Submission in response to the draft Productivity Commission report on native vegetation and biodiversity regulations

Conservation Council of WA

February 2004

Introduction

Time has not allowed us to provide comments on the whole of the lengthy draft report – instead we have attempted to pick out the key recommendations, findings and supporting commentary requiring a response.

In the main we are disappointed to discover that the pro-farmer bias subtly evident in the terms of reference for this Inquiry, and then more obviously in the Issues Paper, has very much been manifested.

The draft report has heavily emphasized the concerns of sectors of the farming community and systematically de-emphasised or ignored the values of native vegetation and biodiversity, which are so clearly established by research and documented in numerous government reports on those issues.

Perhaps fatally, the draft report assumes that if native vegetation benefited farmers it would have been retained by them in greater amounts. But landholders in the agricultural areas of this country systematically and incrementally cleared their lands despite mounting evidence of its adverse impacts, thereby creating one of the country's great environmental catastrophes – advancing dryland salinity.

Key comments in the draft report

Page XXIII

"The inquiry is *not* about arguing the case for or against promotion of environmental objectives — what value to place on environmental services provided by native vegetation is for the community to determine, not the Commission.

The Commission has concluded that the current heavy reliance on regulating the clearance of native vegetation on private rural land, typically without compensating landholders, has imposed substantial costs on many landholders

who have retained native vegetation on their properties. Nor does regulation appear to have been particularly effective in achieving environmental goals — in some situations, it seems to have been counter-productive…"

> **The Commission itself notes that the clearing of native vegetation has been reduced through the introduction of progressively stricter approaches to the issue (page 96). This, combined with the incontrovertible evidence that clearing of native of vegetation is a major threat to the Australian environment is sufficient to demonstrate that clearing controls have been effective in achieving environmental goals.**
>
> **This is not to say that regulation is the only way to achieve such goals – that is not, and has never been, our position. We certainly agree that more effort and money could be directed toward matters such as land tax concessions for bushland the subject of conservation covenants, and we are currently awaiting a State Government announcement on just such a change.**
>
> **But as with many social and economic goals, environmental goals cannot be achieved without strong regulations as part of the equation.**

Page XXVII

"broad rules relating to clearing of native vegetation and targets for retention of native vegetation applied across whole jurisdictions are not sufficiently flexible to take account of regional variations…"

> **We acknowledge that vegetation retention targets for long-term biodiversity conservation depend on the region and particular vegetation types being considered. But that does not mean that a system that substantially tightens up on clearing of native vegetation in the agricultural zone, where massive clearing has already taken place, is "not sufficiently flexible".**
>
> **Ecological science recognizes the retention of 30% of the original extent of native vegetation types as a minimum irrespective of the particular vegetation type or region[1], and this minimum standard has been breached in virtually every local government area in the agricultural region.**

[1] National Objectives and Targets for Biodiversity Conservation 2001 – 2005, p 7.

"For example, innovations in farming practices (such as the introduction of water-saving centre-pivot irrigation systems) that in addition to improving farm productivity, may improve environmental sustainability, can be prevented if paddock trees cannot be removed or if planting offsets imposed as a condition of their removal are prohibitively high…"

> **Notwithstanding the submissions referred to in the body of the report (pages 102-103), we are not aware of anywhere in Australia where there are is a complete ban on paddock tree removal, especially if required in order to introduce farming systems that are better for productivity and the environment.**
>
> **In WA, the clearing laws that are yet to come into effect would only require that the landholder apply to clear such trees for the nominal fee of $50. The conservation sector would no doubt support such a clearing application where more sustainable land management would otherwise be hindered, and we would be very surprised if such an application was not successful with the CEO of the Department of Environment.**

Page XXXI

"Landholders individually or as a group may benefit from a range of services provided by native vegetation. Individual landholders receive benefits from services including fodder for stock, timber for fencing, reduced soil erosion and prevention of soil and water degradation. Other benefits — such as reduced soil and water degradation — may accrue to landholders within regions.

However, that there are some benefits accruing to landholders does not mean that they necessarily will benefit from *all* of the native vegetation required to be retained by current regulations, or that the benefits to them will outweigh the costs.

