



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE

Reference: Catchment management

WEDNESDAY, 5 APRIL 2000

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE

Wednesday, 5 April 2000

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

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

Terms of reference for the inquiry:

To inquire into catchment management, with particular attention to the following matters:

- the development of catchment management in Australia;
- the value of a catchment approach to the management of the environment;
- best practice methods of preventing, halting and reversing environmental degradation in catchments, and achieving environmental sustainability;
- the role of different levels of government, the private sector and the community in the management of catchment areas;
- planning, resourcing, implementation, coordination and cooperation in catchment management; and
- mechanisms for monitoring, evaluating and reporting on catchment management programs, including the use of these reports for state of the environment reporting, and opportunities for review and improvement.

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Committee met at 11.26 a.m.**CRAIK, Dr Wendy, Executive Director, National Farmers Federation****LOVETT, Ms Anwen, Director—Environment, National Farmers Federation**

CHAIR—I declare open this public hearing of the inquiry by the House of Representatives Standing Committee on Environment and Heritage into catchment management. This is the 10th hearing of the inquiry, and the committee is drawing close to the conclusion of its inspections and hearings. The committee has visited most states in Australia, except Victoria, and has held discussions with many farmers and other people involved with land management projects such as Landcare.

At today's public hearing the committee will hear from the National Farmers Federation. Before proceeding, I advise the witnesses that committee public hearings are recognised as proceedings of the parliament and warrant the same respect that proceedings in the House of Representatives demand. Witnesses are protected by parliamentary privilege in respect of evidence they give before the committees. Witnesses will not be asked to take an oath or to make an affirmation. However, they are reminded that false evidence given to a parliamentary committee may be regarded as a contempt of the parliament. The committee prefers that all evidence be given in public, but should witnesses at any stage wish to give evidence in private they may ask to do so and the committee will give consideration to the request. I call the representatives of the National Farmers Federation. We have received your submission, but perhaps you would like to give us an opening statement.

Dr Craik—Thank you. The NFF welcomes the opportunity to appear before the inquiry. Our interest in integrated catchment management revolves around our belief that delivery of sustainable natural resource management outcomes is optimal at either the catchment or regional level. The reason we raised the issue of regional needs is that some 70 per cent of the country is rangelands, and catchments are not really so applicable to rangeland areas. It is our belief that natural resources ought to be managed and coordinated on a regional and/or catchment level and that funding and action that addresses environmental issues ought to be encouraged and facilitated by government at that level.

NFF has committed itself to the pursuit of solutions to the flag issue of dryland salinity. The only adequate way for a systemic degradation problem such as dryland salinity to be addressed is at the catchment or regional scale, primarily due to the fact that the movement of salt is integrally linked to the movement of water through the landscape. Farmers are investing considerable resources, both human and financial, on their farms to address the environmental degradation issues confronting them. However, I think everybody accepts that actions of individuals alone will not be sufficient to slow the spread of problems such as dryland salinity. What is required is a coordinated strategic approach at the catchment and/or regional level.

The other key component to natural resource management is the people who will be undertaking work on the ground to deliver sustainability outcomes. Again, we believe that the catchment or regional level provides the greatest opportunity for the community and individuals to have a say in directing action at priority issues in the regions. We see engagement and

genuine consultation with landholders as being of critical importance. Unprecedented levels of cooperation, coordination and resourcing will be required if systemic degradation issues are to be adequately tackled within the landscape. Alex Campbell, Chairman of the National Dryland Salinity Program, has warned that ‘there are no soft options when it comes to salt’.

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We believe that a combination of tools—market incentives, public good funding and rebates, for example—will be required. Flexibility will obviously be required for customised delivery. Supplementary government funding is likely to be required to facilitate the establishment of markets in both carbon and salt because commercial returns have yet to be established.

The NFF would like to advise the committee that we have been working with the Australian Conservation Foundation for some time to try to get a good handle on the scale of physical investment and the time frames that will be required to address some of these major issues. We hope to be in a position in the near future to outline our thoughts and proposals publicly. When we do that, we are happy to provide the information to this committee that we produce at that time. I thank you.

CHAIR—Ms Lovett, do you want to make a comment?

Ms Lovett—No, thanks.

CHAIR—If I can lead off: you would probably be aware that this committee is trying to look across the states, as the federal parliament can, to see—if possible—whether there is duplication of effort taking place between the state governments, federal government and local governments. We are also looking at the best use of funds because there is a number of federal government funds from different sources being targeted to different projects while they are certainly in the same area. From your members on the ground, do you have any feedback on whether we are efficiently using the funds and whether there is duplication in the different areas?

