believe me we have; we just might not agree. There is a difference there.

**Dr Marohasy**—Duty of care for a cane grower is very different to protection of native vegetation for community benefit. They are two very different things. When you are talking about on-farm operations, we are committed to continuing improvement. We are not talking about anything. We are hoping that down the track from a marketing perspective we may get a premium for our sugar because it is produced clean and green, with no impacts downstream. That is very different and that is why all the examples that Chris gave before for us—all of it—falls under duty of care.

When you are talking about tradeable rights and native vegetation that the community wants to protect because of its intrinsic value, we are not talking about duty of care anymore, we are talking about vegetation that needs to be protected and managed for the benefit of the Australian community. For us it is not a continuum. There is duty of care and there is native vegetation that needs to be protected for the community benefit.

**Mr BILLSON**—You can say there is no continuum, but you can dress up an argument to suit your case. I understand advocates need to do that. Let us move away from sugar and talk about forestry, where you have codes of practice for protection of waterways, certain slopes and all that as part of the code of practice for forestry. In some areas people go beyond that not because it is a good thing for forestry; the broader RFA process might have a 15 per cent target. So it is not a direct duty of care, using your description, under the broader policy of RFAs; there is a 15 per cent threshold and someone is better able to deliver that than someone else and you can trade that off so that everybody can go along being productive but you still get those policy goals. I am plugging what you are saying into something that already exists with another crop—not sugar but trees.

**Mr Bidwell**—My answer to your question is yes.

**CHAIR**—To put it another way, in relation to your duty of care, that is what you might call the private duty of care. But then we are looking at the public duty of care, it might say that the community wants extra protection of the environment. That is where I think that tradable rights can come in. You can say, 'If you want that extra protection, then that can be traded. That can become a tradable right.'

**Dr Marohasy**—That is wonderful if that can be achieved and people get a long-term benefit for it.

**Mr BILLSON**—You can see how you need to know what the duty of care is to know what the extra is. That is what I am saying.

**Dr Marohasy**—That is why it is very important for us that we have in Queensland the Environmental Protection Act. Under that we have developed codes of practice for us so we do not have that confusion in our minds to the same extent.

**Mrs GALLUS**—I have two questions. Ms Casey, you wrote the Queensland Farmers Federation submission. It states:

When considering programs for the agricultural sector, government should acknowledge that there is a public benefit through individual gain.

Could you explain to me what you mean by that?

**Ms Casey**—When a farmer, for instance, is looking at agricultural chemicals, we now have a spray drift paper that was endorsed by the QFF council some months ago. When he is applying those chemicals, he has an environmental duty not to cause off-site impacts. We are not going to say that there will be no spray drift. There is just not the technology there to support it. There will be some level of spray drift, but that farmer will go and apply it in a sensible manner so that he is having a good result on his property and causing minimal impacts to off-site areas or downstream impacts.

**Mrs GALLUS**—Are you saying that that should be recognised?

**Mr Bidwell**—I want to have a go at that as well. One of the issues that came up dating back to the Natural Heritage Trust is that they said, 'We will only look at funding projects which are of public benefit.' Therefore, anything with private benefit is out of the pile. It is very hard to split them. The projects which are of private benefit will have public benefit. To go back to the point we have been talking about—the public/private benefit line—there are some overlaps. So I do not disagree with many of the comments that have been made.

**Mrs GALLUS**—Thanks for that. I wanted to get that clear. Mr Dalton, my last question is for you. It was about your example—that is, somebody has this land and they plan to develop it for agriculture and they should not have those development rules changed on them. If those development rules are changed, they should be compensated. Did I understand you correctly?

**Mr Dalton**—I think that is a fair summary of what I was saying, yes.

**Mrs GALLUS**—You compared that situation with suburban lots. Let us say I have a lot in the city of Melbourne. It is overlooking parkland and I am intending to build a 20-storey apartment building there. Unfortunately, before I get to build my 20-storey apartment building, they change the rules and say, 'Sorry, the limit is six.'

**Mr Dalton**—Have you got development approval for that, an existing one?

**Mrs GALLUS**—No, but that is what I bought the property for.

**Mr Dalton**—Our farmers do have existing development approval.

**Mrs GALLUS**—Okay. So you are saying that it is not the fact that it was already zoned for that. You say they already have a plan that has been approved. Is that what you are saying?

**Mr Dalton**—When we get to working out what compensation is, that may well be part of the equation. What we are saying, though, is that farmers have a piece of property with an existing right to farm. They can clear it.

**Mrs GALLUS**—Okay. So let us look at this person in the city. They have an existing right to build 20 storeys, but that can be taken away from them and reduced to six or whatever.

**Mr Bidwell**—Yes, and they will be compensated.

**Mrs GALLUS**—Not necessarily.

**Mr Bidwell**—In Brisbane they will. If they had an approval under the old plan and they bring in a new plan that says—

**Mrs GALLUS**—I am not talking about actually applying for the approval; I am saying a right on that land that existed. They have not applied to build it, but the right existed on the land, just as the right existed on some of the property land.

**Mr Dalton**—No, the right existed to apply for the approval. On farmlands, the right exists there to clear to build a farm. That is what the planning laws—

**Mrs GALLUS**—I am really trying to understand this distinction. By owning that land, they have not just a right to clear but something extra because they have cleared in the past?

**Mr Dalton**—No, they have a right to clear now and to turn it into good approved pasture. That is an existing right. You have right in your block to apply for a development approval.

**Mrs GALLUS**—I see. Because there has been no requirement to apply for that, that is your distinction.

**Mr Bidwell**—Yes.

**Mr Dalton**—They have an existing right and they have bought that right. It is a right to put pasture down.

**Mr BILLSON**—Or an unfettered right in this respect to construct.

**Mr Bidwell**—That is right, a common law right. Mrs Gallus, I would be interested in working through your example looking at something like greenhouse where you are going to impose this reduction on the industry spewing out all of the sulfur or $C0_2$ equivalents. They are being asked to reduce and they are not real happy about it as I understand it—just as unhappy as we are.

**Mrs GALLUS**—But they are not asking for public compensation. I think that is the difference.

**Mr Bidwell**—There is $400 million in QGAP money sitting there now. So we would not mind a share of that either.

**CHAIR**—I am going to let this run over time, because I think the groups before us are very important to our inquiry. I want to come back to the issue of ignoring the argument put forward by Mrs Gallus. If we did, in some way, accept that there should be compensation, who pays and how? The Queensland Canegrowers put forward the proposition on taxation, but I was wondering what benefit that would be to them this year when they are in negative income.

**Dr Marohasy**—Certainly, some of our northern growers would like this. The Queensland strategy on wetlands recognises the value of them. Maybe not this year but in the past two years growers have spent significant amounts of money. With those sorts of works, there was some ability to access it as tax incentives. This is an exceptional year for the cane industry. We believe that the situation will improve in the future. Certainly, growers cannot afford to put in wetlands at this point in time. Two years ago people had some spare money which they were putting into public good conservation to an extent that they are not doing today because of the hardships that the industry is currently experiencing.

**CHAIR**—That might make you feel all comfortable, but what science have we got do say that those wetlands that you are going to plant are going to be of benefit to the riverine system?

**Dr Marohasy**—A large amount of work has been done. My submission states:

> The Queensland Department of Environment and Heritage strategy for the conservation and management of Queensland's wetlands recognises that these artificial wetlands provide substantial economic and social benefits for the community. The additional contribution that these wetlands make to wildlife abundance and health, particularly in times of drought, is substantial and should be recognised. In our code of practice, the Queensland Department of Primary Industries fisheries group encourages the construction of artificial wetlands as silt traps and nutrient sinks to improve downstream water quality and also to maintain fish passage.

**CHAIR**—So you want to trade that off as a right to pollute?

**Dr Marohasy**—No. Many cane growers are doing it because they have an interest in some of these issues. They are putting in the wetlands, recognising that it can have benefits from a fish habitat perspective, benefits from a wildlife perspective. They fish in those areas as well. In

those situations, it would be good if there was some ability to access tax incentives because they have a clear community benefit.

**CHAIR**—A lot of farmers are saying to us that tax benefits are not much good to them because they do not make much income. Mr Bidwell, do you have a comment on that?

**Mr Bidwell**—It is a very simple thing to do, and land courts do it now across Australia on a range of things. Queensland has a Nature Conservation Act which is very analogous to what we are talking about. If a plan comes in and the market value is affected and reduced, then the land-holder can go to the Land Court and make a case and be compensated by the government for the drop in land value.

**CHAIR**—The state government?

**Mr Bidwell**—Yes, the state government. I would argue that that is what we need in Queensland across a whole range of resource management issues. It is loss in market value. I am not arguing for loss of productivity, lost profits and things like that. That is the example I have given. The land was worth $1.3 million and now it is worth $900,000. That person might want—I would not say a cheque for $400,000, but might be happy with fencing assistance or a range of measures that equal the loss in market value.

**CHAIR**—I am sure the state government would say that the federal government should contribute.

**Mr Bidwell**—And that is what they are doing right now.

**Mr BILLSON**—On that subject, it amuses me greatly that all these things come back to the feds when land management is supposed to be a core state jurisdiction. That leaves me breathless.

**Mr Dalton**—Other issues might be federal issues.

**Mr BILLSON**—That is a reasonable point, and I accept that, once you get over the threshold—

**Mr Dalton**—And so might salinity in South Australia.

**CHAIR**—This is a Victorian who is putting it in there too.

**Mr BILLSON**—That is right, and that is a reasonable point. It is not like there is any one jurisdiction which has a perfect record on this. Some have a less than perfect record to a greater extent than others, but that is a discussion for another day. The QFF makes the point in its submission that there is a need for an increase in extension activities and the like. Is that not happening at the moment? Is that core state government responsibility?

**Mr Dalton**—There is always a learning experience. The science is changing, and that has to be imparted to the land-holders to become part of management practice. There is a very real role

for extension. Could I also come back to the point you are raising about the revenue base for buying environmental outcomes. We are seeing local governments raising environmental taxes. We have seen Timor taxes. We have seen gun levy taxes.

**CHAIR**—State environmental tax.

**Mr Dalton**—I think there are now grounds for us as a community to start thinking about raising money for environmental outcomes and buying some of those environmental outcomes in the marketplace.

**Mr BILLSON**—Without spending too much time on the property rights issue, if we said generally that there was a right to farm, as long as it did not include a right to harm, as a threshold that was defensible across the country—states and territories want the federal government to buy everything out all the time.

**Mr Dalton**—I know what you are saying. This is difficult to settle.

**Mr BILLSON**—Yes, it is one of those difficult things. If the feds get involved, it has to be consistent across the country. By the same token, would you feel that the state and territory effort, the state and territory tools and the regulatory framework should meet a minimum standard across the country before there is any additional federal assistance, given that land management and resource management are core state and territory government business?

**Mr Dalton**—I think generally there is a lot of environmental management that is going to be managed at the state level as part of the constitutional division of responsibilities in this country. Waterways are largely that but not always. In this state we have river systems flowing into the Great Barrier Reef, which is now a significant federal responsibility. So there is a lot of blurring and there are changes.

**CHAIR**—What about the ministerial council on COAG? Is there a role there?

**Mr Dalton**—Very much.

**Mr BILLSON**—I would have thought before the feds coughed up more money there would be some minimum effort threshold.

**Mr Dalton**—It is probably already there.

**Mr BILLSON**—It is; it is just that everyone disagrees with what it is. NHT is a classic example. Perhaps why some of the money you were looking for was not flowing through to your regions is that some of the legwork other jurisdictions had done already needed to be done first.

**Mr Dalton**—That is what I am saying. As a nation, we are not spending enough on the environment and the burden is falling on some sectors of the community. To spread the burden, we might well be able to buy a lot more environmental outcomes than we do now.

**CHAIR**—Can it be taken as a given that we do not have enough science in some of the areas and we need to do more research?

**Mr Dalton**—Absolutely. As science changes, so does the knowledge base. The outcomes we want and the way of doing it will change as our science gets better.

**Ms Casey**—Salinity is a perfect example in Queensland. We really do need salinity hazard mapping done right across the state. We do not want to see the problems that are happening in Victoria, South Australia and the southern states where they do have a salinity problem. We expect that there is potentially a problem for salinity in some areas of Queensland. Without that salinity hazard mapping, how do you know what areas to protect if the science is not there to back you up?

**Mr Dalton**—Another good example is that there are arguments from very reputable scientists that some of the cleared lands actually can be bigger carbon sinks than the native vegetation that was there before. What are you protecting—an aesthetic view of the world and therefore the trees are important, are you going for a carbon sink or are you protecting biodiversity? That is complicated and we need to know the science.

**CHAIR**—I am sorry, but I am going to have to cut it off. We could go on all day, I am sure.

**Mr Dalton**—Or weeks.

**CHAIR**—It is very interesting and it really is at the core of the issues we are looking at. Thank you very much for your evidence. Before you go, we have submissions from Canegrowers. The committee will accept six documents entitled *A report on the number of trees planted in Queensland cane growing regions*; *Funding application to the Natural Heritage Trust for the 1998-99 round*; *Riparian management: is there a rat in your hip pocket?; Cane growers on farm maintenance of drains with marine plants; Sustainable cane growing in Queensland;* and *Canegrowers' principles for vegetation management*. Would a member please move that the exhibits from Canegrowers be accepted as exhibit No. 5. Mr Billson has so moved. Thank you very much. We may need to get back to you on certain issues, but thank you very much for your evidence.

**Mr Dalton**—Thank you very much for your time. It is an important issue.

[12.15 p.m.]

**LAVERY, Dr Hugh John, Chairman and Principal Adviser, Australian Environment International Pty Ltd**

**CHAIR**—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 the parliament. We have your submission, but would you like to add to that submission as an introduction?

**Dr Lavery**—Thank you, Mr Chairman. I will give you a very brief outline of my background. I was an environmental scientist in the field during the 1950s and 1960s. I was founding Director of Research and Planning in the Queensland Parks and Wildlife Service in the 1970s and 1980s. I was founding Chairman of Australian Environment International in the late 1980s. Since then I have been the principal adviser to Stanbroke Pastoral Company, which is one of the largest land-holders and which I strategically selected because I believe it has the opportunity to either make an impact or make an impression on conservation across Australia and its most characteristic parts. I also have represented for many years the Collins Brothers, who I believe to be among the foremost of pastoralists who are acting in the tourism industry. I am very interested in the impacts of that. Among other things, I also serve as the visiting Professor of Environmental Planning at Texas A&M University, one of the big 10 universities in the United States. It is, of course, a sophisticated community with many parallels, I believe, to outback Australia.

I am delighted to follow the previous speakers, because I believe I take up the issue of science. I do wish to make the point that, in contrast to the previous debate, our thrust is not about who should discharge the relevant duty of care but, in fact, about what is that duty for whoever becomes responsible for its discharge. I believe the debate was heading down that track. It is my observation that there is a great deal of science still to be resolved before we can properly apportion responsibility.

In more than 40 years of professional environmental activity in Australia and overseas, I am increasingly concerned that the scientific evidence is highlighting broad situations whereby private sector involvement is imperative if our natural and, for that matter, cultural heritage is to be sustained. It is my observation that the media is promoting simplistic public sector situations little related to the real solutions. Examples can now be offered on a sufficiently large and enduring technical basis to demonstrate the consequent outcomes of this current compliance-directed or compliance-driven course of action.

A number of concerns seem to me and my colleagues to be at the core of the issue and the basis for its sound resolution. These concerns are exemplified more readily in a number of locations, but all apply to a greater or lesser extent on the McBride Plateau in North Queensland, which was the example I chose in order to put something on paper. I believe there are nine concerns which we can address in a technical fashion and that are still to be resolved before real responsibility can be apportioned. I will come back to these and can give all sorts of examples down the track. I will go through them so we get the breadth of it.