Where there are private net benefits, individual landholders would be expected to retain native vegetation voluntarily. It is possible that the regulations have alerted some landholders to sustainable and profitable land-management techniques. However, the weight of evidence indicates that landholders generally consider the regulations and their implementation to be ill-conceived and often contrary to the long-term sustainable management of their properties…"

> **We are disappointed with the lack of emphasis (and therefore understanding) of the importance of native vegetation here and in later sections of the report (other than at page 10 in the body of the report). The primary evidence for the benefit of native vegetation for landholders is the massive loss of productivity and infrastructure caused by the removal of**

native vegetation since European arrival, and particularly in the last 50 years.

Clearing in the agricultural region of WA should have been halted years ago. The damage that has resulted from not doing so has meant that major government intervention was required. As stated above, central to that intervention has and should be tough regulations on further clearing.

The damage caused by the broad scale clearing of recent years is also evidence of something that seems central to the Commission's analysis – that some farmers <u>do not</u> retain native vegetation even when there are private net benefits, essentially because they are unaware of (or uninterested in) considering the long-term consequences of their actions. We hasten to point out that failure to adequately consider long-term environmental viability has been the central reason for ecosystem decline in many other industries as well – with forestry and fishing being two other good examples.

We acknowledge that there are still some farmers who maintain that further clearing can be done without further environmental harm and long-term productivity loss, but in our experience their voices are becoming weaker and less representative of the broader farming community. In addition, landholders have an inherent conflict of interest when lobbying on such matters – concerns about the practicality of environmental regulation may simply be concerns about their costs of production.

Page XXXII

"Native vegetation and biodiversity regulations generally seek to retain native vegetation to promote wider community objectives, including biodiversity, in addition to addressing regional resource degradation issues…"

Firstly, we strongly dispute the premise that the drive toward stricter clearing controls in WA has been about "wider community objectives". In our view it is fairly clear that the State Government was mainly persuaded to amend the *Environmental Protection Act 1974* (EP Act) to introduce a new clearing regime because of the extent of current and potential damage from salinity in WA.

If biodiversity, rather than land degradation, was the WA Government's priority, we might already have the long-promised Biodiversity Conservation Act and be waiting on the EP Act changes!

In any event, ultimately it is native biodiversity and not simply native vegetation that will avoid land degradation. Australian native bush has evolved and remained viable because of its incredible diversity of plants. But in many cases those plant species have only remained viable because of their

interactions with both animals (to disperse seeds, for example) and other plant species (for shade, among other things).

In short, it is the diversity of life which keeps life alive, and which therefore keeps our air clean and our soils viable.

"This may not require retention of native vegetation at levels imposed by legislation because some services provided by native vegetation (such as the prevention of soil erosion and salinity) could be provided in other ways, including by non-native vegetation…"

As above, this ignores the fact that easily the cheapest, most effective way to obtain ecological services in Australia is by keeping Australian ecosystems viable.

Page XXXVI

"There are numerous reasons why individuals may not provide sufficient native vegetation and biodiversity for society as a whole:
…
regulations and restrictions on commercial development and sustainable use of native vegetation;"

Given that we have questioned the paddock tree example above, can the Commission provide any further examples of situations where native vegetation use restrictions actually result in negative biodiversity or environment outcomes? We are not aware of any.

" lease conditions preventing alternative land use that may be more 'environmentally friendly' than stipulated uses;"

We agree that this is an issue for pastoral leases in WA's arid and semi-arid regions, where lease conditions have sometimes been shown to require stocking rates that are ecologically unsustainable.

Page XXXVIII

"In the Commission's view, it is reasonable to expect landholders to bear the costs of actions that largely benefit them individually or as a group. They should not be expected to meet the costs of supplying public good environmental services that largely benefit the whole community…"

Agreed. But the draft report goes on to largely categorize native vegetation and biodiversity regulations as devices that primarily benefit the community generally.

Once again, the damage caused by failing to retain reasonable levels of native vegetation in agricultural areas is more than adequate justification for considering landholders as the principal beneficiaries of regulations that attempt to conserve what little native vegetation is left.

For some landholders to benefit from those regulations, others will argue that they are bearing a burden, and the 'usual suspects' from the latter category have made submissions to this inquiry…

It should be remembered that the community is putting billions of dollars into assisting with native vegetation protection and land repair via the Natural Heritage Trust and other state landcare programs.