Dr Craik—I will get Anwen to address the duplication. The observation I would make from the feedback that we have had—this will not be any news to the committee, I am sure—is that there is a concern that the funding has been at a project level, so it has been very difficult to identify any significant landscape level change because the funding has not been delivered at a landscape.

CHAIR—So you are saying that there has been no overall plan and no targeting of the worst of the particular issues?

Dr Craik—Yes. It is for particular projects that probably are significant in themselves but, if you are trying to change a landscape, you really need to address these issues on a landscape basis. I think it is fair to say that we are all getting wiser with hindsight. But we have said for some years that we would prefer to see the funding that is available address issues on a landscape basis; that is, get a plan for the region and then, with a number of projects that make up that region, deliver the funding.

CHAIR—We have had some evidence to suggest that plans have been drawn up but, of course, they are expensive so that means we often do not get any work done on the ground. I know it is a chicken and egg situation. I daresay what you are saying is that we are not putting enough resourcing there to get the plans up and ready so that we can act from there. Would that be your opinion?

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Ms Lovett—I have had quite a lot of anecdotal feedback from people who have been part of developing quite detailed plans for regions and who say that there has then been no funding to implement them, or they get a small amount of funding for a particular part of the plan and not the plan in its entirety. The whole point of having a plan is to deliver the package; otherwise you do not get the integrated outcome you need at the other end. It comes down to commitments to funding to actually implement the plan. There are a lot of regional plans out there that are not being implemented. However, there are some good examples, particularly over in Western Australia, where they have been confronted by dryland salinity far sooner than a lot of areas in the east. There are quite good examples that I would encourage you to get information on through organisations such as the Land and Water R&D Corporation.

Dr Craik—The other issue is that there has been some concern amongst our constituents about having different buckets of money rather than having one large funding source, which has made it confusing. Perhaps this has not delivered outcomes that are as beneficial as they might otherwise have been if there was one pot of money labelled under one particular program.

Ms Lovett—Or at least a smaller number of programs where the funding sits, instead of the huge range we have at the moment.

CHAIR—In all the areas land management is a state issue, so we really do not have any idea from the state agencies where we should have our priorities. We just do not have that information at the present time or it is limited.

Dr Craik—I do not know. I would imagine that this priority information is available between the states and the various organisations.

CHAIR—It just needs collating.

Dr Craik—Yes. With the national land and water audit, the Land and Water Research and Development Corporation, the Murray-Darling Basin and all the state bureaucracies—with that group of people—I cannot believe that each state could not identify a couple of absolute priority catchments that need to be addressed.

Ms Lovett—In my view, one of the gaps we have at the moment is that we have not really sat down and grappled with how we actually deliver on a regional strategy. We have a fairly good idea what we need to do but there are very few examples of actually getting in there and practically trying to deliver on a regional strategic plan at this stage. That is one of the areas we are trying to grapple with. The ad hoc nature of funding from the programs we have at the moment does not allow for that sort of strategic investment because the funding is spread across the landscape. You cannot measure outcomes when it is that widely spread.

CHAIR—One of the philosophies behind catchment management when I was in New South Wales was trying to get the property owners involved, because most it can be done by property holders and often a lot cheaper than anyone else. Do you think the catchment management committees have achieved that?

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Dr Craik—I am not really in a position to say.

Ms Lovett—I could not say specifically whether the committees have achieved that.

CHAIR—Across any state, you would not have any knowledge of different systems in the states? We are looking at a best model, if we can. We cannot tell the states what to do but we can make a suggestion.

Dr Craik—My understanding is that Victoria has not been bad. We are a bit removed from that level of it, to be perfectly honest.

Ms Lovett—It is fair to say that the advice that comes to us is that we need to be focusing on that catchment or regional level, so there is some support for delivering through the models.

CHAIR—In the area of nutrients, salinity and water quality, are we achieving anything on the ground in trying to monitor and then to alleviate some of the problems we have?

Dr Craik—There is absolutely no doubt that there is a much greater level of awareness than five or 10 years ago. You certainly get really good examples of individuals doing very impressive things on their properties, on their land, and sometimes you get a few of them working together on adjacent properties. But we need to try to do something on a catchment scale because they are such significant problems. There are also politically difficult problems to deal with, particularly if you are looking at revegetating 70 per cent of the catchment in some areas. You have to think about the people who live there, how they are going to react and what they are going to do. It will require really creative government, community and industry responses to work out solutions.