The first is that land ownership and land management are mostly based on two quite different environmental situations, with cadastral tenure now demonstrably at variance with resource distribution boundaries. The second is that resource distribution remains a consequence of imperfect knowledge about the species and about the precise locations of these species. Thirdly, the problems of resource management derive at least as much from previous land uses that are mostly overlooked or disregarded in favour of the more obvious current uses. Fourthly, resource management suffers where local skill, experience, infrastructural mechanisms and cost benefits—that is, if you like, vested interests—do not prevail. Fifthly, means of effective control of weeds, introduced animals, wildfires and people are not adequately implemented without the offsets of productive land use with, of course, the strict requirement now that the appropriate land uses are known and then monitored by well-defined, independently prescribed and cost-efficient measures. Sixthly, it is timely to consider case studies on a sufficiently large area and large time scale to establish alternatives to the formal operational link between ownership and management presently created by both freeholding and leaseholding. Seventh, some prominent situations exist where these case studies would appear to serve fruitful purpose. Eighth, government could encourage these case studies by permitting the current regulations to be waived in appropriate ways, pending the results of carefully selected and conducted scientific investigations.

Finally, as a ray of light, extraordinary new opportunities exist for results then to be applied within the private sector by way of the device of environmental banks, which rest on my first concern, that is, the difference between cadastral boundaries and resource boundaries. This, I believe, was where you were heading on the subject of tradeable rights and offset credits. This is a matter which I have watched very closely in the United States since they were first introduced in 1992, with huge benefit to both the private sector and the environment.

I rest my case, as it were, on some points of considerable concern to the scientific community that I am aware of. I should like to see a great deal more attention paid to those before we worry too much about who has the discharge and who pays for these matters.

**CHAIR**—You said you are a visiting professor to Texas.

**Dr Lavery**—Texas A&M University, which is at College Station.

**CHAIR**—I met once, I think, Professor Anderson from Montana University, who was considered to be an expert in tradeable rights. Do you understand some of the American situations, where they, in fact, have a private involvement in this area? The Sierra Club, for instance, was a private club set up many, many years ago in California. Do you understand how the philanthropy, I suppose, in that area works?

**Dr Lavery**—I have a broad understanding, but I am very careful about answering that question in the sense that, in America, the business of environmental banking is not led by environmental scientists; it is led by attorneys. As of next Saturday I will be spending three weeks in the United States. The principal bank that has been most successful is called Critical Habitats Inc., based in Seattle. I am spending time, at the invitation of the lawyers and the environmentalists, to come to grips with this practice on the ground.

**CHAIR**—I suppose I am trying to come to terms with how they address it, but I understand that Europe and the United States address some of the issues. I was just wondering how it was addressed in those countries and, in fact, who defines what an environmental outcome might be. Is it purely in the entrepreneurial field that they decide they might do something in these areas or is there some government agency that, in fact, looks at these areas and assesses them scientifically as to whether there should be some protection?

**Dr Lavery**—Absolutely. The nearest analogy I would give in simple terms is that the government in the United States offers a licence to accredited practitioners in the field—land managers. That licence permits them to manage in perpetuity land for a particular purpose as defined and required by the government or the particular government agency. In America, of course, there is a maze of institutions that go back 60 years on the management of land—from the American Army Corps of Engineers, which looks after wetlands, through to the Forest Service and the National Park Service. It is a maze of regulations which the Americans are now pleading with us to avoid and simplify the situation so that the government is best able to monitor the situation.

The standards have to be set and the monitoring has to be undertaken at a government level. The practice, however, can then be undertaken in the private sector. The essence of that practice, as I understand it, is the offset trading—the capacity to improve, enhance, preserve or whatever, one area at the expense of another where there are several factors in favour of doing that. One is that it has the capacity to address the real problem of environmental degradation, which does not come at target areas. It is a creep that occurs right through the system. If you have an environmental banking system, you can address creep while other particular agencies, for example, the National Park Service, can address core areas and deal with those in their own right. But that addresses this.

What the United States has discovered is that, in the first instance, they did the offset trading almost within sight of each habitat that was being traded. That has now extended to situations with the salmon in the north-western states of America, which, of course, not only go through different states and different catchments but also go through cities. There are all sorts of problems attached to tradeable rights of looking after a resource of that nature under an environmental banking system.

The most intriguing one that I know of relates to the International Forest Company, which sweeps across the south of the United States and which now has, effectively, a banking licence to look after the red cockaded woodpecker, one of their endangered species. They have set aside 3,000 acres of forest to manage a core population of some 30 pairs of red cockaded woodpeckers on the basis that they can trade the rights of any excess number over that 30—they have to be demonstrated, of course, and they are monitored—for those who might wish to develop forestlands or timber country elsewhere. That trading right, which can only be traded—

**Mr BILLSON**—Is this Weihauser?

**Dr Lavery**—I am not sure whether Weihauser are related to the parent body. Those trading rights are worth around $US10,000 a pair. It has allowed an income stream to look after the woodpecker and maintain it in perpetuity against forest felling elsewhere. It is a system which, of course, is only as good as the precision of the monitoring, but the general view in North

America now is that the erosion of wetlands has ceased and that they are now moving into a net gain of wetlands by virtue of the trading which, particularly on the southern coast of Texas and Louisiana and into Florida, is now extremely active. There are over 200 environmental banks now in United States.

**Mr BILLSON**—And the Barrier Islands along the Carolinas there?

**Dr Lavery**—That is correct. They started in 1992. They have now passed their first US trillion dollars in profit from that and at the same time they have stopped degradation of wetlands by measures set down by the US government.

**Mr BILLSON**—I am very interested in the timber industry. I met with the American Forestry Association. They are using those sorts of things to brand their product. You are aware of the market access issues in the United Kingdom and the EU generally. They are actually using it as a stewardship—

**CHAIR**—The United States does not have any trade barriers, does it?

**Mr BILLSON**—It does, but it is running into some stewardship issues in Europe and it is using that as a good pathway to get its product into those markets.

**Dr Lavery**—I do not want to dwell on that, Mr Chairman. My concern is that it is no use saying that things are not working if there is not some light on the horizon which may overcome that in private sector terms.

**CHAIR**—Just before you go off that, can I run past you a scenario which I find quite difficult? I refer to the Murray-Darling Basin. With our dynamic knowledge we, are now starting to find that the salinity issue is bigger than we knew five years ago or 10 years ago. If we say that we have to have vegetation in the upper catchments of the Murray-Darling Basin to reduce salinity, then who pays for that, because we have only got a few farmers down the bottom end and they might be wanting to farm but they will be 'seen' to be polluting. What if they do not have enough money to pay for the tradeable rights to that person upstream who might be asked to grow vegetation?

**Dr Lavery**—It is the sort of question I will need to take on notice.

**CHAIR**—It is a big issue.

**Dr Lavery**—It is a big issue. My instincts suggest that perhaps they should not be allowed to farm if they cannot afford to do it within a system that gives them a fair chance of doing it.

**CHAIR**—We might become net importers of food.

**Dr Lavery**—Well, that may well be. That principle is based on, in the first instance, the American legislation of no net loss of habitat whatever it is, but they are now moving into a situation—and even in Victoria I understand the legislation there is starting to talk about it—of net gain of environmental habitat.

**Mr BILLSON**—That was released about a fortnight ago. Dr Lavery, the idea of the sort of laboratory model that you are advocating certainly interests me in the sense of exploring new ways of doing things. It relies heavily on a fairly clear performance expectation as the outcome so that you can measure various techniques, strategies and land management tools against something. Are you satisfied that we are clear on what those performance criteria outcomes are and are we in a position generally to monitor natural systems' health in a way that would give strength to your arm that this practice outperforms that practice because here is the data?

**Dr Lavery**—I think so long as we address the points here, and I would like to very briefly go through them with perhaps one example of each.

The first one is my concern that cadastral tenure simply does not match the resource distribution boundaries. We now know and we have it over very large areas of pastoral properties where the land suitable for the best production of cattle does not necessarily run along a line which was prescribed by a guy on horseback 100 years ago, which was the mountain ridge tops or whatever, and in point of fact within that system we have one, for example, in the Channel Country which we have done a great deal of work on of two national parks and two cattle properties where the terms and conditions of the land management are extremely clear and strict. The national park can only be used as national park in perpetuity and the two cattle properties can only be used for cattle production. In point of fact, the key resource issues are distributed quite differently and the management attached to the cadastral boundary is all-pervading at the moment and it leads to Mexican stand-offs. One side will not debate with the other because there is no mechanism for a fair exchange of the responsibilities.

**Mr BILLSON**—So in your laboratory model, let's for argument's sake describe it as that, it would need to be the size of a catchment or some more logical natural systems entity with some wiggle room in terms of land use and land management practices to deliver the shared goals that the players have, even where it does not relate to property boundaries?

**Dr Lavery**—I think, yes, it has to be a somewhat arbitrary boundary, and in the case of the example we used, McBride Plateau, it is a province of quite distinct nature and I think it is useful for that reason.

**Mr BILLSON**—With scope to mix the various players' interests within that.

**Dr Lavery**—Absolutely. The second point I made related to the imperfect knowledge about resources that are there. There is a prevailing view that Australia leads the way in extinction of its species, which sets aside the fact that most other continents did it 200 years ago and do not want to let us do it. The fact is that we began in 1964 a series of comprehensive surveys, exhaustive surveys, throughout Queensland choosing a number of regions to look at those species that have been recorded in European time of all vertebrate animals—birds, mammals, reptiles and amphibians—and when we had completed as far as we were able to go for one reason or another in 1974 with still two district regions to be done, every species we went looking for was there, and a whole lot more. The notion that things are missing and the whole thing is going downhill I do not believe relates to the legislation which directs itself to the species. It may well be that the numbers are going down but there is no real evidence, setting aside also that extinction is the normal rather than otherwise, and I notice as recently as last Friday one of the infamous extinct species of Queensland, the paradise parrot, is authoritatively

proposed to exist. I have not the slightest doubt that it is there if we had the wit and the money and the time to find it. I would put all my money on finding it—that is the paradise parrot. The other classic, the desert rat kangaroo, we get regular comment from stockmen saying that they are out there somewhere. So I am a little worried about that. Into the bargain, of course, Australia—

**CHAIR**—So where does this evidence come from? I mean, I have heard it too—20 or 30 species that have become extinct since European population. Is there evidence to support that? You are saying there is not.

**Dr Lavery**—It is very hard to say that something is extinct, of course. What you have to do is go out and find it. I can take an example that is widely quoted in the media now of the bilby, the rabbit-eared bandicoot, which authoritatively and as recently as our last Royal National Show the Queensland Government put up the number of 600 animals. We have been working with the gas pipeline from Mount Isa to south-west Queensland and going through bilby country. We have over 5,000 burrows GPS'd. We have by back-of-the envelope calculations put on one property alone something like 30,000 burrows, which represents a population of 10,000 bilbies. This is an order of magnitude of incorrect assumption that I think we need to get right. I do not know what the number is, but we need to be much surer than we are.

**Mrs GALLUS**—On this point, just a bit of an epistemological analysis of it, you are arguing really about the meaning of the word 'extinct' and, yes, 'extinct' means there are no more of this species, but when you talk of a species that largely inhabited a continent which is, for all extents and purposes, extinct does it matter that there are still some remaining ones? The point is that the large majority of the population has disappeared and the fact that there are five pairs left or 30 pairs left really does not matter one way or another.

**Dr Lavery**—No. I would question that on two grounds. The first is that I believe that an animal's strategy in the big area where extinction is supposedly exaggerated may well be to reduce itself to extremely small numbers. I would. I would also become extremely secretive. And it is my observation that when you go looking in the right place at the right time that it is not so. Many animals also of course do not live in huge numbers. They can live in small numbers as, again, an environmental strategy. The other thing and the thing that concerns me even more is our ready acceptance of what is blatantly incorrect information, and I think that this can do a huge disservice to what we are trying to achieve.

**CHAIR**—Mr Jenkins, do you have any questions?

**Mr JENKINS**—No. I thought Dr Lavery was going to continue on.

**Dr Lavery**—The second one relates to the imprecise locations of these. National mapping, as I understand it, lives on a basis of accuracy of plus and minus 1.5 kilometres. I believe that serves the purpose of managing pastoral properties and no doubt agricultural properties, but in terms of resource location I think we need to be very much more precise than that, and thank heavens for GPSs and various instruments of that sort because we are now able to start to know much more precisely whether the threatened daisy is on the right side of the fence from the cow or the other way around. That is taking a great deal of time to put back on to the ground.

The third point: previous land uses being overlooked and disregarded in favour of the more obvious current uses. Again, it is our observation that while cattle are a target I think of concern for the big pastoral properties, it is my observation that, and it is our evidence that, previous uses of that land—for example, for sheep where, if you take a property like Nappa Merrie out on the South Australian border, the terms and conditions of the lease were that sheep would be run. The pastoral family ran 45,000 head of sheep and the land collapsed dramatically—collapsed and was vacated—but the terms and conditions of the lease were that it required that 85,000 head of sheep be run on that land. I think we have to look, in Queensland in particular, at the dramatic effects of the brigalow developed state development scheme and where we stand when the largest patches of brigalow now left are on private property because they were not subject to a State development scheme that took down all the rest. I think we need to be careful of that. It is again our observation that cattle have always been regarded as too valuable to let loose and that the big impacts on open range lands have been caused where horses, in particular, and donkeys even more so, have been allowed to run loose and create huge problems in that land which is a legacy I think we still suffer.

**CHAIR**—Camels and goats we well.

**Dr Lavery**—If I had to label one as a particular problem, it would be donkeys, but then the male donkey comes into the waterhole and takes command so that the land-holder has to get rid of all the donkeys. We are removing tens of thousands of brumbies presently as a matter of pastoral practice and I think we need to be careful that there is a cost attached to that which is currently borne by virtue of having some economic income through another way.

Resource management suffers where local skill, experience, infrastructural mechanisms and cost benefits do not prevail. I spent 30 years attached to a national parks service and I have no great faith in the capacity of the taxpayer to pay the costs of maintaining that land. It has not been done anywhere else in the world. The United States national parks service has currently gone through a huge independent review and the conclusions from that are startling in the extreme.

**CHAIR**—Just on that point; it is a very important point. If, in fact, it is true that legislation that is coming from governments state and Federal—because I suppose local is more controlled by state—and is, in fact, causing huge economic impositions on land-holders and they are forced off the land, then who does manage the conservation values there and at what cost?

**Dr Lavery**—That is my argument. I do not believe it will happen. It is totally my observation that when—

**CHAIR**—We are being told by land-holders that in fact legislation will drive them off the land.

**Dr Lavery**—Absolutely.

**CHAIR**—If that is the case then, what would happen to public good conservation and who would pay for it then?

**Dr Lavery**—I think there is a faith in the community that the taxpayer will pay for it and it certainly does not stand up to too much scrutiny on that score.

**Mr BILLSON**—Dr Lavery, how does that stand up, though, against examples like Critical Habitats in Seattle that, as I understand it, have financed some fish ladders and dam removals and all sorts of pretty meaningful stuff as a private contribution at a time when it is all aggregated into what governments do? There may not be the willingness to finance the management of public good conservation at the same time you are seeing private activity come into the fold. Does that suggest there is maybe a mismatch between what taxpayers are prepared to pay for, both in detail and in amount, compared to what Governments are actually directing that money to?

**Dr Lavery**—I would have to come at that a slightly different way because I have been living with it for so long. My view is that the person on the street has an implicit faith in national parks and their security in perpetuity. Part of that is an implicit faith that the Government is here for ever, that it has the community's interests totally at heart and that it has money to discharge that responsibility. It is certainly the case in Queensland that, while there are some magnificent historic accidents of national parks, the Lamington National Parks and so on, there are also a very large number of marginal lands that have been affordable to government to obtain both by accident of time and various other reasons that I do not believe you could properly justify if you have got your priorities right in selection.

When the National Parks and Wildlife Service was set up in Queensland in 1975, I led a debate which asked the question, 'Would we be better to pick out the core areas and target those with all of the resources and skills and money that was available and let the rest take its chances?' At the end of the day, I have a terrible concern that acquisition is going to lead us into a public inquiry about the national parks system because of concerns about insufficient money, the problems of weeds that tend to get into marginal lands and so on, and that when that review happens we are in danger of losing the really good national parks, because they would be the ones of interest to someone outside the system.

**Mr BILLSON**—So that bad selection is in some way eroding the preparedness of the taxpayer to finance the management of national parks more generally? Is that your thesis?