Page XXXIX

"Moreover, if landholders and local communities are expected to deal with, and pay for, some local environmental problems (such as local salinity and soil and water quality problems) themselves, there is a strong case for allowing them the flexibility to devise the best ways of doing so — and not imposing solutions from above, ostensibly for their own good…"

There is little evidence to suggest that this would in fact happen. Despite all evidence of advancing dryland salinity there are still landholders that deny the problem and or refuse to take action. In the past, in the agricultural zone, landholders benefited from relatively small amounts of regulation, as was the case for many other industries did. In many of those industries, as with agriculture, the market's failure to account for externalities led to accelerating environmental deterioration and, consequently, an increased role for environmental regulation.

Page XL

"a requirement to pay will place some brake on the community's demand for environmental services and compel prioritisation of environmental demands. It is more likely (though certainly not guaranteed) that the community's willingness-to-pay is tested and the cost/benefit trade-off is revealed…"

We accept that the halting and reversing of environmental decline will be subject to some cost / benefit limitations, but the suggestion that the broader community has insatiable environmental demands is patently untrue! What is apparently insatiable is the broader community's consumerism and inability (or unwillingness) to factor long-term environmental impacts into their current lifestyles.

Key draft recommendations

Page XLIII

"Ongoing efforts to improve the quality of data and science on which policy decisions are based are required, particularly 'on-the-ground' assessments to test the accuracy of vegetation mapping based on satellite imagery."

Agreed! The more scientific work can be done in this area, the better.

Page XLIV

"consideration of economic and social factors where applications to clear otherwise would be rejected on environmental grounds (a 'triple bottom line' approach), with reasons for decisions to be given and reported…"

At page 5 of our submission on the Issues Paper we said:

> **"Sustainability is not, as is sometimes suggested, a process of trading-off between social, economic and environmental outcomes for a perceived net gain. It is widely accepted that there are minimum social and economic 'baselines' – human rights and economically viable businesses being examples. Likewise, environmental baselines must be respected. In WA there are a number of local government areas that have less than 10% of their original native vegetation cover, and in such cases the environmental baseline is the only relevant factor and the community should be focused on revegetation, not finding ways to clear just a little bit more."**

"Greater use should be made of the extensive knowledge of landholders and local communities. Greater flexibility should be introduced in regulatory regimes to allow variation in requirements at a regional level. Regional committees and bodies should be given greater autonomy (and support) to develop appropriate requirements. Subject to regional priorities, some across-the-board rules, particularly those currently applying to native vegetation regrowth, should be relaxed…"

There is no question that environmental planning should happen at Federal, State and regional levels – but that is not the same thing as giving regional levels "autonomy". Regional planning must be consistent with Federal and State biodiversity targets.

Good planning hierarchies involve environmental goals being set that bind all lower planning levels – Federal targets binding the State, and both Federal and State targets binding regions. In this way, lower levels in the

hierarchy add detail and local relevance to the plans, but are still committed to important national and State biodiversity targets.

In a biodiversity context, this model translates as using Federal biodiversity targets from strategies such as the National Objectives and Targets for Biodiversity Conservation 2001-2005, adding detail in the proposed State Biodiversity Strategy process, and then conducting Regional Biodiversity Plan processes – see further our submission in response to the consultation paper on the proposed Biodiversity Conservation Act (Attachment 5 to our submission on the Issues Paper).

Subject to the above comments, we certainly support regional committees and bodies having a role in natural resource management.

"Governments should seek to remove impediments to, and facilitate, increased private provision of environmental services. Actions could include:
removal of tax distortions or lease conditions that discourage conservation activity relative to other activities…"

We strongly agree, as long as strong and well-enforced regulations continue to have a role. Comprehensive programs for native vegetation protection must include incentives, the removal of disincentives and a strong regulatory system.

We would further ask why the Commission did not make any recommendations relating to introducing a levy on units of agricultural production that reflect the environmental cost of production and that could be used to fund biodiversity conservation (see Attachment 1)?

" provision of education and extension services to demonstrate to landholders the private benefits of sustainable practices…"

We strongly agree, as long as strong and well-enforced regulations continue to have a role.

"Landholders should bear the costs of actions that largely benefit them individually or as a group. Landholders and local communities should be given greater autonomy to devise and possibly implement innovative solutions to regional environmental issues, the benefits of which will accrue principally to landholders in the region. Local 'solutions' could include development of market mechanisms, voluntary efforts (individual and/or joint), local codes of practice, local regulations or simply education."

Absolutely! But this does not take away the need for effective biodiversity regulation. In addition, stricter clearing controls <u>do</u> "largely benefit" the

landholders. In any event, we support funding going into addressing critical environmental issues – like has been done with NHT and NHT2.