CHAIR—Do you believe that those property owners, say, up on the slopes have accepted the fact that they are part of the problem?

Dr Craik—I think probably some of them have. That would be my reading of it. But, like all things, there is a variability—

CHAIR—So they are aware of it, but then how do we solve it?

Dr Craik—Yes, how do we solve it?

CHAIR—The issue of property rights—allowing someone to grow vegetation on a property where salinity might be becoming mobile but then there is someone else with no ability but to pollute—do you think there is a place for people who can change their farming practices, maybe even revegetate, to hold back the salt from the flood plain to be compensated? Do you think

there should be a property rights system whereby they could be compensated for that by some others who pollute?

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Dr Craik—There does need to be a clearly established property rights system. It has been long been an issue for us at NFF and our member organisations that we do need clear property rights systems in this country. There does need to be compensation payable; that is, where people have been given rights and had those rights removed or changed, there does need to be some compensation. But who pays it? You suggest that the other landholders pay it—

CHAIR—Partly.

Dr Craik—We see many of these issues as something for which not only the farmers should foot the bill because they are whole of community issues. The whole community needs to be party to the solution.

CHAIR—But, of course, Sydney and Melbourne would point the finger at the farmers and say, ‘Well, you did it. You’re going to have to fix it,’ and the fact is 60 per cent of Australians live in Sydney and Melbourne. What would be your reaction to that?

Dr Craik—Our reaction would be that a lot of the early development in Australia was predicated on agricultural development, particularly of sheep, in this country and there is no doubt that the people who now live in Sydney and Melbourne benefited from that development. Secondly, the state of knowledge that we have now and our understanding of our land systems is vastly different from what it was 200 years ago when this country was settled and when people operated under what they thought was appropriate practice at the time, which we now know not to be. Thirdly, government legislation, including tax incentives for land clearing as well as soldier settlers being given totally unviable property allocations by government, really has facilitated, I suppose you could say, the land degradation that farmers are now faced with.

Mrs VALE—Wasn’t there also a requirement underneath those grants—

Dr Craik—That a certain amount of development would take place.

CHAIR—That was part of the lease.

Mrs VALE—Otherwise you got kicked off?

Dr Craik—So you lost your lease, yes, that is correct.

CHAIR—How much education do we have to do to convince Australians that there should be an environmental levy, which we may have to levy for another 200 years, to try to alleviate these problems?

Dr Craik—I guess I have often thought—this is not an NFF view but a personal view—that something on the scale of the AIDS education program is what is needed to get this message out to the community.

CHAIR—As dramatic as that?

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Dr Craik—Yes, to get the message out. As you would know, salinity is affecting not only the farming sector but also the whole community. You only have to drive to Cowra and bump along the road there and also look at the buildings in Wagga to see that it is a whole community problem.

Mrs VALE—Some of the cities are feeling that impact too.

Dr Craik—That is right.

Mrs IRWIN—You state on page 3 of your submission:

NFF supports the concept of transferable water entitlements under strict conditions, both within and between States.

And it goes on. Would you comment on the advantages and disadvantages of interstate water trading and how environmental, economic and engineering problems associated with water trading can be overcome.

Dr Craik—Probably with difficulty. It is probably a challenge. Sorry, what was the first part of your question?

Mrs IRWIN—How can environmental, economic and engineering problems be overcome?

Dr Craik—If an appropriate market for water is established, then I think a lot of the economic issues will resolve themselves. Again—and Anwen may care to comment more—the social and environmental issues are ones that we still have not adequately grappled with. In areas where water has currently been overallocated in terms of what people regard as adequate environmental flows, how are allocations to property holders reduced in a fair way? We would say they need compensation, but I am not sure that that is a generally agreed principle by governments at this stage. That needs to be dealt with. In terms of the social issues, again, we can identify the issues but we certainly do not have answers to the problems. We think those are the things that need to be looked at.

Ms Lovett—I would add that we are also faced with increasing trade-offs when we are talking about revegetation of catchments. We are also talking about increased water use in those areas that will reduce water availability again. So there are some huge issues that will have to be addressed.

Mrs IRWIN—Very big issues.

Dr Craik—And you will have to involve communities in them because, at the end of the day, they are the ones who will have to live with these.

Mrs IRWIN—This is what we were saying earlier about having a very strong campaign to educate the community.

Dr Craik—Yes, so they understand the issues and problems and get information on what the options might be.