**Dr Lavery**—I believe so. The man in the street will be aware of the reality of the situation with regard to national parks sooner or later. There was a time that I lived through—25 years—where the only knowledge about national parks and indeed about the environment was in the files of government. Many of those people, of which I am one, and a whole group of people whom I worked with, have graduated out of that system and are very concerned that it is not addressing the issue of environmental land management with the skills and local knowledge and money that is available to a land-holder, who would have a better chance than any I ever saw in the public service, if only that land-holder—and I am talking about the big responsible corporate citizen—knew what to do or what to at least try to do.

**Mrs GALLUS**—Dr Lavery, I have a quick question. Is this not as a result of the fact that the national parks have got the poorer land; the best land was taken at settlement, because it was the best land for agriculture and things like that; the good land was already taken by the time we got around to establishing the national parks?

**Dr Lavery**—Yes and no. When I left the government, I deliberately went to the land-holders who I thought had the best chance to impact, one way or another, on the environment. They were the largest pastoral company and they are backed by the AMP. Just take one example: Nappa Merrie's property on the South Australian border, where we addressed some early concerns. It is the site of the Burke and Wills 'dig' tree. When you look at all the resources of that and map them accurately, in our inventories now are some 175 non-pastoral assets, that is, non-pastoral resources that have somewhere in their 140-year history been earmarked as of interest and concern or value. At least 10 of those, historically, are more important and more significant than the dig tree.

We are coming back to this order of magnitude of difference between the reality, given modern opportunity, modern science and modern machinery to map all of that and what we read about in the newspaper. It simply does not apply. Since then, we have a situation where the Burke and Wills 'dig' tree is in a 200 metre by 200 metre inholding on a pastoral property of the Royal Historical Society of Queensland. Setting aside everything else, if at the time the EPA reported 30,000 people a year going to the 'dig' tree, sooner or later one of them is going to fall over and break a leg. When they do and sue the Royal Historical Society, that is the end of the Royal Historical Society jointly and severally.

**Mr BILLSON**—So who vested that 200 metre by 200 metre area in the Royal Historical Society?

**Dr Lavery**—The Queensland government made it the trustee. It is a public purpose reserve. An arrangement has been undertaken whereby the reality since the 1920s is that the rubbish tins have been emptied by the pastoral company. The place has been tidied, the gates have been closed, the fires have been put out and so on. That has now, in the last year, been put into a formal document because, at the end of the day, the AMP Society has infinitely greater resources to pay for that man's broken leg than the Royal Historical Society of Queensland.

**Mrs GALLUS**—I would hope the Royal Historical Society has insurance.

**Dr Lavery**—The Royal Historical Society?

**Mrs GALLUS**—I would hope it has insurance.

**Dr Lavery**—As it is now becoming incorporated and all the rest of it, it does but, of course, it loses membership in the process because the fees go up and so on. My concern is that the management of the tree is undertaken to a prescription established by the Royal Historical Society, not by the pastoral company. It is the same, I would say, with the environmental banks. The prescription has to be set down transparently and independently, and it has to be monitored regularly. We know, for example, that there are not 30,000 people a year going; there are 8,000 people a year going. Having taken that responsibility, much more attention is being paid to the reality of the situation—how many rubbish tins have got to go in, when and how often. I do not think for a moment that the private sector is perfect in any of these things. If it is at fault at the moment, I would lay the greatest blame at not knowing what to do.

**Mr BILLSON**—But your central point is that they have tools that can make a meaningful contribution, though.

**Dr Lavery**—I believe so. We can take the McBride Plateau just as one example. People came onto that land in the 1860s. It has been eroded since the 1980s such that less than 50 per cent of that land remains in their ownership. They are now reaching the point where I would guess they have to seriously address whether they stay there at all. It has lost its viability. At the same time, the park is under extreme pressure from rubber vine, visitation and dust in the caves. There simply is not enough money generated to look after it. The system, in my terms, collapses, and I think that that is a shame because those land-holders have demonstrated over 140 years such a responsibility that national parks wants the land, considers it valuable enough to put into a national park system, and are now disillusioned to the extent that the only responsibility for looking after it falls back on the taxpayer.

**CHAIR**—We are going to have to collapse it, unfortunately. That was very interesting. Thank you very much. Again, we might come back to you for some more information, if we could. For *Hansard* purposes, have you got a copy of what you displayed? Maybe we can get a copy and have it as a submission?

**Dr Lavery**—By all means.

**Mrs GALLUS**—I wanted to ask one small question of Dr Lavery. It is going to take half a second.

**CHAIR**—You do not want the last word, do you?

**Mrs GALLUS**—No, it is not a last word. You were talking about large corporations all the time. So you are really cutting out the small land-holder who has not got the resources or the money to do that public good conservation?

**Dr Lavery**—My problem there is that I had to start somewhere and it seemed to me that if I was to embrace the two critical elements of time and space you had to go to the biggest ones and, hopefully, set up a model. I trained way back as an economist. Someone has to pay for all of this.

**Mrs GALLUS**—That is okay. I just wanted to get clear where you were coming from on all of that.

**Dr Lavery**—Yes, I am concerned that models are set up that can then be applied on a smaller scale.

**Mr BILLSON**—That is the reality check.

**Dr Lavery**—As a reality check, but that is going to be harder and it then starts to embrace things like environmental banks, where you are getting creep and so you are getting into smaller areas. But it is a tough call. The whole thing is a very tough call. I am not at all, after 40 years, convinced that we are winning. Most of my colleagues do not think that we are winning. Most of my colleagues do not think a sustainable environment is likely under our current economic system; that it is simply just going to bleed it to death. I am slightly more optimistic than that, but I do believe that it will have, in the current terms, to be put under some sort of economic framework. I cannot see that coming out of the taxpayer, who at the end of the day must give

priority to health, law and order and other social issues before it gets to the point where he can buy back those areas.

But those big corporations have bought, effectively, the productive, fertile nodes of Australia. You are absolutely right. But it is interesting that when you look at those productive nodes, I have never seen national parks anywhere in the world with the inherent fertility, productivity and inventory that exist on those properties—never.

**Mrs GALLUS**—Thank you.

**CHAIR**—Just to enhance our *Hansard* record, it is proposed to incorporate the document that Dr Lavery spoke about—cadastral zones, Diamantina case study and prime resource zones—in *Hansard*. Is there any objection?

**Mrs GALLUS**—Mr Chair, it is in colour. Are we going to have it rendered in black and white?

**CHAIR**—We have photocopiers these days in colour.

**Mrs GALLUS**—No, in the actual *Hansard*. You are talking about incorporating it in *Hansard*.

**Mr BILLSON**—I am happy to leave that to Hansard to sort out.

**Mrs GALLUS**—I would be very surprised if Hansard had the ability to put a colour copy into every copy of *Hansard*.

**CHAIR**—I will ask the secretariat.

**Mrs GALLUS**—Perhaps we should look at it before we actually—

**Dr Lavery**—If it needs to come back, we can render it in some sort of hachuring.

**Mrs GALLUS**—That would, I think, be very useful.

**Dr Lavery**—It has a better impact.

**Mrs GALLUS**—It looks better.

**CHAIR**—It would have some value how it is. There being no objection, it is so ordered.

*The map read as follows—*

**Dr Lavery**—May I just make one plea, and that is that I present a fairly simplistic picture. The further I go, the more complicated I find the subject of environmental management, the sustainability.

**CHAIR**—I think we all do.

**Dr Lavery**—So I apologise if I have made it a little—

**Mrs GALLUS**—Dr Lavery, I suspect that we should have had a much longer session with you, but just not at a public hearing. That would have been useful, too.

**CHAIR**—That might be able to be arranged. Thank you very much for your evidence, Dr Lavery.

**Dr Lavery**—Thank you.

**CHAIR**—We will have a short break.

**Proceedings suspended from 12.55 p.m. to 1.50 p.m.**

**OLSSON, Mr Ian Justin, Chairman, Bay Islands Development Inc**

**QUAIN, Mr Michael, Secretary, Bay Islands Development Inc**

**SCHLAEFER, Mr Norbert, Member, Bay Islands Development Inc**

**CHAIR**—I welcome the representatives of the Bay Islands Development Association Incorporated. 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 have a submission. Would you like to make an opening comment on it?

**Mr Olsson**—Yes, I would like to submit the submission and also a letter by the Queensland Parliamentary Commissioner for Administrative Investigations—the Ombudsman, in other words—of 21 October 1994; a table from the environmental studies of fauna on Russell Island showing, in this case, the number of cane toads, crickets and rats found in the studies to justify acquisition; an Environment Australia letter by Gerry Morvell, the Assistant Secretary, Environment Assessment Branch, dated 28 August 2000—I will refer to that soon; also, a map showing areas of where no study or a bird count study only was taken, vegetation or other studies on Russell Island, and blank areas representing areas which were not required for conservation purposes; and also a map showing—and highlighted in yellow—the rough areas for acquisition on Russell Island. This just gives you an idea. It is from the bigger map. The quality is not that good, but it shows on the southern end of Russell Island 2,000 lots for acquisition in a large area of yellow. We will point that out on the bigger map later.

Coupled with public good conservation measures to limit the population of the four islands of Russell, Karragarra, Lamb and Macleay, there has been a $100 million fall in the unimproved value of island properties. BIDA submits five measures to make public good conservation more cost effective, fair and morally just. Firstly, by illustration, no environmental or cultural heritage studies should be applied to existing vacant home sites throughout the Commonwealth. Since Michael Bowe of the Queensland Department of Environment and Heritage drafted the 1993 Moreton Bay Strategic Plan, the islands have been under the threat of population caps through acquisition of home sites. Terry Mackenroth, the Minister for Local Government and Planning, has promoted a Redland Shire/state strategy to cap island populations to 22,600 residents. Recently, cabinet agreed to this study. BIDA believes the strategy to acquire 5,500 good home sites to be shameful and immoral. Home sites should be excluded from such environmental and cultural studies.

Secondly, there needs to be environmental guidelines and certification of consultants and this should be legislated for to reflect natural justice principles. The threat to acquire over 2,000 southern Russell Island home sites on the basis of no flora study and sightings of 17 cane toads, 16 crickets, two rats and 37 common bird species could not have happened if such certification and guidelines were in place. Experts would have found it socially and morally unjust to carry out such studies. Thirdly, there needs to be a code of environmental significance Australiawide. The bay islands do not have the diversity of flora in terms of high significance of other places.

New EPBC Act guidelines allow for construction of houses in existing estates even in areas of significance. If this code was applied, the justification to reduce the bay islands' population is found to be wanting.

Fourthly, BIDA recommends strict quality research and public consultation guidelines for those applying for federal grants. The case of Redland Shire Council applying for a multimillion-dollar Centenary of Federation grant to buy island land highlights the need for such guidelines to be met and a probe into the council's application is recommended by this association. Fifthly, BIDA highlights the need for the Commonwealth to contribute to improved infrastructure and sewerage reticulation, which would prevent the further impact of pollution and health risks of substandard island development on Moreton Bay in which the Commonwealth has an interest.

**CHAIR**—Does anyone else want to add to that?

**Mr Quain**—I would concur with what Ian said. I am speaking purely as a landowner on the island. I have had my land for 15 years. When I bought the land it was cleared like a football field. It was not purely bush or anything; it was just cleared. When this study came out, I was told that my land was possibly going to be acquired as a buffer zone. After paying rates for so long, I felt a sense of injustice. That is all I would like to say.

**CHAIR**—Thank you, Mr Quain. Can I go back a little into the history of this. I note that in your submission you said that the islands were originally settled for agriculture; that crops were grown over there for an early market. Then the land was subdivided. By whom? The State Lands Department?

**Mr Olsson**—The land was subdivided by private interests in roughly 1968, 1969 and 1970—around that period.

**CHAIR**—It was freehold land?

**Mr Olsson**—It was private freehold land and it was subdivided in a heavy situation. The islands were not under any local authority. They were unincorporated islands. When the Whitlam Government threatened to take the seas, Bjelke-Petersen realised that these islands were not incorporated and decided to incorporate them, usually to the nearest council. The decision to incorporate in particular Russell Island into the Redland Shire was unfortunate for several reasons. It should have been its own council, because of what has happened but also because it was closer to the Albert Shire, now the Gold Coast City Council.

**CHAIR**—They were subdivided as freehold lots?

**Mr Olsson**—Yes. Most of them were later zoned by the Redland Shire Council in 1976 as residential A. They are beautiful blocks of land. There are nearly 10,000 blocks that are residential A on Russell alone and about 4,000 on the other islands.

**CHAIR**—Are there any just terms legislation in Queensland such that if land is acquired it must be paid for at the valuation?

**Mr Olsson**—Yes, but if you use public good environmental means to lessen the value of land there is not justification for acquiring that land later on, because it would not be at a just price. Before the Southern Moreton Bay Islands Planning Study, land was selling for an average of $10,500 on Russell Island. Now the value is something like $4,000, or 40% of that value. The figures are in the submission.

**CHAIR**—These were planning instruments. What caveats were put on the properties that reduced their value?

**Mr Olsson**—There was a planning caveat, or what we call amendment 14, that was put in in about 1996-97. This included direct action for all land on the southern Moreton Bay islands—Karragarra, Lamb, Macleay and Russell—to be town planning by consent use. Before that time, a person could build a house as of right. You have got a consent use. If they do not like your building a house of a particular type, they will make sure that you have perhaps one bedroom or two bedrooms. That is to stop pollution, say, of septic waste. So people have very large sewing rooms and things like that on their applications. That defies all moral fibre in the planning process. It also delays sewerage. With sewerage the situation is chronic on the southern Moreton Bay islands. It is cumulative with the number of houses being built. But it is not the sewerage that is the major problem; it is the lack of roads, because the roads are to be built slowly, without a bridge to Russell Island. As a result, there is massive erosion off those roads. I believe they have got high content of acid soils and it actually erodes into the bay.

**CHAIR**—So you submit then that the local council is using the planning laws to resume by stealth?

**Mr Olsson**—Yes, it is definitely planning to resume by stealth to attain, I suppose, that idiot-type concept of the Moreton Bay Strategic Plan goal of 1993 that was drafted by Michael Bowe.

**Mr BILLSON**—It just sounds like a dodgy subdivision. There were no roads, no sewerage, no energy—yes, or no?

**Mr Olsson**—I am sorry, the landowners have owned that land. It has 14,000 blocks at the moment. Everyone has a right to accept that a council over a quarter of a century—over, in fact, 30 years—would have done something by now. It is a dodgy council, not a dodgy subdivision.

**Mr BILLSON**—I admit my old life used to be in local government and to me this screams out for a private contributory scheme. I just cannot work out why, if there are genuine infrastructure issues on the island itself and waste water management issues, there is no capacity to have the beneficiary owners contribute to the provision of it. I have never been involved in financing a bridge so I do not know quite where the buck stops there. But it seems as though it is underdeveloped premature land that has not got the range of services that are available that would make it the sort of ideal home site that it sounds like it could well be.

**Mr Olsson**—People have been paying water and electricity on these lots.

**Mr BILLSON**—And there is no discounted rate or anything like that?

**Mr Olsson**—And they have not got an erg of electricity in the main or a drop of water for over 10 or 15 years.

**Mr BILLSON**—While you are still paying rates on those issues?

**Mr Olsson**—Yes.

**Mr BILLSON**—I can understand the frustration. These are not uniquely Queensland issues; they happen in the Great Lakes area in Victoria and when ports have gone in—in Western Port and Puffing Billy up in the Dandenongs—where something that seemed like a good idea at the time happened in the subdivision—

**Mr Olsson**—This is not a historical subdivision; it is one where there is sustained growth. There is sustained growth of seven per cent per annum.

**Mr BILLSON**—But the absorption capacity of the land for sewage and the like, for septic systems, that will not—

**Mr Olsson**—They are smaller lots. They are 600 square metres. Under the town plan itself of 1998 they emphasise that res A land should have sewerage and sealed roads.

**Mr BILLSON**—I agree.

**Mr Olsson**—Basically, they are not carrying out the intent of their town plan to do that.

**Mr BILLSON**—Is the 'they' you are talking about the Redland—

**Mr Olsson**—The Redland Shire Council.

**Mr BILLSON**—So it is your expectation that they will finance all that stuff?

**Mr Olsson**—Basically, the landowners have paid $150 million in rates, yet we have got very little in return.

**Mr BILLSON**—So you do not get a discontinued rate—

**Mr Olsson**—There is no discounted rate. The rates are set on the basis of the minimum rate on about $48,000 at the moment. The average value of land is $5,000.