In relation to "local autonomy", see above.

Page XLV

"Over and above agreed regional responsibilities, conservation demanded by the wider community (for example, to achieve biodiversity, threatened species and greenhouse objectives), should be 'bought' from landholders where intervention is deemed necessary and cost-effective…"

Vegetation retention or revegetation to ensure the sustainability of a catchment primarily benefits the landholders and should not be externally funded. We accept, however, that if the wider community wants 'higher order' objectives like retaining a particular species (if the species is not a local keystone species, and its continued existence would require more than just the 'normal' level of vegetation retention for that catchment), or conducting large-scale plantings for greenhouse abatement, there should be significant public contributions to these ends.

There is an on-going requirement for public investment in landscape repair, with the ACF/NFF calculating that an annual investment of $6.5 billion is required[2]. However it must be recognized that there is also a level of investment that is required by landholders to ensure sustainable management of the landscape for their long-term commercial benefit.

Key draft findings

"Generally, there has been little formal consideration given to policy approaches other than regulation for delivering environmental goals…"

This is not true – there has been a large amount of work done on researching incentives, market mechanisms and the like, but it is fair to say that Governments have been slow to deliver such incentive programs e.g. the state land tax situation mentioned above.

We note that the Commission does not present any WA evidence in the body of the report (pages 42-43) for this finding.

[2] ACF/NFF, National investment in rural landscapes, April, 2000, p. i.

"In most jurisdictions, there has been limited assessment of the likely costs and benefits of native vegetation and biodiversity regimes…"

Perhaps a quantitative debate has not taken place in WA, but the qualitative costs and benefits have been very well discussed in this State. At pages 5 and 6 of the submission on the Issues paper we said:

> **"Reviews and policies which have recommended stronger clearing laws include:**
>
> - ***Taskforce for the Review of Natural Resource Management and Viability of Agriculture in Western Australia,* Draft Report, May 1997;**
> - ***State of the Environment Report (Western Australia),* 1998;**
> - ***Land Conservation Regulation Reference Group,* Final Report, April 2001;**
> - ***Native Vegetation Working Group Final Report,* January 2000;**
> - ***State Salinity Strategy*, March 2000;**
> - ***Clearing Native Vegetation in Western Australia,* Position Statement No. 2, EPA, 2000; and**
> - ***Salinity Taskforce Final Report,* September 2001.**
>
> **When the Gallop Government came into office in early 2001 it undertook to deal with the issue quickly, but only announced amendments to the *EP Act* in June of [2002]… The changes have subsequently been through a Legislative Assembly committee process.**
>
> **The replacement of the *Wildlife Conservation Act 1950* has similarly been on the agenda for over a decade. The Gallop Government undertook to introduce a BC Act as a 'priority', but has still not done so – indeed, the latest consultation process for this reform only began [in late 2002]. Further consultation is planned, with the Government aiming to introduce a Bill into Parliament [in late 2003 or early 2004]."**

"Consideration of economic and social factors when assessing clearing applications is not required in all jurisdictions…"

This point has been addressed above and is also discussed further below.

Page XLVII

"In general, reported clearing rates have declined following the introduction of regimes regulating the clearing of native vegetation. However, there is also some evidence of pre-emptive clearing and illegal clearing…"

> **As discussed above, reduced clearing rates are a sign that clearing controls have had some success in addressing land degradation. We do not accept that pre-emptive clearing and illegal clearing are evidence that the use of strict clearing regulations has been unsuccessful – they are simply evidence of a lack of support for the rules or the intent of incoming rules.**
>
> **It is a shame that in WA reports of illegal clearing do not appear to have been dealt with, as this only encourages those individuals who have flouted these important regulations.**
>
> **Reports of illegal clearing also confirm that tougher clearing controls should come into effect from the date of their announcement. Consultation subsequent to an announcement should clarify what new clearing rules are, but before that is resolved the laws should operate to provide an effective moratorium on clearing.**

"In a number of jurisdictions, monitoring and enforcement of the regulations appear to be hampered by a lack of resources."