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Mr BILLSON—This is something I have raised a number of times with other people providing evidence to the committee. My travels to the UK and the US suggest that the degradation of our natural systems will increasingly be a trade issue, where farm subsidies are being dressed up in Europe and the United States as internalising the cost of natural systems degradation. Are you concerned about market access issues for our exports of agricultural products when big supermarket chains in the UK are likely to say, ‘Your natural systems are being degraded. We don’t want to trade with you.’ Is that something that is registering on the screen with your organisation?

Dr Craik—Not yet in an environmental sense, particularly. Certainly, GMOs might be seen as the forerunner for it where we are getting the market saying that they want GM-free products. In terms of environmental issues, we find that some in the farm sector are getting things like ISO accreditation and individual farmers in some industries are looking at environmental management system accreditation, and that will probably become more widespread. Notwithstanding all that, there is no doubt that Australia’s agricultural system, on anyone’s measure, is cleaner and greener than Europe’s. We certainly do not have the history of chemical application that they have in those countries to deal with. In terms of payments to producers, we do not have a problem with payments to producers as long as they are not trade distorting—and that is the challenge.

Mr BILLSON—They are getting very clever in the way they are describing it.

CHAIR—‘Devious’ is the word.

Mr BILLSON—The Americans were saying, ‘We are not running down our water quality. You guys are. Therefore you are not fully internalising the costs which equals a trade subsidy.’ I thought that was some creative thinking. But that seems to be the mood that they are hanging on to, particularly in Europe.

Dr Craik—They have to defend their whacking great subsidies somehow.

CHAIR—Non-tariff trade barriers.

Dr Craik—That is right.

Mr BILLSON—I listened with interest to the remarks made about funding being needed to support the development of salt and carbon markets and the earlier questions about water markets. We took evidence in South Australia where the point was made that good water management—where you have the capacity to trade water, or where the government provides some financial assistance in return for environmental flows of water saved through non-waste and those sorts of things—is an entirely sound business case on its own. How bankable are these improved natural system management strategies for resources like water? Are they

confined purely to water where their business case stands up on its own, or do you see them moving into land management through improved production and the like?

Dr Craik—I think they may well move into land management, but it is not a universal case at this stage and I would not say that it is universally agreed that that is the case at this stage. Over a period of time, it is hard to see how it will not stand up by itself. But even though the business case may stand alone, one has to be sensitive to the fact—and I think we have seen it in rural and regional Australia—that, if you trade water solely on an economic base or as a business case, you may end up with some areas with very little water. What will that do to the regional area? I think that is a tricky one to handle. How do you deal with that in terms of adjustment for that community?

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Mr BILLSON—I was surprised at how emphatic this guy was when making those points. There are no soft options with salt and the Victorian catchment model went for skills—which is the key to making sound decisions. Yet increasingly the social issues, the adjustment questions, the fact that resources need to be transferred from one community to another up the catchment, as Ian was saying, have politics written all over them, in my mind. I wonder whether the management models at the moment sufficiently accommodate those tough choices so that they can be implemented with community support. Do you have a view on that?

Ms Lovett—My only comment would be that it is noteworthy that we have not hung our hats on a particular catchment management model that is out there.

Mr BILLSON—We were hoping that you would have, but never mind.

Ms Lovett—That has been particularly for this reason: the feedback coming to us is that people really want to have engagement in their own destinies. They want to have the opportunity to be part of the trade-offs and decision making for the future of their catchments and regions. We have got to be realistic in terms of the fact that some areas we are talking about are living with a certain degree of salt. How do you then then productively manage that land? How do you drive investment into particular parts of the regions and communicate those trade-offs within the community so that there is an understanding about why the action is being taken? I think the model that we come up with in terms of catchments and regions is one of our biggest challenges, if this sort of concept is actually going to work.

Dr Craik—I think, too, that the issue of skills is absolutely fundamental. I guess we would tackle that on a broader approach—that the opportunity for people to acquire skills in rural and regional Australia is absolutely fundamental. If you look at some of the indicators, such as trends in the retention levels in schools and participation in tertiary education, this is important not only for the rural sector generally but in this particular area. But, on the other hand, you are not going to get away from some of these political issues; the politics will always be there. That is why you have to involve the community.

Mr BILLSON—In your submission you make a point about private benefit and public good. The Woomera-Mallee pipeline and those sorts of things where the public good is picked up through environmental flows I think are good models. Do you see that type of thing happening

with revegetation where the Commonwealth or the broader public might finance vegetation strategies where the taxpayer retains the carbon rights, for instance, in return for assisting with funding or would you see the loss of the use of an area of land needing to be compensated for by the property owner retaining carbon rights? I am just trying to imagine how we find something that we could all live with and defend to the taxpayer.