**Mr BILLSON**—The point you made earlier about the 22,600 population cap and the 5,500 home sites to be acquired, that comes out of that study you referred to—the idiot study, is it?

**Mr Olsson**—Yes. Basically, I think that was a pejorative remark, but the point is that it is very true.

**Mr BILLSON**—Certainly, I can understand how you feel about it. Is the rationale behind that some assessment of what population can be supported on those islands given the current state of infrastructure, or is there some other rationale or imperative that underpins that?

**Mr Olsson**—Personally, as a town-planner, I think 30,000 people should be on those islands because the opposite is that council is buying back land and you are losing the rate base.

**Mr BILLSON**—As a planner you would know that a land use planning argument can run either way. I am just trying to work out whether it is a land use planning argument that is behind this population yield, whether it is an infrastructure capacity argument or whether it is an endangered ecosystem.

**Mr Olsson**—There is no endangered ecosystem at all. In fact, the number of species on Russell Island is about—

**Mr BILLSON**—Forgive me. I do not know what the rationale is. I am asking you that. I am just trying to get an answer out of you on why that is the number.

**Mr Olsson**—That number is there and that number would naturally mean that there would need to be a bridge to Russell Island, anyway.

**Mr BILLSON**—But whoever decided that number must have said, 'We decide this number because da dah da dah da dah.' I am wanting to know what the 'da dah da dah da dah' are.

**Mr Olsson**—What happened is that the Queensland cabinet has made it stringently known that, basically, they will let people develop on the island, but they still want that 22,600 population.

**Mr BILLSON**—The reason being?

**Mr Olsson**—The reason being that they see impacts on Moreton Bay.

**Mr BILLSON**—So their calculation is that, given the current infrastructure, if it rises above 22,600 you will have leachate problems, stormwater issues, sediments in the bay, acid sulfate soils; is that the thinking behind it?

**Mr Olsson**—I think they are looking at a whole range of impacts that they have not even researched. When they came up with the phoney acquisition plans for the southern end of Russell Island where they did not do the fauna studies and they found, as I say, 17 cane toads, 16 crickets, et cetera, that was a case of straight 'green' fraud, in my mind.

**Mr BILLSON**—You think it is more a political thing than a considered position?

**Mr Olsson**—It is definitely a political thing—

**Mr BILLSON**—I am just trying to work out what the drivers are.

**Mr Olsson**——to justify I suppose the need to, one, stop a bridge and, two, therefore stop the political fall-out of that.

**Mr BILLSON**—Your sense is they do not want to build a bridge because it costs money and will upset people because there is development on the island? Is that your feel for what the issue is?

**Mr Olsson**—They also say that an island is an island; the islands are unique. You have heard that before; that some things are unique in the situation.

**CHAIR**—How did the cane toads get there?

**Mrs GALLUS**—They swam.

**Mr Olsson**—It could have been from the canelands to the south-west.

**Mr BILLSON**—Is it a long stretch to say this is public good conservation, or is it fair to say that you guys in assessing the situation saw the inquiry as an opportunity to proceed—

**Mr Olsson**—No, it is public good conservation. Ultimately, they are trying to put a population cap on an area—a population cap on an area which has already been by the laws of the land and the subdivision called res A land. We object strongly, because a man has his castle and basically that castle is his own.

**Mr BILLSON**—Or his site for a castle.

**Mr Olsson**—His site for a castle. It is his land and he has bought that land on certain premises, whether it is speculation or whether it is that he wants to build a house or he wants access over to it for his children, et cetera—whether it is an investment or for real. Most of them bought these blocks of land on the basis that they could get over there at some stage and build.

**Mr BILLSON**—Again, what I have been familiar with where similar things have occurred has been an aggregation of six or eight of the parcels to make an allotment that has the on-site absorption capacity to accommodate its own waste water, is economically viable to service and provides a traffic yield that does not mean you need a runway standard pavement on it. Are those sorts of things available to you as individual land-holders?

**Mr Olsson**—As a town-planner, they are always available, but as a pragmatic town-planner I feel—

**Mr BILLSON**—Some would say that is a contradiction in terms.

**Mr Olsson**——if you had a reduction to, say, a third of the number of blocks, you would lose 6,000—maybe 7,000—lots of the rate base, which would be incredible. That would never be tried anywhere. But in fact the study says that this is very implausible.

**Mr BILLSON**—But if the object of the 22,600 and the 5,500 home site acquisition is to reduce impacts, you as a town planner would know there are other ways of reducing the impact of urban settlement other than simply wholesale acquisition. I am just trying to see whether there are other pathways to provide albeit fewer castles but on bigger chunks of dirt that could deal with the off-site impact question, still allow people to reside there, underwrite the value of the property you own and then enable people to get on with it.

**Mr Olsson**—I think that would be disastrous in Redlands because it allows, one, the cutting up of alternative supplies of agricultural land and, two, it will eventually allow incursion into the koala areas.

**Mr BILLSON**—You are saying if there are fewer humans on the islands they will go somewhere else?

**Mrs GALLUS**—They will go somewhere else.

**Mr Olsson**—Eventually they will go somewhere else. Basically, the islands have been subdivided. Why not use these islands in their subdivided form, because they are exactly what has been proposed under SEQ 2001 planning of 15 lots per hectare? That is very important.

**CHAIR**—Mrs Gallus, you wanted to ask a question?

**Mrs GALLUS**—I have a few, actually. Let me understand this. The blocks were bought unserviced—there was no electricity on the blocks, no sewerage on the blocks, no water on the blocks; is that true?

**Mr Olsson**—Not quite true. The blocks have been bought, but since then schemes have been put in place under which if you put in a development application you will get water or an electricity connection.

**Mrs GALLUS**—My question was: when they were purchased, was there no water and no electricity to the block?

**Mr Olsson**—Correct.

**Mrs GALLUS**—Can you tell me why this does not come under the usual thing of buyer beware so that, if you buy into any development and you do not have sewerage, electricity, water and a bridge, you are taking one hell of a chance?

**Mr Olsson**—Basically, you are looking there at over 50 per cent of the landowners of res A vacant land of south-east Queensland at the moment.

**Mrs GALLUS**—With respect, I think this is a planning issue. I do not think this has anything to do with an environmental issue really. It is a planning issue from way back when the planning went on and then did not go on and whether you need these houses and whether you do not need these houses for rates. It does not seem to be public good environment.

**Mr Olsson**—Public good environment we might say is a process whereby environmental processes are put in such as, in this case, population capping or looking at buffer areas, as in the case of Mike, to actually come to an environmental answer which is, I suppose, in the local public's mind of benefit to that local area.

**Mrs GALLUS**—I am not sure, Mr Olsson. I really do not see it any more than land-holders have bought their land for castle quite unwisely on a development and are now unhappy that that development did not turn out the way they hoped it would turn out. You have described a proposal to acquire 5,500 home sites as bizarre, shameful, immoral and reprehensible. Could you tell me why perhaps it is immoral? No, sorry. I am being a bit facetious, but I do think you have overstated your case here.

**Mr Olsson**—A man purchased a block of waterfront land of Macleay Island land for $75,000, and this case has been on TV. Because of these public good conservation measures, it has recently been valued at $3,000. That means there has been a net loss in the paper value of that land of $72,000.

**Mrs GALLUS**—How can you get from $75,000 to $3,000? Can he no longer build on this land and he could before? Is that it?

**Mr Olsson**—He can build on it with council approval.

**Mrs GALLUS**—So it is still beachfront?

**Mr Olsson**—Yes, it is still waterfront.

**Mrs GALLUS**—So presumably the high price was because it was beachfront. I am at a loss to understand why—

**Mr Olsson**—No, it has just become a buffer area.

**Mr BILLSON**—Even though he can still build on it?

**Mrs GALLUS**—He can still build on it? He still has access to the beach?

**Mr Olsson**—Yes, basically. In another case a block of land on Russell Island—

**Mrs GALLUS**—Can I just carry on from Mr Billson's question. What has he lost to take the value of that block from $75,000 to $3,000?

**Mr Olsson**—If he sold it tomorrow—

**Mrs GALLUS**—No, what he has lost that reduced the value? What was it specifically that has reduced the value of that block?

**Mr Olsson**—I think it was a change in the council's appreciation of the surge height. The surge height is 1.57 metres by James Cook University, but they were putting on a height of 2.44 metres.

**Mrs GALLUS**—So he was given wrong information on the flooding potential of the land? He bought land at $75,000 that was subject to flooding?

**Mr Olsson**—No. I think the council subsequently put up its heights where land could be built on or—

**Mrs GALLUS**—But he can still build on that land?

**Mr Olsson**—Yes, he can build on a certain part of it, but part of that land, as in many blocks on the waterfront—

**Mrs GALLUS**—So he was not going to just put up one castle; he was actually subdividing it?

**Mr Olsson**—No, he was not subdividing at all.

**Mrs GALLUS**—So he was going to put up only one house, and he can still put up one house and he still has beach access?

**Mr Olsson**—Yes.

**Mr BILLSON**—More beach access, by the sounds of it.

**CHAIR**—Are you saying no-one wants to buy this because of the restrictions on the title?

**Mr Olsson**—No. There are no restrictions on the title at all. It is just the plan which is showing this to be the case. The plan is not gazetted.

**CHAIR**—I suppose this is the question: how can it drop from $75,000 to $3,000 if there are not restrictions on title that cause that reduction in value?

**Mr Olsson**—We could ask. We do not know why this has occurred other than the Redlands Shire Council has given a file of all these blocks to the Natural Resources Commission and it backed it accordingly.

**Mr JENKINS**—I think it is very difficult for the Commonwealth Government to adjudicate in an area such as this. However, perhaps there are some things we can learn from this by way of example. In fact, this seems to be a reverse of earlier discussions we had today in public hearings. Forgetting about the basis of the science used, a local government authority might believe that they are doing things that are on the basis of their duty of care and they have intervened in a previous subdivision to try to do things. You are saying that they are doing it using, to quote your words, the rhetoric of public conservation. I think it gets back to this

argument of the eyes of beholder about what it is that is duty of care or beyond duty of care and what is good public conservation.

Like Mr Billson, I have had some experience with local government in Victoria where historically inappropriate subdivisions have had to be aggregated to try to get to a solution where they were sustainable on the basis of provision of infrastructure and also their impact elsewhere. I am trying to come to grips with what it is that this is an example of.

**Mr Olsson**—Basically, we do not have that type of aggregation of land in Queensland. So let us go out of that box of you being used to this. It may be a good idea. We say and the planning study has said that, on the scale, it is improbable that that could ever be achieved because of the size of it. There is nothing as big as this probably in the world. It is huge. I will show you the map we have here. The southern end of Russell Island has 8,000 lots.

**CHAIR**—Is that similar to the map you gave us in your submission?

**Mr Olsson**—That is right. It has 8,000 lots. There are another 5,400.

**Mr BILLSON**—I understand your point. In relation to the one I am familiar with, someone thought Western Port was going to be the next Portsmith and did exactly that.

**Mr Olsson**—If you look at the amalgamation, a subdivision in Victoria would be between two streets or something like that and you may have a doubling of block sizes or something like that. You will not have ones of this size ever.

**Mr BILLSON**—Okay.

**Mr JENKINS**—I have a final question on a different tack. You suggest that the Commonwealth should get itself involved in assisting with infrastructure provision. Can you flesh that out about why the Commonwealth should contemplate that?

**Mr Olsson**—The Commonwealth has a duty of care towards the Moreton Bay Marine Park. It is nationally listed. I think it is world heritage or something like that. Basically, it is one of these areas where the Commonwealth could crack the whip and insist that sewerage is provided. If sewerage is provided to these areas, then other things will follow. One would think with sewerage there would be a greater number of people flocking over there and the problem we have will eventually unravel itself with people living over there. Macleay is nearly the same size. It will need to be bridged also. It has 5,000 blocks, or the other islands have 5,000 blocks together. We are looking at populations which need services. Those services need to be provided. Island land-holders have paid $150 million for nothing. This seems to be a very big milking cow for the Redlands Shire Council. It is one where there has to be assistance from all levels of government to get over the problem, otherwise there is going to be a problem: the greater pollution of Moreton Bay and this will affect Ramsar wetlands which our Commonwealth has a commitment to maintain in pristine condition.

**CHAIR**—We are well and truly out of time, but Mr Billson wants one quick last question.

**Mr BILLSON**—For some of the allotments I assume that each land-holder gets a vote in the council elections?

**Mr Olsson**—No, they do not.

**Mr BILLSON**—How come?

**Mr Quain**—Representation without taxation does not exist in Queensland in local areas.

**Mr BILLSON**—Okay. So you cannot roll the council.

**Mr Schlaefer**—That is right.

**Mr BILLSON**—It sounds like a problem with the Redland council.

**Mr Schlaefer**—No, it is no problem for them, because we cannot outvote them. We would have two councillors. Each councillor is elected by 3,000 to 4,000 people in an electorate of 7,000. The islands combined have about 15,000 blocks and each block would mean that we would have two councillors in the council. However, we have none.

**Mrs GALLUS**—How can you have a council and not have a vote?

**Mr Schlaefer**—We pay rates. That is all.

**Mr Olsson**—We are land-holders and we are spread all over the world.

**Mr Schlaefer**—We pay the maximum. To answer this question, we pay rates of about $500 per block.

**Mr BILLSON**—Per year?

**Mr Schlaefer**—Per year. On top of that, we pay $200 for water, which we do not use. We also pay an electricity levy of $180 a year, which do not use at all.

**Mr BILLSON**—How do you pay $500 a year on a block worth $15,000?

**Mr Schlaefer**—It is not $15,000. My block is worth $500.

**Mr BILLSON**—$500,000?

**Mr Schlaefer**—No, $500.

**Mr BILLSON**—So you pay the full value of your site each year in rates?

**Mr Schlaefer**—And on top of that $200 for water and $180 for an electricity levy, an environmental levy and a fire levy.

**CHAIR**—And the Ombudsman does not see that this is a problem?

**Mr Olsson**—It does seem to be because of the legislation.

**Mr Schlaefer**—On top of it, the Redland Shire said to us in a leaflet when it had public auctions for people who could not pay the rates—

**Mr BILLSON**—And Queensland still claims a vertical fiscal imbalance. They sound like they have it all sorted out.

**Mr Schlaefer**—They said that anyone who wants to build will be provided with power and water. So that is why we thought anyone can build. Now they are putting the screws on us environmentally. They say we cannot build here, you cannot build on that block and it goes on. However, we have been paying ever since the council took us over. They said as soon as you put a building application in, we will provide you with the services.

**Mrs GALLUS**—I think you have some issues, Mr Schlaefer, but I think you are going to have to tease out the various different issues you have, because I suspect there are some issues here that are winnable and I suspect that there are some issues you have that are not winnable. I think you have to sort out which are which at this stage.

**CHAIR**—I am going to have to cut it off because we are well and truly over time. The committee will accept six documents tabled as an exhibit. They the ones outlined by Mr Olsson: Captures in Small Mammal Traps, a letter the Deputy Ombudsman in Queensland, a letter from Environment Australia, a map of bird and vegetation study sites, the map of proposed acquisition sites and the statement by Bay Islands Development Association. Would a member please move that the exhibits from Bay Island Development Association be accepted as exhibit No. 6.

**Mrs GALLUS**—Yes, happy to.

**CHAIR**—Thank you very much. I think the next witness is appearing in a similar capacity, so any lingering questions we can direct to her.

[2.28 p.m.]

**PAUL, Mrs Lyndsey (Private capacity)**

**CHAIR**—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 your submission, but do you want to elaborate on that before we start?

**Mrs Paul**—Yes. Good afternoon, Chairman, and committee members. I have listened to what has gone before. I can see what you have taken on board and how perplexed you are about some of it. I am here as a private citizen because I happen to own what I believe is the largest single piece of land on the island and because there is a history between this local body and me going back many years, as it has tried—

**CHAIR**—The local body being the Redland Shire Council?

**Mrs Paul**—Yes, as it has tried to get the land from me in various ways. That ended in the Supreme Court, where the land was put into its name and I got it back. That is a different story. I did not present that to you. I just presented you the case of the land as it is now, which is the sort of ideal example of land that would be needed for conservation and public good, which is what you are deliberating on.

