

John Murton

Qld

The Chairperson
Productivity Commission
LB2 Collins St
East Melbourne
Vic 8003

Dear Sir/Madam,

**Submission to the
Productivity Commission inquiry on the "Impacts of Native
Vegetation and Biodiversity Regulations"**

Re: From the Issues Paper, page 24: Compensation

My Background:

My wife and I are self funded retirees (supposedly) living on our 368ha property situated in the ranges of the headwaters of the Brisbane River. I have been actively involved in environmental issues for the past 20 years and now focus on native forest management. For the last two years I have been a community member for the Brisbane Valley on the South East Queensland Regional Vegetation Management Working Group. The *Draft* Regional Vegetation Management Plan is currently available for the comment.

Our property is considered approximately 75% remnant on the Regional Ecosystems Maps. The balance is mapped as re-growth aged between 15 years and 20 years. Part of our property management plan is for this re-growth to become remnant while allowing sustainable timber harvesting.

Comment on current Legislative Initiatives:

The *Vegetation Management Act 1999* controls the clearing of remnant vegetation on freehold land. My comments reflect my experience both as a landowner in SEQ hinterland and as member of the RVMWG. While this legislation endeavours to address the management of native forests and the subsequent environmental benefits, it is seen as an impediment to land management for an economic outcome. An adverse effect is the clearing of re-growth by primary producers to remain outside of Government controls. This legislation is inequitable, may be argued as discriminant and ineffectual for the long-term environmental health of this area due to the number of activities exempted from the legislation eg. forest practice, urban development. The SEQ *Draft RVMP* attempts to address these issues.

However, the most significant issue is the question of compensation. I believe landowners feel quite powerless to stop Government control over areas of their properties but argue strongly for economic incentives. The economic language for compensation talks of:

- Financial assistance – handouts for restructuring
- Compensation – buyouts and one off payment for a loss of production
- Stewardship payments – caretaker roles for property owners for the good of the community
- Minimising Taxation – this assumes there is meaningful revenue flows for this offset.
- Rate reductions – question the ability of local councils to fund and the real worth of such initiatives
- Property values reducing due to a reduction in expected revenue flows
- Property owners Duty of Care may be used as a strategy by Government to minimise compensation claims.

It is little wonder primary producers are not whole heartedly embracing initiatives to retain native vegetation on their properties if the above list is indicative of the financial rewards, liability risks or for that matter the self esteem of primary producers involved. Very little is spoken about carrying on a business although there are papers available detailing income from environmental services. I offer the following for your consideration.

An Abridged copy of a discussion paper I circulated to fellow members of the RVMP Group.

Business Proposal for Incentive Payments for Native Forest Management

Underlying Principle: The health of our natural environment has been degraded as a result of deriving an income. The remedy should follow the same logic.

Background:

The VMA Plan Working Groups are struggling with the issue of selling this plan to the public in particular rural landowners without any opportunity for compensation for perceived loss of income. The Qld State Government gives no indication that any loss of control and/or production will be accompanied by a \$ compensation, quite the reverse. Unfortunately many of the Performance Requirements can only be met through a change in work practice and/or a restriction on freehold ground. Currently the will of the State is imposed through regulation therefore not creating the situation that is conducive to landowners in the non remnant areas (white on the REM's) progressing to the remnant areas (coloured) in the bioregions.

A Solution:

An opportunity exists to create a new rural industry, Native Forest Management on Freehold land based on a commercial arrangement for environmental services. The cornerstone of this philosophy is to make remnant forest areas comparable to current primary production returns, grazing with some wood production for the upper Brisbane River. Ideally the use of a market rate for cattle production country in this region with similar characteristics, and the expected return on investment would be a preferred method.

To implement NFM would require a contract reflecting expected outcomes. The contract would include an accredited farm management plan detailing possible revenue streams in addition to the Native Forest Management revenue. The contract may allow for limited stocking levels, timber harvesting and other land activities. The overall payment would consider the impact of these activities. Once the land use has been established, it would not be a simple process to reverse and most likely a contractual requirement would be to have a land use caveat over the property for a number of years.

As we know, not all remnants have the same attributes eg some may have a heavy infestation of weeds. The Managers may not have all the skills required for sound management practice. Hence the rate for payment per hectare of Native Forests may only be a percentage of the full rate. This creates an opportunity for the manager to increase his return through on the ground improvements and further learning. A standard QA process would verify compliance with the contract.

How to Pay:

It is obvious that both Federal and State governments are reluctant to fund such a program. As environmental protection benefits all the community, and we will live in a user pays society the consumer will have to fund the program. Although there are a variety of options for payment of environmental services, the obvious area to kickstart the program is through a charge on emission emitters both static and non-static who store their waste in our atmosphere.

As with any business, landowners would be obliged to commit to establishment costs and demonstrate the ability to carry on a business. In the Brisbane River Catchment this may require significant

investment in fencing to close off areas, investment in machinery to carry on weed control and to manage fire.

Implementation:

The Queensland State Government would be required to setup a new Government Owned Corporation charged with the responsibility not only to administer the program but also to be a profit centre in their own right. This would create an impetus for the corporation to explore various avenues for revenue flows. Once the program matured and the GOC was an independent profit centre the corporation would be floated on the stock exchange as a limited liability company.

Benefits:

- Protection of our natural environment would be assured
- A viable and dynamic rural industry creating jobs and a broader understanding of the natural environment.
- Reduction in salinity levels
- Reduction in Greenhouse Gases through sequestration
- Improved air cleanliness
- Higher retention of water in catchment
- Less water turbidity
- Erosion control
- Expansion of wild life corridors
- Protection of our bio-diversity
- Significant reduced reliance on all levels of Government to fund environmental initiatives

Alternative:

If all this sounds to difficult, lets cut to the chase and focus only on allowing landowners to derive an income from Native Forest Management through Government paying for environmental services. Same process as above which means **no compensation** but a contractual arrangement between the State and the landowner where payment would be performance based. Landowners with sound NFM processes in place would receive more money per ha and thereby rewarding current practices and offering incentives to others to 'build their business'. The criteria for the landowner to be eligible may initially be too rigorous and therefore the takeup would be affordable for the Government.

Due to the benefits that this program offers, NHT funds should be allocated to defray the costs making the program financially acceptable for the Qld State Gov.

Yours Faithfully

John Murton

16-July-03