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Dr Craik—I think the property owner would require some compensation. Perhaps that is one of the trade-offs that will have to be negotiated—whether the taxpayer or the property owner retains the credits. I think that is why it is horses for courses; it is an issue. But I think the fundamental point is that public investment is going to be required.

Mr BILLSON—Is the farming community ready to engage in carbon trading? My sense is that, at the farm level, you will not have enough sequestration value to be a player. You will need to aggregate that somehow; otherwise the transaction costs will be more than the value of the credit.

CHAIR—If a market develops.

Mr BILLSON—If a market develops. Are you guys looking at some brokering function there where you might act on behalf of a region to—

Dr Craik—No, we are not that brave. We would refer people to expert advice rather than offer it ourselves. But our view would be that you probably do need to aggregate a bunch of players to make that successful. It is certainly something that we are trying to make our people aware of. I think there are potentials there, but it is a matter of us and the farm sector getting on top of the issues and pointing out the threats as well in that whole area.

Ms Lovett—Certainly, there are examples of groups of farmers who have speculated in investment, and there are also examples of where you see the operations of the State Forests of New South Wales. It comes back to the question you were asking about ownership and that sort of thing. What they have found is that the best deal at the moment for farmers is actually going into a lease arrangement with the farmer, because that reduces the risk for the individual on the land. It then comes down to how much risk the farmer wishes to carry in terms of how much return they may get back.

Mr JENKINS—Part of this follows on from Mr Billson's questions. As a disclaimer to him, I am starting to share some of his questions. At the bottom of page 2, you talk about 'beneficiary pays' principles. I wonder whether you would expand on that. What is the limit and what are the mechanisms? For instance, Mr Billson has been on about models where special rates are struck that might end up being used for specific matters akin to catchment management or natural resource management. You talk about the entire community, and that is open to definition. It can be either at taxpayer level in toto or at the local level through some form of levy. Have you had any thought on what you would like to see as a 'beneficiary pays' principle in action?

Dr Craik—I guess our view is again that it is horses for courses. But, if you are going to establish some kind of management regime in an area or, for instance, put in irrigation in a particular area, who will benefit from it? If it is to be the farmers or the farm sector only, then we agree that the farmers should pay. But, if the community is going to benefit in some way from, say, increased recreation on the dam or if there is some other benefit to the local community, the local community should share the cost. If it becomes a benefit at a national level, then the whole community should contribute through taxes. So it is horses for courses. Again, it is one of those things that need to be negotiated between the various parties that will be part of that process.

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Mr JENKINS—The NFF a decade ago, in conjunction with the ACF, was responsible for the commencement of the Decade of Landcare. Has the NFF now thought of what the next move is?

Dr Craik—We have been talking to the ACF over the last three or four months and we have been getting some work commissioned. In the very near future, we hope to make some statement with the ACF, based on the work that we have had commissioned, as to where we would like to see things go in the future after the Decade of Landcare and following the Natural Heritage Trust. Once we have that available, we will be more than happy to make it available to the committee. So yes, we are thinking about it and trying to work out where we think we might go.

Mr JENKINS—You cannot share some of that thinking at the moment?

Dr Craik—If we were to share it with you, the ACF might feel that we were jumping the gun a bit. That is okay, but it should be in the next couple of weeks.

Mr JENKINS—But it goes to two levels. You have mentioned the Natural Heritage Fund, so there is a funding component to it.

Dr Craik—Yes.

Mr JENKINS—But I think you also said earlier that we have to recognise that, in a lot of the Landcare stuff, because it was spot stuff, perhaps we have lost the overall picture.

Dr Craik—Yes. I think you can take it as read that we certainly are focusing on a regional catchment approach. We want to look at not only what needs to be done but also how it might be delivered, how it might be done, which I think is the real challenge.

Mrs IRWIN—Following on from the issue of Landcare, tell me whether I am correct: are you saying that you think Landcare should play a greater role in catchment management?

Dr Craik—I do not think we particularly put that view at all. I think, again, it depends on the catchment. If there is an active Landcare group there that has an appropriate role, fine.

Mr BARRESI—Most of my questions have now been asked by my colleagues, so I will go to my tenth order question. Wendy, in your submission, you speak of the NFF welcoming the move towards market based systems in natural resource management—and that is fantastic. How receptive are the farmers to that move? I would think that there would be quite a bit of resistance to that in pockets around Australia and that it would be very much regional based. If there is resistance, what is the NFF doing to overcome that?