You already have some picture of what is going on, but what was not mentioned were the thousands of people who already have, under pressure, handed their land back and/or are suffering quite severe loss of asset backing. Every single person involved with land on these islands has taken a loss, whether they are living on the islands in a house or whether they live in South America. There are 30 countries involved with absentee owners on these islands. The Redland Shire Council deals the rates out to 30 countries other than Australia. None of us gets a vote—you have heard that—so a lot of owners are at a remove and are not really able, as we are in south-east Queensland, to go to the council or to get in touch with other landowners or to try to find out what is going on.

My history with the council led me to be, shall we say, fairly cynical about its operations. This has been planned as a sting—a quadruple sting—and none of us was left out of this. The first sting was the rates—you have heard that—and the second sting was the loss of land as people were told that their land was not valued at very much and their rates appeared to be climbing while the value of their property went down. A lot of people—some thousands of people; say, 5,000 to 6,000 people—gave their land back. These were vulnerable people—pensioners, people who thought they had a little nest egg there or something like that. That land has gone; the council has it.

If the council continues with its plan and is not stopped in any way, it will own over 50 per cent of Russell Island, my 85 acres included. People often want to say, 'What's their purpose?' It is not sufficient to try to guess at what its purpose is, just to say that it would own over 50 per

cent of a very valuable island in a beautiful bay. It is heritage listed and all that sort of thing. So what would it do with it? Your guess is as good as mine. It might be terribly pure and good and keep it all for conservation and heritage areas, but on the other hand it may not. It might apportion it off to developers. It would have then a very small, contained islands population. It would certainly have the strong arm there to do whatever it wanted to do with it in the future, whatever that may be.

It has worked on the rates, it has worked on the devaluations—I will come back to that—and the next thing was that it wanted and applied for $24 million out of the Natural Heritage Trust. So it was dragging the land off the mums and dads and ordinary citizens, but that was not quite good enough. It wanted to say to the federal government, 'We have got these islands here and they are important and they need all this done to them. How about you give us $24 million and we'll fix it all up nicely?' The other thing was that it was going to apply for state funding as well. So it was the rates, the loss of land, the federal funding and the state funding. It has not quite got its plan together.

It has not got its plan together because there just were enough landowners left who would say, 'What's going on? You are not going to do this.' It is not very easy to say this to these people involved. This is what they have done. I put it to you in my submission as concisely as I could. There are loads of documents to back it up. I could have brought them all and piled them in front of you, but I came about what you are conferring on, which is conservation and public good. My land fits completely into that. It is beautiful. It is valuable. It should actually remain the way it is, always. I do not know how that can come about. Like everybody else, it was a bit of a nest egg for my old age. I dealt with the council over years and it might have gotten its act together. It could have.

The actual truth is: this was not an insoluble problem. It was a problem that it could have addressed by saying, 'We need a smaller population. We will say that land is badly drainage affected and say to the owners, 'We will offer you a moderate amount', whatever that may be, 'for this land'.' It could have bought some of this back and bought some of that back and perhaps bought some bits of foreshores at a reasonable and fair price. It would not have been very much because the land has not been terribly valuable over the history of it. Then it could see a few years down the track spending the rates, which appear to be—no-one will tell us this, and it goes into the general pot—something like $7 million to $9 million a year. Instead of spending some of that money in a buyback at a fair price to the owners involved, do you know what it did? You know what it did. We have told you how it did it.

There is a little dicey area here. Some of the land was valued at up to $70,000 and $80,000 on their unimproved capital valuation. When it did this plan, which was mooted through the middle of the 1990s and came on in 1997, the islands' values, which had just gone along through the 1990s—I have a graph here—went down markedly. The council and others will tell you that the values kept dropping. They did not. They did drop in proportion to what the real estate market was in south-east Queensland at the time. It was not very good. Once the draft strategy plan was mooted, they just went down as nobody knew what was happening or what was going to be.

At that time the sales dropped off. The Department of Natural Resources, which is responsible for the UCVs, says that this is how it did it, but there is a little bit more. I think perhaps the department may have been not paying attention and the council said to it, 'All that

land is only worth $500 a block.' So people who were getting their rates with their UCVs that were $70,000, $50,000, $30,000 or whatever suddenly found that their UCVs came down to this low value, between $3,000 and $500. But their rates stayed up. That happened to my land, which had been for years valued on my rates notice at $47,000. When the plan came along and everybody's land got devalued somehow—the departments are involved in this—my land went down to $9,000. But since I have been involved in all this and have stood up and spoken, just last month or so it somehow went back up to $34,000. I don't know how it happened. Nobody else is having this problem. It is just my problem.

**Mr BILLSON**—Your appearance today might bump it up some more.

**Mrs GALLUS**—Where is it going up? Is it the market value or the council's—

**Mrs Paul**—In Queensland our Department of Natural Resources is responsible for valuation of land.

**Mrs GALLUS**—When was it valued at $47,000? When you bought it 30 years ago?

**Mrs Paul**—No. Say through the 1990s.

**Mrs GALLUS**—So early 1990s it was $47,000?

**Mrs Paul**—Forty-seven thousand dollars.

**Mrs GALLUS**—When did it drop to $9,000?

**Mrs Paul**—It dropped to $9,000 about 1998 or 1999—when everybody else's dropped.

**Mrs GALLUS**—And now it is back up to $34,000?

**Mrs Paul**—I have the rates here. The rates for the first half of the year show it as being valued at $9,000. The rates for the second half of the year show it at $34,000.

**CHAIR**—As an old lands minister, I might ask you some questions, because valuations are usually based on sales. So what sales have taken place over there?

**Mrs Paul**—This is going against the way everything else has, so I am going to ask them some questions, but they are getting used to me and I think they think they better keep me happy.

**CHAIR**—So have there been sales in that vicinity of that value?

**Mrs Paul**—No. I am waiting to see what they will say to me, because everybody else's is going down. I am the only person whose valuation is going up.

**Mr BILLSON**—We have a map. It says Giants Grave or something. Can you give us an idea where the grave is?

**Mrs Paul**—Right down on the bottom, where the green spot is.

**Mr BILLSON**—This is you here?

**Mrs Paul**—Yes, that's right. There is a straight line. I can't—

**Mr BILLSON**—So this is an intertidal area?

**Mrs Paul**—No. There is the grave there. You can just barely see there is a lagoon.

**Mr BILLSON**—Yes.

**Mrs Paul**—It is tidally flushed. There is sand all around—you can walk around as a beach—and the mangroves around the edge are about 50 or 60 feet wide.

**CHAIR**—That is freehold title, is it?

**Mrs Paul**—No, it is not all titled. But there is a gutter that comes in and feeds this lagoon that the birds come onto. So the lagoon is tidally flushed.

**Mr BILLSON**—And your home is back a bit—

**Mrs Paul**—I do not live there; I live on the mainland.

**Mrs GALLUS**—There are no buildings there at all?

**Mrs Paul**—No, no buildings on my land.

**CHAIR**—You mentioned earlier that the Redland Shire Council had taken your land and you won it back in the Supreme Court. Was it taken on the pretence of conservation? How was it taken?

**Mrs Paul**—It was taken because it had done a lot of awful things to me, and my solicitor—

**CHAIR**—But in the name of conservation?

**Mrs Paul**—No, unpaid rates of $1,120. Why the rates were unpaid is that the solicitors had informed the council that all written communication was to go to them, because it had been harassing me over a period of years. The rates were sent in my name to the solicitor's box number but not care of my solicitors and I was overseas. I was in London for a year.

**CHAIR**—So the land that you say the council has acquired from other people was the same? Unpaid rates?

**Mrs Paul**—No, not all of it. Some of it has dropped so much in value and people are paying such high rates that, even when they ring up to complain about paying this amount of rates on that value of land, they would go on. Lots of people would keep paying their rates in line with

the value of the property and wait to see what happened. But you are just being stretched with the rates and the low valuation, and the council actually bullies people. It tells them, 'This is worthless land. It is valueless.' Valueless land can be taken off the register in Queensland.

**Mr BILLSON**—So the Redland council would say, 'You are having some financial hardship paying the rates. Why don't we take it off your hands?', sort of thing?

**Mrs Paul**—Rather more blunt than that, actually.

**Mr BILLSON**—Really?

**Mrs Paul**—It has not said it to me, so it is hearsay.

**Mr JENKINS**—Has the council put conservation controls over your land?

**Mrs Paul**—No, it has not. If it zones my land conservation, I do not have to pay rates on it. I am not quite sure where the ownership happens—I do not know—but conservation land under the Queensland local government law does not accrue rates. So it wants me to keep paying rates while it devalues it sufficiently so I will—

**Mr BILLSON**—There is noise in the gallery.

**CHAIR**—They say you are wrong.

**Mr JENKINS**—What is the land zoned?

**Mrs Paul**—Drainage problem, but they tell me drainage problem is res A, anyway. This is something I am not quite certain about. On the rates it comes 'drainage problem'.

**Mr JENKINS**— Your submission talks about unbridled development in the 1970s. That was actually before Redland shire had—

**Mrs Paul**—Yes.

**Mr JENKINS**—What planning controls were there when that development happened?

**Mrs Paul**—I do not think there were any planning controls worth talking about, because the longest court case in Australia's history was over what happened in subdividing that one particular island, if not the other islands as well.

**Mr JENKINS**—This gets back to the point that you make that if the council had sat down and talked the issues through, there was some opportunity to try to come to a solution that was—

**Mrs Paul**—There are lots of things it could have done. Some of the landowners are finding a similar system being imposed on them in other shires where they own land. I heard just recently that the member for Hervey Bay, whose name I do not know, has had constituents come to him

and say that the same situation is being used. We heard it started in Port Douglas, that local body people said, 'This is a way you can get land back if you want it: you devalue it and tell them it is valueless and stick the rates up high.' We know it is being done in Ipswich and Beaudesert, and the latest news, which was just a few days ago, is that people are complaining about it in Hervey Bay. It is a system that was set up by some bright boys who passed it on as a way they could get out of paying people for land to get it back.

**Mrs GALLUS**—I understand what you are saying is the council deliberately devalued the land so they could buy it back. Your first point is they devalued it by keeping rates high, but it is true, isn't it, that in Queensland rates are paid always on the unimproved value of the land. If you have a block of residential land you pay on that whether you build a house on to it or not. Is that true?

**Mrs Paul**—I am not able to answer that question.

**Mrs GALLUS**—Yes, thank you from the audience. That is true. So even if you bought a house, your rates would stay the same. On your map here it does not look like in fact many of those 8,000 lots have been built on. How many have been built on?

**Mrs Paul**—There are no lots on my land. It is all on one deed.

**Mrs GALLUS**—Is this your land as well, back here, is it?

**Mrs Paul**—No, no, just the bare part.

**Mrs GALLUS**—I am looking at the land back here, which is presumably land which has been subdivided.

**Mrs Paul**—That was subdivided in the early seventies or the late sixties.

**Mrs GALLUS**—But it does not seem like many people have bought on it, just from this, or is it—

**Mrs Paul**—No. Well, it does not look like this, I think, over the island generally but there has been—I think you have already heard—gradual development and people building on their land.

**Mr BILLSON**—That is a 1985 photo, though, isn't it?

**Mrs Paul**—Yes, it is.

**Mrs GALLUS**—If I get back to the devaluing of the land paying high rates, although they do not seem excessively high; drainage problems, saying you cannot build so close to the foreshore as you want to, it has to be back a bit; a development plan was put in place and used to tell owners their land was needed under the plan and there was to be a buy back under the current valuation of $1,000, take it or leave it. I cannot see exactly what it is that council has done to devalue that land so much—trying to buy it back, fair enough, but it has got, 'Take it or leave it.' Surely by this stage if the landowners think that that is an unfair offer they are not going to

take it, so they must have believed it was a fair offer, because I cannot see what the council is doing to devalue the land.

**Mrs Paul**—There are two things here. The rates that you mentioned are fairly the same as what a landowner/home owner would be paying on a four-bedroom house on a canal on the Gold Coast, just to put it in context. The other thing is, I think people believe that councils tell the truth.

**Mrs GALLUS**—So you think they have lied to people by saying this is worthless land and people have believed it and sold their block. So they have sent letters to South America saying, 'You have got worthless land. Therefore, sell it to us', at a tenth of the price they paid for it.

**Mrs Paul**—That is exactly it. They tell us our land is worthless.

**Mrs GALLUS**—Presumably, nobody is going to be silly enough just to take the council's word. Presumably, they would then ring up a real estate agent and say, 'Look, I have been offered $1,000 by the council. Can you sell it for me for anything else?', and so that real estate agent presumably said, 'No, that is the market value of the land.'

**Mrs Paul**—Well, there is a whole story in this, and I am not the person to really give the answer. It is to do with real estate people and sales on the islands. Before the draft study came out, sales were okay. They seem to sell on Russell Island somewhere slightly under or slightly over 300 blocks a year, and from the information I have it has not varied much over the time, but the price has varied as the value has dropped with the draft study. So—

**CHAIR**—Can I just interrupt there? Did the draft study show that any population increase would have a detrimental effect on the environment.

**Mrs Paul**—Yes, it did, I think.

**CHAIR**—So that is why the council—

**Mrs Paul**—I have got the draft study here, but, you know—

**CHAIR**—So that is why the council is trying to reduce the development on the islands. Is that the reason?

**Mrs Paul**—That is one of the things they are saying to us, yes.

**CHAIR**—I am trying to get to this conservation area as to where you see the effect of a conservation move by council is affecting your property right.

**Mr BILLSON**—And even though there is 1,400 residents on the island—

**Mrs Paul**—Thousand.

**Mr BILLSON**—It says 1,400.

**Mrs Paul**—Sorry.

**Mr BILLSON**—14,000.

**Mrs Paul**—Sorry, I thought you were saying blocks—residents. That may not be actually correct, that figure; they might just be the ratepayers.

**Mr BILLSON**—But we are well short of the 22,000 cap, though, aren't we?

**Mrs Paul**—Well—

**Mr BILLSON**—Sort of?

**Mrs Paul**—Well, look at how many blocks there were initially—

**Mr BILLSON**—I understand that.

**Mrs Paul**—Then the blocks that have been taken back, then the people who still own land—about 14,000—but of that 14,000 the council still would like another 5,000.

**Mr BILLSON**—But the point I am getting at is there is still residential settlement capacity there now.

**Mrs Paul**—Yes, there is.

**Mr BILLSON**—Quite substantial. It is just that it is not as open-ended as it was.

**Mrs Paul**—No.

**Mr BILLSON**—So it has sort of got a bit of a first in, best dressed flavour about it at the moment.

**CHAIR**—So this is potential—the council is saying that, 'If we leave all these blocks available, we have the potential to go over the limit', that we are talking about. Is that what they say?

**Mr BILLSON**—But we are nowhere near the limit just yet.

**Mrs Paul**—No, no. It is about control, I think, and—

**Mr BILLSON**—Can I ask a really simple question?

**Mrs Paul**—Yes.

**Mr BILLSON**—What is it you would like us to do for you, because this just seems like a stuff-up of biblical proportions involving local governments and some good ideas to beat unencumbered land declarations in the early seventies. I mean, there is a miniseries in this. I am

just sort of wondering what is the most useful thing this committee can do to help you and your colleagues, whether it is 1,400 or 22,000, on land that you can, but you cannot, build on that might be more expensive or might be less and that all costs you a fortune in rates from a council that you do not get to vote for. It seems like a great little mix of things. What is the most useful thing we can do for you?

**Mrs Paul**—From my perspective as an individual landowner with a large and valuable, ecologically valuable, piece of land I would say that any land that is taken for conservation or is conservation land should be made part of the marine park, it should be made part of the Ramsar area and it should not be council owned but part of the ecological area. So even if the council owns it or gets it from people in any way, it should be taken from them or they should be obliged to give it up into the bay area.

**Mr BILLSON**—So the federal angle on that is that if there is anyone whoever—Redland Shire Council, state government—banging on the door for money, we should be thinking, 'Well, let us see what your game plan is first because there are a whole lot of folks down there who do not know quite what is going on and we are not happy to spend any money until it is resolved.' I am just trying to think what is the most useful thing we can do, because it sounds like there are a whole lot of useful things that could be done, most of which are not jurisdictionally anything we have got any clout over.