Dr Craik—I think you are right, it certainly is not going to be absolutely universal and, again, it will depend on the particular issue. Our member organisations are the ones who set our policy, and I think the majority of them do support that approach. But I do not doubt that there are pockets of resistance. What are we doing about it?

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Mr BARRESI—And, of course, that then introduces the whole issue of politics; that then is thrown into all this as well.

Dr Craik—Yes.

Ms Lovett—Certainly, if we are to reap any of the rewards from carbon trading that are flagged, we do have to accept that there will be some kind of market in carbon. For landholders, who are the people who will be planting the trees and generating the carbon sinks, there will be a need to participate in that sort of a market.

Mr BARRESI—So there will be casualties along the way. Is the NFF prepared for that?

Dr Craik—That is why we think there needs to be adjustment with a lot of these. Adjustment needs to be dealt with in these issues. If you do have to go to replanting 70 per cent of catchments, someone who previously engaged in some productive agricultural pursuit is probably no longer going to be able to engage in that. Maybe they want to look after the trees. Maybe they do not; maybe that is not what they want to spend their life doing. What sort of adjustment will there be for those sorts of people? I think adjustment issues are something that will need to be looked at. But I guess our sector is like many other sectors: it is not going to get 100 per cent agreement. I suppose a good example of that is the cap on the Murray-Darling. We have members both at the top and the bottom of the Murray-Darling and we have members in intensive and extensive industries. It is well nigh impossible for us to have a policy on the cap.

CHAIR—I have been through that.

Mrs IRWIN—The question is not how long is the length of string but how long or wide is the river, isn't it?

Dr Craik—Yes, that is right.

Mrs IRWIN—This is a very short question, and it is very similar to Phil's. What is the level of appreciation from the ordinary farmer today about how serious dryland salinity is? Is there a commitment or a cooperative spirit that you are receiving to actually do something about it, or do you think people are just shelving it? This is at the real grassroots level.

Dr Craik—I think in Western Australia the awareness is very high and the commitment to do something is very high. I think in some of the south-eastern states, again, the awareness is increasing. The New South Wales farmers, for instance, have been very involved in salinity summits in Dubbo and Wagga. I do not think that awareness is nearly so high in Queensland; in fact, I think some of our constituents would have difficulty in believing that it will be an issue in Queensland. So I think in the farm sector it is variable and the commitment to do something is variable.

I also think there is a feeling that there are all these land degradation issues and, with the way commodity prices are going and will continue to go in the foreseeable future, many of them do not feel that they have the resources themselves to deal with the issues or even to fund those issues. Because a lot of these issues have a regional scale to them, even if they can afford and are prepared to do something it will not necessarily make one iota of difference if someone up the catchment continues to carry on with their previous practices. I think that this awareness program is not only one that needs to be directed at the entire community; we still have a job to do in the farm sector.

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Mrs IRWIN—Is your organisation participating in the awareness program?

Dr Craik—No, we are trying to make our guys aware through our normal channels. But I think there needs to be a coordinated government approach to raising awareness. It is a significant problem, but it is not really in the tops of people's minds at all; it is a farmer's problem.

Mrs IRWIN—It is only really when it visits you personally.

Dr Craik—That is right.

Mrs IRWIN—The other day I was quite amazed to hear from the committee that Yass's water supply is so salinated that it is actually looking at trying to lock into the water supply of Canberra somehow. That would have been unheard of even five years ago.

Dr Craik—That is right.

Mrs IRWIN—So the problem really is getting very serious and it is getting very serious very fast.

Dr Craik—I am sure that, were it to happen to the Canberra water supply, there would be a very rapid reaction.

Mrs IRWIN—I think you might be right. Where you stand always depends on where you sit, doesn't it?

Dr Craik—That is right.

CHAIR—What would your position be on the management of catchments? Do you believe that catchments should be managed on a catchment wide basis; if so, who should do it?

Dr Craik—That is a tricky question. I do not think we actually have any NFF policy on this. But I think the view would be that, yes, they ought to be managed on a catchment wide basis, and the people involved in that catchment ought to have a very strong role in the management of that catchment.

CHAIR—The landholders?

Dr Craik—The landholders and others in the community who have a role in that. But certainly the landholders need to have a strong voice in that.

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CHAIR—What about the Murray-Darling? That is a huge catchment. How will you handle that?

Dr Craik—Our view would be that, for the smaller catchments within the whole Murray-Darling, you would need to have catchment committees, or whatever you want to call them, looking after their own catchments, and obviously you would need some overall coordinating.