**Mrs Paul**—No, but it would be very naughty—

**CHAIR**—Except you mention world heritage. There is some world heritage on—

**Mr BILLSON**—No, I think it is Ramsar. The money, that is more a constraining issue rather than a cash issue, but—

**Mrs Paul**—This council certainly should not be put in control of $20 million odd of natural heritage fund moneys to fix up the botch they have made.

**Mr BILLSON**—Are there other residents like you, Mrs Paul, who would be happy to yield at a reasonable price your high conservation value area on the island?

**Mrs Paul**—I do not know of any, but then there are not too many pieces like this.

**Mr BILLSON**—I am thinking of the earlier contribution from the BID, Bay Islands Development group, talking about how everyone is right for a castle on there. I am just trying to see whether there are enough people who are happy to work with an outcome that looks something like accommodational pressures on the ecosystem there but giving people who just really want to live there a chance to do so without getting mucked around too much.

**Mrs Paul**—This council is not a council that you can really work with. They want the say, they want to have all the power and they have cemented themselves into a corner where they have done no wrong at all and in fact are the good guys trying to fix up the terrible things that were done once upon a time.

**Mr BILLSON**—Have you thought about ringing up the ABC with that local council comedy satire program? What is the show called? *Grass Roots*. This is a great story-line for *Grass Roots* and it might just be that it could have a little thing at the bottom saying, 'This is based on a real case in Redland Shire.' They might do something about it. I do not know. I am not sure how we can best help you, given the tools that are available to us federally, but you have given us a few ideas.

**CHAIR**—I am going to give the committee a five minute break. Thank you, Ms Paul, for your evidence.

**Mrs Paul**—Thank you for your time.

**Proceedings suspended from 2.55 p.m. to 3.07 p.m.**

[3.07 p.m.]

**WISHART, Ms Felicity Jane, Coordinator, Queensland Conservation Council**

**CHAIR**—Although the committee does not require you to give evidence under oath, I should advise you that the hearings are a 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 have received a submission. Would you like to elaborate on that before we ask questions?

**Ms Wishart**—Just briefly, if that is all right. I just want to draw to the committee's attention a couple things, first of all, to say that I am the new coordinator of the Queensland Conservation Council. This submission was prepared by Imogen Zethoven, the previous coordinator. I have to say that I have been in the job for only four weeks or thereabouts, so I may not be able to—

**CHAIR**—We should not be too tough on you, then?

**Ms Wishart**—I may not be able to answer as many questions to the satisfaction that either you or I would like. Bearing that in mind, I want to say that Queensland is really Australia's most naturally diverse state. It has over 1,000 ecosystem types. Those ecosystems are habitat for 65 per cent of Australia's frog, reptile, bird and mammal species and 47 per cent of its vascular plant species. So I guess Queensland has been known to plead a special case when it comes to certain things and this may become relevant as we go through the issues.

In that sense, it is an economy which is heavily dependent on our vegetation, forests, coastal and mineral resources. While, for example, we have cleared almost half of our woody ecosystems since European settlement, compared to some other states we are certainly still a fairly heavily vegetated state. That means that we have a particularly high responsibility when it comes to biodiversity protection. It also means that there are costs that are associated with that.

In terms of our submission specifically, I reiterate that, essentially, the Queensland Conservation Council does not support any public funds directed towards compensation per se. Instead, the council supports the provision of public funds to deliver predetermined public good measures. We recognise that there is an increasing expectation from the community on maintaining and improving our record in both the agricultural sector and across all sectors of the community to try to work towards ecological sustainability and that at times that may require some assistance to particular sections. Often the immediate financial needs of communities, such as the farming community or a fishing community, can override the long-term, sustainable practices that we might be seeking to have implemented. We recognise that in such cases there may be justification for some sort of financial assistance. However, we do not agree with a legislative compensation approach to such things. We are, therefore, concerned about things like the Vegetation Management Act that was recently passed in parliament and the Water Allocation Management Act, which has also recently been passed through the Queensland parliament, because they have legislative requirements for compensation, which is of concern to us.

We would hope that Queensland would not lock itself into a long-term planning process, which does not have the flexibility to respond to new information as it arises, such as new information about biodiversity, new information about salinity hazard and so forth. That is probably as much as I need to say at this stage.

**Mr BILLSON**—Ms Wishart, the idea of a duty of care is something that we are canvassing, obviously, with varying points of view on where that starts and finishes and to what extent there should be financial incentives or recognition provided for performance above the duty of care. The Canegrowers talk about a duty of care that has got minimal off-site impacts. The Queensland Farmers Federation talks about a duty of care that is basically 'Do to your own land and if it is not commercial, then it is not part of a duty of care and it then becomes public good'. What is your definition of duty of care if we are trying to use that as a benchmark to define what is a reasonable expectation on a land-holder versus an additional benefit or an outcome that might require some of that type of public good conservation financial incentive that you have referred to?

**Ms Wishart**—It is good to see that we are starting with the easy questions.

**CHAIR**—Easy questions first.

**Ms Wishart**—The Queensland Conservation Council's view is premised on the whole notion of ecologically sustainable development and the principles that underlie that. They are principles such as maintenance of biodiversity. So we would want to see a duty of care include protection of the biodiversity, say, within a property and recognition of the off property, or the biodiversity beyond that. That would be one principle. The principles would be things like the maintenance of natural capital. We would also seek protection and nurturing and, in a sense, the maintenance of things like the soils and the water supplies that pertain to that property.

It is a difficult thing to try to hone down to a property-by-property perspective and as such we would be supportive of planning processes which seek to manage collections of properties to achieve those sorts of goals. I think, however, that it is possible to expect land-holders, as we would expect companies, to meet certain standards that are set where possible. It is for a negotiated outcome in terms of where you set the benchmark, but we would certainly say that we need to see the significant protection of endangered and vulnerable ecosystems and species which are rare or threatened. Those things are at the bottom line, that we would not want to see—

**Ms Wishart**—I certainly do not have a problem with that in principle insofar as, yes, if the federal government has been asked to come to the party on these things, then obviously they have some right, therefore, to expect to set minimum asks. I guess we have seen the Queensland government has been prepared to put a reasonable amount of funding to actually help land-holders to change their practices and move away from unsustainable ones. The Queensland government in this particular case has turned to the federal government asking for additional funding as an incentive package.

**Mr BILLSON**—It is tough to reward inactivity over a long period of time, is it not?

**Ms Wishart**—For sure. I think a lot of the environment movement has moved away from a comfort zone with saying that there should not be. We reiterate that there should not be any compensation. But, yes, the environment movement more broadly is usually of the view that it is the responsibility of state governments and/or land-holders to meet the sustainable practices of duty of care and so forth on their own. However, there is a greater imperative, particularly because of climate change issues, because of biodiversity issues, that Australia as a whole has in relation to the conventions that it has signed where sometimes the greater good has to be taken into account.

**Mr BILLSON**—But if you accepted that logic as it is applied to the Vegetation Management Act in Queensland and you applied it across coastal environments around the country, riverside properties, issues about light and air quality and all those sorts of things and applied those same behavioural change incentives, we would be one impoverished country because no-one would do anything that is reasonable and virtuous in its own right without saying, 'Cough up the cash, hairy legs,' and then we would never get anything done.

**Ms Wishart**—I guess it comes back to the issue of prevention versus cure. I think that the reality is that we are facing a huge bill in this country for the cure of a lot of the ills that we have created to date. This was a one-off opportunity in relation to the Vegetation Management Act to actually put some prevention in place.

**Mr BILLSON**—Some might have thought it should have happened, anyway.

**Ms Wishart**—It is not going to.

**Mr BILLSON**—I know.

**Ms Wishart**—So we are between a rock and a hard place.

**CHAIR**—Can I raise with you the issue of property rights? I notice you mentioned here the Water Bill 2000 in Queensland and also the east coast trawl management plan. Why should not people who have been involved in these industries for a long period of time be granted a property right? Is it not possible that, if the broader community believe that, in fact, there are too many fishing licences or there are too many water licences, groups within the community—whether they be environmental, whether they be philanthropists or whether they be corporate—can buy out these rights in the name of conservation?

**Ms Wishart**—If I set up a company tomorrow, I essentially have a whole set of capital expenditure that I have to be able to fund to make that company viable. We have a situation with many industries in Australia in which some of the significant inputs to those industries have come essentially for free without that capital expenditure up front. Not only have those inputs—and I am talking about things like water as an example—come for free, but they have actually led to environmental degradation for which those industries have not had to pay any recompense.

I think we need to look at the issue of property rights as perhaps separate from the issue of access to natural resources and recognise that, where there is access to natural resources, fair payment is due and fair duty of care is due also in relation to not degrading those resources over

time. Hence, when you have land-holders who are expecting access to water, there needs to be an appropriate mechanism by which the allocation of water is undertaken which values and recognises the importance of the natural environment, which respects that and which ensures that it is not degraded over a long term and that as an industry it has to pay for those inputs.

**CHAIR**—The licences might have come for a relatively low value. That is arguable, I suppose. Some people would argue that that is not the case. But the cost of development certainly did not. If I bought with a fishing licence a trawler that is worth half a million dollars or if I was an irrigator that then developed the land and it cost me as much, if not more, then surely in good faith I have invested there and if someone wants to take it away from me I am entitled to compensation?

**Ms Wishart**—I think that there is a difference between wanting to take that away from you and wanting to ensure that the industry and the framework in which you are operating is sustainable in the long term. Arguably, if you are allowed to continue on a track which is unsustainable, at the end of the day there will not be any industry for you to be in in any case.

**CHAIR**—That is an arguable point. I take that. Sustainable is a lovely word; it means a lot of things to a lot of different people. The bottom line is that, if we as a society believe things are being done and we are asking other people to take the pain while we sit back and say, 'I am not going to pay for this but I feel good about it', that is unfair, is it not?

**Ms Wishart**—I think we have actually indicated in here—and, again, we have said that we do not believe in legislated processes for compensation—that we are prepared to pay for a public good outcome. So if the public good outcome is reduced—an increased amount of water is going to environmental flow, a reduced amount is going elsewhere—and that is determined as a public good outcome that is essential, then it may be appropriate that there is some payment to achieve that. However, in the case of the trawling industry, if we see a situation in which there is a reduced number of trawlers operating as a consequence of a restructure, those trawlers that remain operating should not receive some sort of windfall as a consequence of any such payments.

**CHAIR**—They should pay for the ones who—

**Ms Wishart**—I think it has to be equitable and by that there has to be some recognition that, if they own a licence which has increased in value and which remains tradeable, then that is a windfall that is not necessarily appropriate for them to gain. So they should be perhaps asked to assist in the funding of any restructure package.

**CHAIR**—The problem I have with some of this is that I think there has been an estimate from the National Farmers Federation and the Australian Conservation Foundation to repair some of our environmental damage. I think they are talking about $64 billion or something like that. As far as I am concerned, that is pie in the sky; you are not going to get that. How do we then achieve what we are trying to achieve? If you look at the Murray-Darling Commission, the council or the basin itself, we see the problems that are now showing that we did not know about a few years ago. We say that there are going to have to be wholesale management practice changes, which will mean that someone in the higher reaches of the catchment will not be viable. How do we achieve that? We just cannot throw these people out of business because

they will not achieve it. We have to start thinking commercially with tradeable rights and probably a whole different suite of different issues to try to achieve this result.

**Ms Wishart**—I agree that it is not going to be easy and there are no simple answers to that. I wish I could give you all the answers straightaway, because they are such important questions. I suppose there are different scenarios that have been put around for how the resources might be found. Indeed, in our submission we do mention the possibility of some sort of environmental levy, which I think is also being proposed by the NFF and ACF, similar to the Medicare levy. I know that the economists of the world are very uncomfortable about hypothecated taxes. They probably know better than I why that is.

**Mr BILLSON**—When you find out, tell us.

**Ms Wishart**—Nonetheless, yes, they are difficult questions. I do not have the answer except to say that we do have to start proposing alternative ways in which particularly the rural community can continue to make a buck without destroying the livelihood on which they are dependent. As you say, that is something that is going to take a lot of different sorts of measures. They all have to be premised to my way of thinking by those principles of sustainable development.

**Mr BILLSON**—We have had some evidence about hypothecation of revenue resources however they are raised for conservation. Is it your sense that the public's preparedness to contribute for a known specific targeted conservation measure is a by-product of some lack of confidence in where money set aside for conservation is going or how it is being used at the moment?

**Ms Wishart**—Perhaps not a by-product of uncertainty about where current money in that direction is going so much as a sense that government in some nebulous sense wastes lots of money and at least if it is a hypothecated—

**Mr BILLSON**—Probably on inquiries such as this, I suspect!

**Ms Wishart**——tax, you can see it for sure; it is definitely going in that direction. I think it is the difference between the nebulous and the specific.

**Mr BILLSON**—We have had some evidence from some of the farming lobbies who are quite rightly pointing out that the preparedness of people to do things varies greatly—what motivates them, what guides them and what interests them. It is the same with people's willingness to pay for public good conservation. Picking up on Chairman Causley's point, tradeable instruments are a way of drawing out the resources that people are prepared to pay. For instance, in relation to the sulfur dioxide and nitrous oxide trading system in the north-east of the US, conservation groups actually buy up those emission permits to put pressure on the energy producers to lift their game at a faster rate. So it has actually been a useful thing in improving outcomes and marrying public good conservation with those that have the money do it on a specific thing.

**Ms Wishart**—I guess there would be a strong voice within my constituency which would say that, while that may achieve the sort of outcome we are looking for, yet again it is falling on the

community to have to pick up the bill for polluters. That really is not the way that it should be going. Those polluters should be taking responsibility for—given that they are making the profits—reducing those emissions over time.

**Mr BILLSON**—Which brings us back to that earlier thing about where the duty of care starts.

**Ms Wishart**—Absolutely. It is the same with the environment levy in some respects. I think that is why it is a particularly controversial thing, even within parts of the environmental movement, and that is because 'whose responsibility is this here?'

**Mr BILLSON**—Also you talk about the ecosystem services-type idea. Even that relies on defining a threshold level of good conduct so you are actually paying for gains, not just paying for what would be thought reasonable elsewhere. Once you get into that ecosystem services thing, do you not see that you are leading into one of those tradeable arrangements, anyway, in which those who can outperform their duty of care can actually lay off their virtue to someone who either cannot, or will not, or is not prepared to?

**Ms Wishart**—Yes, I can see it leading that way. I suppose one of the concerns is the amount of assumed and certain knowledge that goes with that. Because so much is in relation to the natural ecosystem, if we get into that game of trading here for there and this species for that or what have you, it assumes that we have perfect knowledge of those systems and that we are making the right judgment about how much we need to protect and so forth. I think we are a long way from perfect knowledge in that respect.

**Mr BILLSON**—Do we have enough data to be clear on what those outcomes should be? There has been some discussion today about backing off on the regulation side of it and trialling a few different ideas to achieve better outcomes. The question was: do we know what those better outcomes are that we need to be achieving to check all these little incubator ideas about how you do it and whether we can monitor how we are going sufficiently to judge, yes, we are getting there or, no, we are not? Do you have a view on that?

**Ms Wishart**—In Queensland in particular we are a long way from having adequate information.

**Mr BILLSON**—Is that core state government business?

**Ms Wishart**—It is and it is something that it is putting increased resources into this year as far as I know. Again, there is a long way to go. Having recently worked in Victoria, I know that the level of baseline data is much greater in places like Victoria than in Queensland. That is also a reflection of the larger area. I think Queensland has been slower to start collecting this data. I do not know who it was, but someone suggested that rather than the regulatory approach, we have these other mechanisms. For me it is about having a baseline which is perhaps regulatory and then encouraging beyond that rather than saying we will have an open slather and it is up to individuals to choose to go beyond.

**CHAIR**—But regulation costs money and takes money away from what you can put on the ground, because there have to be people going around checking to see what is being done and to see if you are reaching certain standards. Is there not another huge bureaucracy?

**Ms Wishart**—I do not believe it has to be managed in that way. Certainly, we have seen examples both within Australia and in other countries where regulation has actually led to innovation, increased productivity and greater competitiveness within industries. As that baseline, regulation can be very productive and useful for industry. It also sets a level of certainty, an issue we hear constantly from industry that it is looking for. I think it was BHP which came out recently asking for Australia to be quite firm in terms of setting greenhouse targets to enable it to stay ahead of the game.