CHAIR—An overall plan of catchment on a river basis or a tributary basis?

Dr Craik—Or whatever it might be, yes.

CHAIR—And then coordinating at regular meetings or whatever.

Dr Craik—Yes.

Ms Lovett—You do need to do it at that sort of level where you will get ownership from people living within that catchment. If you make it too big, you lose that engagement in ownership.

CHAIR—It is a huge catchment: it goes from Queensland, right through New South Wales and down into parts of Victoria. It represents 60 per cent of Australia's agriculture, doesn't it?

Dr Craik—Yes, that is right. That local commitment is really critical. If people do not feel committed to resolving these sorts of issues at their own property level, they will be really difficult to resolve.

CHAIR—From experience, I am thinking back and asking: how would you get the balance in the committee? Governments are prone to nominate people from different areas, depending on their political colour—I am a realist. Does that necessarily get the result? This is what worries me.

Dr Craik—I think probably, like parliaments, it is a democratic process.

CHAIR—Should the people elect their representatives?

Dr Craik—I think that, if you are to get agreement at the end of the day, you have to have a large percentage of that. You probably do need some government appointees who have skills or particular expertise or something to bring to bear.

CHAIR—So you need a mix of elected personnel and—

Dr Craik—Yes. But I think you do need that grassroots element.

CHAIR—I am looking at the result. Sometimes you can appoint committees and you do not get any result, only confrontation.

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Dr Craik—Yes, you have a long process of achieving nothing.

CHAIR—Harking back to my days as Minister for Water Resources in New South Wales, I was alerted at that time to some dryland salinity being quite a problem down in the irrigation areas with the watertable rising. At the time we thought we could handle that—either by planting vegetation or pumping underground water, et cetera. But all of a sudden, within five years, we find this massive problem of salt moving from the upper reaches of catchments. How much do we know about this? Do we have a good handle on what is going on?

Dr Craik—I suppose, like all issues, we can always learn more. But I believe our view is that it is about time we started tackling some of these. We actually need to try some things out; if they do not work, then we need to make some adjustments. I think there is probably enough knowledge around for some areas to do a few trial runs on some of these things and actually do some practical experiments. Having been trained as a scientist, I know that it is very easy to say, ‘Oh yes, that was interesting, but I really need to know.’ I think it is about time we bit the bullet, and you might get another five per cent of information, but I think we have probably got enough to have a go.

CHAIR—So you just have to keep adding to your knowledge.

Dr Craik—Yes.

CHAIR—What about extension? Are we good enough at extension and getting out to the people and alerting them to what the proper problems are?

Dr Craik—No.

Ms Lovett—Some of the feedback I often get is that one of the biggest losses is that of extension officers with technical expertise in the regions. People really miss having access to those sorts of people, so certainly we would like to see more of that.

Dr Craik—I think translation of research results and information out to people on the ground is probably one of the areas that we are really woeful at in this country.

CHAIR—We have had quite a bit of evidence about coordinators under the schemes we have at the present time; how vital are they?

Dr Craik—They are critical, I think, just to have someone coordinating and doing—

CHAIR—There is a great argument about that.

Dr Craik—Yes, we are aware of some of those arguments, but I think they are critical to keeping a lot of these things going.

CHAIR—There are examples across the world of conservation parks funded by government. Do you know much about those?

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Dr Craik—This is where private land gets some sort of covenant?

CHAIR—Yes.

Dr Craik—I think it is a great approach.

CHAIR—I understand that there is a policy in the US—and I am a bit vague on this myself—and I think there are also some German examples of conservation parks.

Dr Craik—I think they are a great innovation because there is no way that the public reserve system can fund conservation parks, or whatever you want to call them, solely. I think it is an excellent idea if you have the private sector involved—and presumably there are tax deductions or something to encourage that sort of approach.

Mr BILLSON—You note in your submission that incentive based approaches are important, and I could not agree more. I would have to say though that I think we, the federal government, wimped out on NHT minimum effort from states before funding was made available. If we accept that land management/water resource management is a core state government business, should the Commonwealth be requiring a more rigorous level of minimum effort from states and territories before they get a zack of Commonwealth money?

Dr Craik—That is always a tricky issue.

CHAIR—It is always tricky between the states and Commonwealth.

Dr Craik—That is right. The creativity of bureaucrats is endless I think with some of these issues. I think that probably they should. But I have no idea how you enforce it and actually achieve it at the end of the day. The really important thing is to get the outcome that you want, it seems to me—that you specify the outcomes that you want.