**CHAIR**—It has not stayed ahead of the game very well. As there are no further questions, I thank you very much, Ms Wishart.

**Ms Wishart**—Thank you.

**Mr BILLSON**—And good luck.

[3.38 p.m.]

**BRYCE, Mr Harvey William, Member, Australian Forest Growers**

**DENNIS, Mr Allen Henry, Member, Australian Forest Growers**

**MOTT, Mr Ian Andrew, National Councillor, President, South Queensland Branch, Australian Forest Growers**

**O'DONOGHUE, Mr Kevin Anthony, Member, Australian Forest Growers**

**CHAIR**—Welcome.

**Mr Mott**—I have a couple of papers. We were talking about sitting everybody down in front of a PC and running through the model, which did not work out. In lieu of that, I have run off a couple of tables with different indicative scenarios.

**CHAIR**—Let me formalise this. 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 the parliament. We have your submission and you have given us more documentation. Would you like to give a brief outline before we ask questions?

**Mr Mott**—Of the submission or the—

**CHAIR**—Carry on with whatever you want to say.

**Mr Mott**—You will note that at the end of the submission we point out that we do have a model for actually costing environmental measures and such. That model was developed as part of a property management planning tool. It was originally designed for my own purposes when I was researching my own legal status in respect of an existing use. So it was designed basically to be able to stand up in court. It has been circulated to members but, in most cases, it is a bit of overkill for the average landowner because it can go right into complete detail. The function of the model is to provide a decision matrix and a decision tree so that we can feed in at the basic level the plot data on different types of forest on a property, a catchment, a region or a bioregion and from that determine the value of the forest and the composition of it. That then feeds into another sheet that does discounted cash flow on it with a properly formatted basis so people are not measuring retail prices as a yield of their wholesale operation.

That then feeds into a probability table which allocates a probability for 10 different profit scenarios based on doing a number of discounted cash flows. So the aim of the tool is to play with it to do a number of different discounted cash flows. For example, if the stumpage goes up, this shows what happens and how that affects profitability. This is also the case if the yield goes down or the value of land goes up. So it is aimed to take most of those variables into account before putting in the guesswork, which is in the assessment of probability.

**CHAIR**—Is this commercial-in-confidence information?

**Mr Mott**—It is free to members.

**CHAIR**—But you would not want this to go to the wider public?

**Mr Mott**—Most would not be able to work their way through it.

**CHAIR**—I was going to suggest that you give your submission. Then if someone has been sitting in the audience and would like to give some brief evidence to the committee, they can do so. We might go into that form with you after if you would prefer just to deal with the submission.

**Mr Mott**—Yes, I do not have a problem with that. It is at the point where it now needs to be out in the public sphere because there are major decisions coming up on the cost of environmental management.

**CHAIR**—If you could just deal with the submission we have before us, and then we will deal with the model later.

**Mr Mott**—Okay. Before we finish, the probability assessment in the table takes everything from a range. It is based on a no-risk rate of return, which is essentially the cash rate, and then plots variations above and below that. Of course, with forestry you have a situation where you can actually not only make no rate of return but lose the value of your capital. When you lose the value of the capital, you lose not just the value of the standing timber but the future interest returned from that capital if it was converted to cash, plus the growth that would have taken place in the forest if you had been allowed to continue with it. That not only produces a negative rate of return; it is another order of magnitude in negativity. It only takes a small probability of a very negative outcome to undermine any profit considerations from the remainder of the probabilities.

That table then feeds into a whole farm assessment which is contingent on the area of your farm that may be under trees, under pasture and under crops and what would happen to your bottom line by adjusting the weighting of those in the mix or by adjusting the composition. For example, do you have a greater risk having a native forest rather than an exotic plantation? That would then feed into the bottom line. That then gives us the capacity to say exactly what the cost of the beneficial effects to those farmers are and what the impacts of the measures are. For example, if reserving a portion of very steep country that may have trees on it which could be managed, we can determine what impact that will have on the whole farm.

**CHAIR**—Do you have any more to say on the submission itself?

**Mr Mott**—Just to follow on, we forwarded a copy of this submission to the New South Wales government, as most of this issue is related to its treatment of existing uses under the EPA Act. We are getting legal opinion as to the nature of its exposure to negligence.

**CHAIR**—Having been a forest minister in New South Wales, I say that that is a fairly important point, though. In relation to the situation that I see with these plantations—or even, I

dare say, these actual forests that you might have on your property- what guarantee have you got at the end of 30 years that in fact you will be able to use it for a commercial return?

**Mr Mott**—If it has been lawfully commenced, then it has a right to continue. As far as the law goes, we all have a right to the quiet enjoyment of our possessions and the continuation of our existing lawful purposes. I note that the Local Government Association of Queensland even recognises that on its own web site when determining what it thinks its exposure to negligence should be. The question is, though: what does everybody else know about it?

**CHAIR**—What about SEPP 44, koala habitat?

**Mr Mott**—As long as it does not detract. I actually got a clarification of its use of SEPP 44 in my own circumstances when we were talking about doing a thin stand that had a lot of grey gum in it. It was being interpreted by my local council as meaning that I could not touch any tree that was a koala species, yet it was interpreted by DUAP, the Department of Urban Affairs and Planning, that as long as the composition of the forest was maintained then the obligations under SEPP 44 were addressed.

All of those are planning instruments that may guide existing uses. They may even regulate, to some extent, existing uses but they may not prevent them operating in a manner that would prevent the continuation of the lawful purpose. The real problem is that when any reasonable man or woman is sat down and asked to think through the full implications of what these measures are, he or she can conclude that, yes, people do have the right to continue forestry. The measures as interpreted in the field are that there is no such protection. Curiously, I note even State Forest New South Wales, which I would have thought would have had the most well documented existing use right in forestry probably in the country, was not even falling back on the existing use provisions when it was being required to lodge development consents for operational works in its own forests when it had clearly set aside forest for a purpose, which is the route of a use in law. Whether it wants to pursue that matter or not is another matter.

**CHAIR**—It would then come down to a legal interpretation I suppose, but governments, either state or federal, have a right to make statute law. Unless you had a watertight piece of legislation which said that, if this legislation is ever varied which will impinge upon your rights, there must be compensation—

**Mr Mott**—Section 51 of the Constitution.

**CHAIR**—We have had legal argument against that.

**Mr Mott**—Yes, but—

**CHAIR**—Am I right in saying that?

**Mr BILLSON**—Yes, that was the argument between what is property and what is a development expectation.

**CHAIR**—What I see here is that I think there is room for private people to get involved in public good conservation and get a return. Obviously that takes the pressure off the public

purse. But if private people get involved and get their fingers burnt, then it will certainly be an inhibition, I suppose, to others in the future to get involved.

**Mr Mott**—And most private foresters have already been burnt. We regularly see mention that private forestry is a nascent industry, that it needs assistance and it is only new, when in fact the lawful forestry purpose has been around on farms for well over 100 years here in Australia. It was always native forestry, not plantation forestry. The reason it was always native forestry was: why would anybody pay good money to plant a forest when they grow quite well by themselves, as long as you keep the sheep and the fires out of them?

The traditional view of forestry is quite entrenched, but it is facing a lot of attack. Those people also have neighbours. They would be making it crystal clear to anybody that did not have a well-forested property that the very last thing they should be doing is allowing forest to spread onto their property. That outcome is directly at variance with ESD principles. There is no intergenerational equity in that. There is no adequate valuation and pricing in that mechanism.

We are scaring the wits out of people who have already taken good measures. It is well documented on the aerial photographic record how much forest has been established on previously cleared land. There is nil recognition for it. A lot of that stems from the view that forestry in a native forest begins when you start sawing when in fact it starts when the intent begins, when the decision is made not to clear the regrowth from your pasture, to allow some of it to continue to grow on the basis that it may form a valuable product in future. That is the commencement of the purpose. As long as that recognition is there, then nobody really has any claim to be saying, 'We would like to regulate your use.' We must assess the use in its entirety, from the commencement to the finish, rather than merely arrive in the last one and a half minutes of the 24 hours of forestry and say, 'We would like to make sure there is a balance of ecological, social and economic values.'

**Mr BILLSON**—Is there not some advantage, though, in terms of market access in these days of stewardship council assessments, Tesco and the DIY outfits in Europe and the like wanting to know about the cycle of your forestry product, in having some kind of oversight code, whether it be from the point of the decision to plant through to silviculture practice—clearing buffer zones, protecting watercourses or extracting the stuff without clogging up the streams with sediment? Is there not some advantage in having that and could that not possibly be folded into the right to harvest? That is, 'Once you get the green light and if you do comply with the code, well, go for it.' Isn't that a measured way of going about it?

**Mr Mott**—It is one way of going about it. It is not very good. I must point out: we recently saw some film of European equipment that was on sale. A fellow was flogging it around Australia. At his demonstration site he is using cable snigging, which is overhead cables pulling the logs. This was all very well. This was a certified European operation. They were clear-felling a 200-year-old stand of beech on a 40 degree slope. Nobody in private forestry in Queensland, to my knowledge, is doing anything like that.

**Mr BILLSON**—You and I both know that that is the argument around the stewardship council arrangements. There is a whole lot of aggro going on in that at a number of levels. Let us try to put that to one side.

**Mr Mott**—But that was an accredited operation.

**Mr BILLSON**—That is why people do not always subscribe to that accreditation model. Good ideas sometimes suffer from the company they keep. Can we not get to some point of certainty? There is a statement in your submission about having to get a land use approval for that type of crop whereas other types of crop do not need that sort of approval. Accepting that we could get through that and then there was a management regime that was reasonable, are they not the building blocks of certainty and getting a harvest outcome when the time comes?

**Mr Mott**—It is an interesting argument that to provide harvest security we must first mislead everybody about the harvest security they already have.

**Mr BILLSON**—We would not be here today if it were as clear as you describe it, though.

**CHAIR**—New South Wales is now trying to come in over the top on private land as well in controlling harvesting forestry activity. I think that is the latest.

**Mr Mott**—It depends who you talk to. The ground is shifting very quickly in New South Wales at the moment. There have been mentions of as-of-right forestry and there is a review of the exemptions that were under section 46 being carried over—what should be and what should not be. It would not be correct to make any assumptions about what will or will not happen in there.

An example of the critical point would be section 9 of the EPA in New South Wales. That is, the corporation will acquire land by agreement or by compulsory acquisition. The vehicle for applying these measures and bringing about more sustainable forest management is by agreement—and compulsory acquisition of those bits that must be—but nobody is yet to establish that any aspect of forestry in an Australian forest is incompatible with the continued provision of environmental services.

**Mr BILLSON**—I do not disagree with that. My central point is, though, that, if you are going to cough up some cash for some change in what the land-holder had an expectation they could do and what they were able to do at the end of the day, you would want a pretty solid baseline from which to work so that you as a land-holder knew what you were arguing about and the taxpayers knew what they were paying for. I guess what I am talking about is issues around stream lines, gradient questions and buffer zones and all that sort of stuff. I would hate to think the taxpayer is paying for that, because I reckon that is just a reasonable cop for that particular land use. If it gets much beyond that, though, into what is intervention into your reasonable harvest rights, then sure. It gets to the central point of what—

**Mr Mott**—It is very difficult to differentiate between a reasonable impost on your harvestable yield and drawing buffers. The problem with all these buffers is that they allow a regulator to go away feeling comfortable that he has done his job when in fact it has no impact at all. My own property is a very good example. Twenty-five per cent of the property is riparian buffer. Another 15 per cent is steeper than 18 degrees, which means that just on those two criteria we are talking about 40 per cent. Add even two habitat trees per hectare on a property where the old growth stocking rate was 30 stems per hectare of this size—and those habitat trees will go to that size—we are talking about—

**CHAIR**—That is a tree of about a metre across?

**Mr Mott**—Yes. We are talking about another 15 per cent. So these three simple throwaway lines have coughed up 55 per cent of the yield. Add to that the fact that a riparian buffer produces at least 50 per cent more production than outside per area. So we are getting close to 66 per cent of the productive capacity of the forest, if you preclude each one of those. If you allow a capacity of partial intervention, as in no more than 10 per cent canopy cover, over a given period—so it is a question of degree rather than absolute—then you have no impact on the bottom line, because you have merely postponed interventions in a space of time so that the sum of ecological values are maintained.

**Mr BILLSON**—Sure, but where the point is warrants a discussion. I accept that point, but the fact that you need to have a discussion does not remove the necessity to find a point so that I can front up to my taxpayers who, frankly, aren't that interested in what you are doing—they have enough to worry about in their own lives—but know they are coughing up cash for it. They want to know what they are paying for.

Whatever way you go with public good conservation, you need that clear point, that distinction that is made between what is a reasonable duty of care, using your description—protecting not only your peaceful enjoyment but also that of Harry down the catchment. His peaceful enjoyment should not be detracted from by you. So they are not paying for that, because that should be a given. But if there is some financing of public good conservation, then it is for those things that go beyond the impact you are having outside your property on the natural systems.

**Mr Mott**—Sure, but at this stage they are not paying for anything.

**Mr BILLSON**—That is why we are having the inquiry.

**Mr Mott**—In fact, they are attempting to take by misrepresentation, which is neither by agreement nor by compulsory acquisition—that is the critical problem—and they are doing so in such a ham-fisted way that they are extinguishing capital holus-bolus. We will get into that later, but I can give you some examples of the impact of the fact that 30 per cent of all rural properties are sold within a decade. If you are not getting the full value, if there is any reason whereby a banker or a prospective buyer would not pay fair value for the standing wood, then for a foreseeable time frame—say, 15 years—a third of all those cashflow projections are just right out the window. And they are not just out the window; they are the worst case loss scenario where you are carrying the cost of that write-off over 20 years. You are forgoing the interest income for 20 years and so on. Part of the reason—

**Mr BILLSON**—Discounted for tax treatment.

**Mr Mott**—Tax treatment, curiously, is not a major problem for most farmers, because they are not making any income. If there is a single issue that does have an impact on their management it is that the people gaining the tax benefits are delivering plantation clonal monocultures into places where they are not needed while the people with existing habitats who could expand them are getting no advantage. I can say that in my North Queensland hat but in my national councillor's hat I cannot, because we represent all foresters. But in Queensland it is

mostly native foresters, and there is no benefit being delivered to them to assist them to expand the habitats by natural means.

**Mr BILLSON**—How does that concern you are talking about impact on, say, the Victorian legislation, the forestry rights legislation, that treats the land as a separate asset and a crop as a chattel, and the chattel happens to be the timber that is growing on it, so they can be traded independently and invested in independently? You might have 100 hectares of 600 millimetre rainfall land but not the zacks to put in the crop. Someone else can put in the crop and provide the silviculture and you get an annuity or a share profits. Does that undermine the benefits of that separation where there is uncertainty over harvest?

**Mr Mott**—That depends on who is delivering the annuities or whatever. One unrecognised feature of the current forestry policy is that most of it has been delivered by governments who cannot deliver the single most important element in the cost-benefit analysis of forestry, which is the tax deductibility of the establishment cost. They cannot deliver that to the joint venture partners. Therefore, the joint venture partners are missing out on that element of it. The real gains for the environment are where the forests already are. We recognise that native forests are fairly fragmented, but at this stage we have a farm forestry inventory being compiled which is going to tell us exactly what we need or do not need to know about how fast Joe Bloggs's one hectare plantation is growing. But we do not have the funding under the NFI to do a native forest inventory of private lands. That NHT funding was only just forthcoming to do the farm forestry inventory, but we do not have it for the native forestry inventory.