Mr BILLSON—The goal of the NHT was an extra \$1½ billion into natural resource management. The states used to have extension offices and all sorts of things, but now they rely on a significant chunk of federal money to provide that. I think we have wimped out on that. It has been cost shifting to the detriment of the NHT program, which makes arguing the case for an even greater amount of resources more difficult in the future. Do we let the states and territories bail on their core business?

Dr Craik—I do not know how you stop them. I do not know what mechanisms you can put in place to prevent that happening.

CHAIR—You can do it with tied grants, but there is also waste involved there. I have had experience with that. A bureaucracy builds up about justifying, while the funds should be spent.

Dr Craik—That is right.

CHAIR—Is there some other simpler way of tying the funds to a particular project, without wasting them in bureaucracy?

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Dr Craik—Almost. They go straight to the region or the—

CHAIR—You cannot do that under the Constitution.

Dr Craik—Yes. I do not know whether it would work. I do not even know whether it is done now. If you can get the Commonwealth, the states and the local people involved in identifying the targets and the costing, then at least you have the local people knowing what the break-up is supposed to be, and they can keep an eye on it.

Mr BILLSON—There is some regulatory effort though surely that is part of the picture.

Dr Craik—I am sure there is, but you do not want to make regulatory cost to the regulation.

Mr BILLSON—It is a bit weird giving Queensland money for vegetation whilst it rapes and pillages the environment. That troubles me greatly, and it is an example of where I think the feds have wimped out—‘We will help you, but you have got to make a minimum effort in helping to manage the natural systems yourself first.’

Forestry rights in Victoria were a way of trying to make investment in trees bankable, to give some security to the investors of the crop against the land. Is that a way forward—to inject more private money into forestry, even vegetation of whatever type, by giving almost a chattel asset status to the trees separated from the ownership of the land? For security reasons, do we need to encourage more investment of that kind?

Dr Craik—Yes, as I understand it, it appears to have worked reasonably well in Victoria.

Mr BILLSON—It is a step up from the lease arrangement, the profit arrangement in WA.

Ms Lovett—Certainly one of the issues that is coming to the fore on forestry and farm forestry is the issue of the right to harvest, in terms of commercial plantings. There are some concerns that if we clearly state a right to harvest and we encourage people to invest in forestry for carbon, or whatever, that they are then not able to get a return on their commercial crop, which it is costing them to manage; they are not getting the economic return they were encouraged to invest in it for.

Mr BILLSON—Is there an awareness though in vegetation terms that, if the agricultural community is there for the carbon credit benefits, it will probably be looked at for the permit side of the equation as well? Is there a consciousness about what that means for livestock, clearance of vegetation—a permit needed to harvest?

Dr Craik—I do not think so. I think we are in the process now of really trying to raise awareness of these issues amongst the farm sector. I think that awareness is very low amongst the farm sector.

Mr BILLSON—They soon know about the upside when you talk with them about carbon credits perhaps being a winner. But what comes with being a player in that is that you are a player in the whole game then.

Dr Craik—That is right, there is the downside as well.

Ms Lovett—I certainly think that greenhouse issues are fairly far down an individual landholder's checklist at the moment, unless they want to invest in every potential opportunity. But to actually think about greenhouse as part of managing their property is pretty low down on people's priorities.

CHAIR—Do you know of any state legislation that gives absolute right of harvest?

Dr Craik—No.

Ms Lovett—No.

CHAIR—Treasuries fight very hard about this.

Dr Craik—There is an interesting case in the ACT. I do not know whether the ACT would have it almost by implication because it is federal. If the government decides to appropriate the rights, I do not know whether those rights are subject to just terms compensation and whether, say, the trees on the land—whether they would be subject to government ownership or whatever—would be subject to just terms compensation. It becomes an issue with water rights here in the ACT.

Mr BILLSON—It is the private forestry code that tries to argue that you get that, but it has no legal status. When push comes to shove, it gets swamped.

Dr Craik—But I do not know whether in the ACT you could actually run a credible case.

CHAIR—It certainly has a disincentive on investment because it is a long-term investment; if at the end of the road they cannot get a return, then that is a disincentive.

Dr Craik—That is right, which is the last thing we want.

CHAIR—As there are no further questions, I thank the witnesses for the evidence that they have given.

Resolved (on motion by **Mrs Vale**):

That, pursuant to the power conferred by Section A of standing order 346, this committee authorises the publication of evidence given before it at public hearing this day.

Committee adjourned at 12.16 p.m.