**Mr BILLSON**—Not a good investment by the sector.

**Mr Mott**—By which sector?

**Mr BILLSON**—Farm forestry community. Do it yourselves, if it is so crucial.

**Mr Mott**—No, the NFFI steering committee is made up of state representatives only; there are no landowner representatives. AFG has been trying to get a seat on it for quite some time. So it is State land management bureaucrats that are forming this and they have made the decision not to—

**Mr BILLSON**—It needed to be done.

**Mr Mott**—They have made a decision not to commit the funding yet to a private native forest inventory, but the scale of the private native forest resource—of the forestry relevant native forest resource—is over 12 million hectares and this is the stuff that needs attention now because a lot of it is actually overstocked. A lot of it is seriously limiting the run-off into the Murray, for example. If you have got it overstocked, then the amount of water run-off is being greatly impaired and the thinning of that for silvicultural purposes would produce an immediate water bonus to the Murray-Darling catchment. Nobody has ever costed this because we cannot even get a handle on how much of it is out there, but it is well recognised in more recent research by CSIRO and even the traditional method during a drought—when the well went dry you went up and ringbarked some trees and suddenly the well was full. What we have got now is a regrowing resource right across the Murray-Darling catchment that badly needs thinning

and it is competing so much for water that it is pumping the ground dry before each rainfall event.

**CHAIR**—You were saying that the State bureaucrats were not prepared to recognise the areas of private forest, but they were taken into account in the RFA.

**Mr Mott**—Only in south-east Queensland, and very poorly.

**CHAIR**—In northern New South Wales.

**Mr Mott**—Very poorly.

**CHAIR**—Certainly in northern New South Wales they were taken into account.

**Mr Mott**—I would be quite happy to forward to you a copy of our critique, AFG's critique, of the comprehensive regional assessment of the private resource in south Queensland. There were major problems with what was done, most stemming from a lack of budget but, in essence, they drove past, assessed the stands from the front gate and, in most cases, the forest stand is at the back fence, not the front fence, so they were looking from a long distance and—

**Mr BILLSON**—Fly-by.

**Mr Mott**—It was rudimentary, at that.

**CHAIR**—This was because they had to come up with an RFA in a period of time and they did not have the resources.

**Mr Mott**—They did not have a budget. They simply did not allocate the funds. They had $11 million to spend on a public resource that it had almost already been decided to get rid of and they did not have $200,000, let alone $500,000, to do a proper assessment of the private resource which produces twice as much wood as State forests in south-east Queensland. So until we know what is out there, we are still left with people making these misleading statements about the sustainability of the resource here and we are not in a position to prove them wrong, but from anecdotal evidence we know perfectly well that they are dead wrong.

**Mr BILLSON**—Under your business model risk analysis, how do you factor in carbon sequestration credits?

**Mr Mott**—This is designed primarily for native forest management and they are busy telling us that we could not get any carbon credits for the—

**Mr BILLSON**—The jury is still out. It is on the table.

**Mr Mott**—Yes, but they have all been telling us that we would not be able to get it for stand improvement, for example.

**Mr BILLSON**—Who is 'they'?

**Mr Mott**—The greenhouse office.

**Mr BILLSON**—So you have not factored that into the model?

**Mr Mott**—I may still be a member of the consultative panel for the land use change of forestry element of the inventory.

**Mr BILLSON**—That is to one side of the model as it is designed now.

**Mr Mott**—Yes, even though it should be pointed out that in the United States they are busily preparing for all landowners to gain carbon credits for the improvement in the growth of their native forest.

**Mr BILLSON**—And we have got ABARE and BRS running around trying to measure it, as well.

**Mr Mott**—Yes.

**CHAIR**—So you are confident then that there will be a market.

**Mr Mott**—For?

**CHAIR**— The carbon credits.

**Mr Mott**—I do not think there will be, no.

**CHAIR**—Because the US is crucial to that.

**Mr Mott**—They voted 95 to nil to get rid of it, to not endorse it, and there is no evidence that—I think it was the Congress has changed their tune on it. Most of the entities trading in carbon credits will be American. Most of the wood that is subject to those credits will be American wood and, without them, it is a pretty sick market. Until they can resolve those other issues like providing a credit for the value of existing wood in managed native forest—bearing in mind that for the greenhouse inventory the target is already set on the basis of the wood yield from managed forests.

**CHAIR**—In Kyoto we gave that up, didn't we? The existing forest was counted?

**Mr BILLSON**—No, this is about how you calculate growth.

**Mr Mott**—It is calculated in the overall inventory—

**CHAIR**—I was talking about the existing forest, because those who had preserved forest on their property will not get the benefit of a carbon credit in fact, but those who had their property want to grow trees can.

**Mr BILLSON**—Mature forests, as distinct from calculating growth.

**CHAIR**— How do you define 'mature forest?'

**Mr Mott**—Well, they were quite specific, limiting it to only plantations. There is room in, I think, one of other sections for enhancement activities, but there is—

**Mr BILLSON**—Big argument on—

**Mr Mott**—The other issue, of course, is how can we have a credit without a tax, and to levy a tax on the existing standing wood volume would be a tax on capital.

**Mr JENKINS**—After this long discussion, I want to put a simple question. What is the solution? You have got a warped view of state legislation; I can understand that, the way it has been presented to you. I am not sure that you think that intergovernmental agreements have taken you anywhere. There are some forums you are not given a seat at to put your view, so—

**Mr Mott**—The intergovernmental agreement is quite a good agreement because it sets out a process that we will follow to establish measures and it sets out in a very clear and precise way that we will only establish proportionate measures and not disproportionate ones and that we will pay full value for any acquisitions that are required. That is entirely appropriate. The problem is various state bodies and local government bodies are not following that agreement. So the solution, though, is to put it right out in the front and deal with the law as it applies and for the lawmakers to abide by their own laws. They have to do a proper assessment of the resource before they can start bringing measures in, and if they have done that proper assessment they can then highlight where the problems are. They cannot just speculate and say, 'Oh, we will, have 50 per cent of your forest just to make certain we do not have any problems.' They need to come out and say, 'Okay, this is the problem. This is how it is occurring. Let us have a measure', and that would be a lawful measure. We would not be complaining about existing use rights if that is how measures were applied, but they are not. They are done on lights and mirrors and therefore we have to fall back on the law as it stands.

This would be an appropriate time to have a look at the model. In this example there is a lot of stuff there, but just look first at the second page and you will see a table. It is a rundown of the probability scenarios and you will notice under the heading titled 'Probability' in the middle of the top page there is a range of numbers but, at the bottom, events eight, nine and 10 have a low probability because that is the normal expectation that if you start something you will not take a complete bath, but there will be a range of probabilities that you may make 4 per cent, you may make 5 per cent, 6 per cent, 7 per cent or whatever. If you turn over the page, we are using the same event but with the probability that the property gets sold within 15 years in event 10, which is 0.35, and we have adjusted all the other probabilities accordingly by a third down because we cannot have a probability of more than one. It produces a rate of return of minus 29 per cent per annum on an exercise that was producing minus three. Now, that minus three is risk adjusted. Therefore, it is actually a rate of return of 2 per cent, assuming that a 5 per cent rate of return is a zero risk rate of return. You will notice in the second part of the table it is even higher and the reason why that second table is higher is that there we are talking about a riparian zone, where the growth rate is higher, the standing wood value is higher, and therefore the exposure to risk is higher. There we have a minus 35 per cent annual rate of return. This is what is happening right now without any measures, without any buffer zones in place, without consideration of anything else. If we feed that through, go to the back—

**Mr BILLSON**—Just before you go any further, Mr Mott, the formulas you are using to arrive at the risk rate of return laid against your probability in your financial modelling, how are they informed? Are they informed by actual examples or are they an educated assessment?

**Mr Mott**—The bottom three, 8, 9 and 10, are based on—well, number 9, for example, is recovering no capital. Therefore, you are writing off the value of your standing timber and—

**Mr BILLSON**—I understand that.

**Mr Mott**—The other portions above, they are based on another part of the worksheet which is doing a number of discounted cash flows. So you then say, well, if we take a punt and in 15 years we will get a royalty of $40 a cubic metre as against getting a royalty of $45 or it may be based on having a growth rate of 15 cubic metres per hectare or a growth rate of 10, and by doing a lot of those it then allows one to take more realistic guesses. All we are doing is moving the guesses further down the decision tree. But if we look at the second last page, that is actually the business end of the worksheet which identifies the impact on the whole property. This example is where we have got a farm with 36 per cent pasture and 64 per cent native forest and we are allocating that between the three groups at the top of that land use type which are mature native forest, manageable regrowth and degraded regrowth.

So we have got various weightings for that and that will then allocate the rate of return, the negative rates and the positive rates from other uses like orchards or cropping or pasture and woodland, which has much less downside risk. The bottom of that then indicates how the threat posed by the trees affects the viability of the total property because we have the rate of return on, say, the house, the land title and the plant and equipment. If you flip the page again to the last page, you see an example of what a reasonable man in possession of the facts as they are now anywhere in Australia would do and that would be drastically reduce his risk. A landowner doing this would be doing what the average suburbanite would be doing and that would be getting the heck out of anything so risky as to produce a negative rate of return. To do that, they would heavily log the mature native forest. They would plant it full of exotic species so that it would not be so attractive to the Greens.

**Mr BILLSON**—You would plant Halloweena, or whatever that stuff is called.

**Mr Mott**—Yes, something like that, but they would plant bananas in the riparian zone.

**Mr BILLSON**—It is a weed in North America.

**CHAIR**—China, I think it comes from.

**Mr Mott**—But anyway, to produce a barely positive rate of return, they would have to rip the guts out of the whole farm and that is an entirely reasonable, rational response to the current situation that is produced simply by the failure to recognise existing use rights and the failure to publicise to the banking community in particular—and I have a case of this where my own banker would not loan me money on the basis of $400,000 worth of standing timber.

**Mr BILLSON**—He probably heard you were coming in to talk to us.

**Mr Mott**—Possibly, yes—association with bad types. But that is the actual impact on the ground of this. The first step is to recognise the existing use provisions. The next step is then to start encouraging landowners, once they feel secure, to get back into doing positive steps.

There are any number of ways that that can be done and the most straightforward way is to actually encourage tourist facilities in managed forests. At the moment, a local government can grant or decide not to grant a right to have 'X' number of camp sites in a forest on somebody's land or 'X' number of caravan sites or 'X' number of cabins and it is something that they can do for next to nothing. But if you made that contingent on entry to a code of practice or something like that and made that as a by-product, you would have a public benefit that is being provided free of charge by a relevant authority in exchange for compliance with voluntary measures.

**CHAIR**—Having looked at those figures, why is it that the state governments are going out and talking about the returns on plantations if there is a relatively low input into native forestry, the management of native forests? To buy high-value land and plant the trees, how are they getting a return on it?

**Mr Bryce**—It is an absolutely terrific loss. The messmate up at our end is incredible.

**Mr Mott**—Yes. It is very dubious. The state cannot make money out of plantations, because they do not get a tax deduction.

**CHAIR**—But you are encouraging private people to go out there and grow plantations?

**Mr Bryce**—Yes, a joint venture.

**Mr Mott**—Yes, mostly to the uninitiated.

**CHAIR**—So you are saying 20, 25 years down the track there are going to be some fairly disillusioned people.

**Mr Mott**—There already are. There have been quite a few complaints in northern New South Wales. It is the ultimate shonky product because it takes 30 years to find out that you have been dudded. A lot of traditional landowners are really quite sceptical about forestry, mainly because it is such a clearly expensive product and it has been marketed to a constituency that does not have a cash surplus.

**Mr Bryce**—I have got pine plantations in New South Wales that cannot be harvested because local authorities will not allow the timber trucks to pass through their land on their roads or the state forests will not let them take the logging trucks out through state forests.

**Mr BILLSON**—Are you down Byron way, are you?

**Mr Bryce**—Now, down further, almost on the water. I cannot think of the name of it now. It is a family—

**CHAIR**—Where was that, Mr Bryce?

**Mr Bryce**—I cannot think of the name of exactly where it is. My mother bought it initially and there are five shares in a forest program that she bought in 1972 and now the final harvest is about to happen and we cannot get it harvested.

**CHAIR**—This is down around Coffs Harbour, or somewhere down there?

**Mr Bryce**—No, further down.

**CHAIR**—Further down? Nambucca?

**Mr Bryce**—I cannot think of the name of the place—down towards Albury, down that way.

**CHAIR**—Right down the south. Right. This would have been some of the private plantations that were planted in the sixties?

**Mr Bryce**—Seventies.

**CHAIR**—Yes, sixties/seventies.

**Mr Bryce**—It is only council pig-headedness, and state forests. They will not let them log it. They will not let them take the timber out through their land or out on their roads.

**CHAIR**—So if we were asking people to grow trees in the name of public good conservation, what sort of subsidy are we looking at if we are going to give them some return?

**Mr Mott**—I do not think that there is a need for a subsidy. The most successful forestry establishment period in Australia was the period from 1972 when the UK joined the EEC.

**CHAIR**—That was the tax incentives that were put out at that time, was it?

**Mr Mott**—No, it was actually taking the hill country dairies out of production.

**CHAIR**—They regrouped?

**Mr Mott**—They switched to beef, a less-intensive management regime, and nature did the rest. Certainly, I can speak for my own area, Byron Shire where my property is, and there has been at least a doubling of the forest area.

**CHAIR**—There is aerial mapping that can back that up, I understand?

**Mr Mott**—Absolutely. We have an aerial photograph dated 1942, where there is lucky to be 25 per cent forest cover and today it is closer to 75 per cent. That has occurred on a large scale in all the coastal areas and there is no credit for it. People do not even accept that what has happened is forestry. Landowners have sat watching it. They see it every day, and they are getting a slap in the face, being accused of raping a virgin forest when, in fact, it is their own creation. But they have encouraged, and quite often that encouragement is not active and well documented; it is just walking past, seeing a tuft of weed growing next to a little seedling and

instead of pulling out the seedling, you pull out the weed. It is a sense of custodianship that enhances it. You cannot be too active on it, because I have found that if I am wandering around the paddock and I see a nice little seedling and I tend it too much, the cows will get suspicious and come over and rip it to shreds.

So neglect is the only form of forestry that has actually put the runs on the board and a lot more than the 20/20 and at no cost to the public purse. So we need to channel some of these tax dollars. Take the 20/20 vision, for example, when we signed up for an extra 2 million hectares of forest, we also signed up for $5 billion worth of tax deductions. If we put that $5 billion out into the landowners' pockets in some form, then we would start seeing an awful lot more results and you would have a significant wad of money that could certainly fund some pretty good public good conservation measures, given that managing a native forest is necessary rather than really concessional.

**CHAIR**—So you are saying that we would be much better off supporting the land-holders with their native forest regeneration than planting some of the plantations that we have, say, on the north coast of New South Wales, with species that are likely not to mature into hardwood logs?

**Mr Mott**—They may mature into hardwood logs.

**CHAIR**—What about white gum?

**Mr Mott**—They might. There are some that Harvey could have told us about with Gympie messmate, which is one of the planks of the south Queensland plantation program. He had logs that exploded in the mill because they grew so fast. They were like celery.

**CHAIR**—So the grain was too straight and they just split open?

**Mr Mott**—Not straight; there were too many stresses within the log. Sure, the scientists are working on how not to have a log that explodes in your mill, but the fact is that we will not know until 20 years' time and it is a very big risk. It is a huge punt on technology that somehow you can ramp up the growing process to achieve a 25 per cent MAI—mean annual increment—when, in fact, by improving the growth of existing native forest by one cubic metre a year, which will have no impact on the quality of the wood whatsoever, it will be absolutely certain to be a product that the market enjoys right now.

**CHAIR**—So we would be better putting our effort and our dollars into native forest regeneration?

**Mr Mott**—Yes, absolutely, especially given that our existing habitats are fragmented. Everybody knows that they are fragmented and the fragmentation puts those habitats just at the threshold of sustainable populations of species within them. So the secret is not to whack in some clonal monoculture down the road in the middle of a cane field; it is to expand those habitats gradually through seed dispersing and other means to ensure the viability of the existing habitats, not create islands of new habitat that are second rate.

**CHAIR**—Thank you very much.

**Mr Mott**—Thank you for your time.

**CHAIR**—It is proposed that we incorporate the submission. Are you happy for this to be incorporated in evidence?

**Mr Mott**—Certainly, yes.

**CHAIR**—It is proposed to incorporate the document *Australian Forest Growers Explanatory Notes on the Use of Whole Farm Risk Assessment Model* in the *Hansard* transcript of proceedings. There being no objection, it is so ordered.

*The document read as follows—*

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

That, pursuant to the power conferred by section (a) of Standing Order 346, this committee authorises publication of the evidence given before it at public hearing this day.

**Committee adjourned at 4.41 p.m.**