> **We agree – but this is an argument <u>for</u> adequate enforcement, and not against having the regulations in the first place.**

Page XLVIII

"In a number of jurisdictions, the current regimes regulating native vegetation clearance and biodiversity conservation have an adverse impact on landholders' ability to manage pest species…"

> **We note that the body of the report (pages 101-102) does not mention any WA examples of this phenomenon. In any event, this is not an argument against clearing controls but rather an argument for more effective pest management techniques.**

"The current regulatory regimes narrowly focus on native vegetation conservation in a way that is not always consistent with the achievement of broader environmental goals…"

> **We reject this finding, it being based on very few examples in the body of the report (pages 102-103), and being inconsistent with our experience in Western Australia. In any event, we questioned above whether the centre-**

pivot examples were accurate reflections of clearing laws in those jurisdictions.

"In some jurisdictions, the current regulatory regimes have created incentives for landholders to clear illegally or to degrade native vegetation, that are inconsistent with promoting the regimes' environmental objectives…"

We accept that some landholders have seen tighter clearing controls as 'incentives' to clear illegally, but this is a reflection on those breaking the rules rather than on the rules themselves. We are also quite confident that the number of hectares now protected by new clearing regimes exceeds those hectares lost in response to the introduction of those regimes.

Page XLIX

"There are positive impacts for many landholders in retaining selected vegetation and biodiversity on their own and surrounding properties. These benefits will be greater in areas prone to soil and water degradation. However, this does not mean that landholders necessarily will benefit from all of the native vegetation required to be retained by current regulations, or that benefits to them will outweigh the costs…"

This concern might be valid if there was a complete ban against clearing of all native vegetation in WA, but that is not what is being introduced. Nor is a complete ban being introduced in the agricultural area alone. In exceptional cases, if it can be demonstrated that further clearing is vital in some particular area, the CEO of the Department of Environment has the capacity to approve it.

In any event, given the extensive loss of native vegetation in most agricultural areas of Western Australia it <u>can</u> be argued that any further loss will have an adverse impact on the environment and lead to further land degradation, in particular salinity. In these circumstances all landholders will benefit from retaining all remaining native vegetation.

Page L

"More flexible regimes able to accommodate the contribution of regional committees and take account of regional differences are likely to promote better environmental outcomes…"

As above, we oppose the 'flexibility' that the Commission seems to be pushing for. It is also worth noting that the discussion in the body of the report (pages 150-151) is extremely scant – hardly justifying the extraordinary notion that watering down regulations might actually result in better environmental outcomes!

Page LII

"Altruistic conservation efforts of individuals and groups can contribute to achieving community conservation objectives, but are unlikely to be sufficient on their own to achieve significant increases in conservation on a broad scale…"

> **Yes – they need the help of complementary government regulations and incentive programs to really achieve broad scale goals.**

"Taxes, subsidies or tax or local government rate relief that target specific, assessable actions by landholders (for example, fencing-off native vegetation), may have a supplementary role to play in promoting desired environmental objectives."

> **We strongly agree, as long as strong and well-enforced regulations continue to have a role.**

Page LIII

"Government purchase from landholders of environmental services, on a voluntary basis, offers several advantages, including:
flexibility and scope for innovation in ways of promoting environmental goals;
closer alignment between landholders' incentives and governments' objectives for native vegetation and biodiversity conservation;
greater certainty for, and acceptability amongst, landholders than compulsory policy instruments; and
some discipline on government and community demands for conservation."

> **We strongly agree, as long as strong and well-enforced regulations continue to have a role. Additionally, as pointed out above, it is rampant consumerism, not "community demands for conservation", that need some discipline!**

Main report

Page 2

> **Why does the report refer to the National Land and Water Resources Audit (NLWRA) study of 2002 on native vegetation rather than more relevant NLWRA 2002 study on terrestrial biodiversity? The Executive Summary alone is quite sobering, but the full document was provided to the Commissioners with our submission on the Issues Paper.**

Page 16

"However, the costs of environmental degradation caused by past practice generally do not measure the benefits from conservation effort today. The critical question is what amount the community is willing to pay to remedy past damage or to prevent impacts in future."

> **How is this position justified? How can such a massive level of environmental and productive loss be so easily dismissed in favour of using some nebulous 'willingness to pay' as an indicator of future benefits from conservation strategies? It seems that the Commission was really straining here to avoid the stark reality of the operations of the free market in recent decades.**

Page 19

"The history of European settlement in Australia suggests that several of these factors may have contributed to environmental degradation in rural areas (box 2.6). The evidence also suggests that improved knowledge of environmental linkages has driven significant changes in agricultural practices in recent decades."

> **But where is the evidence to suggest that these new environmental practices are actually addressing salinity?**

Page 21

"Because land is a long-lived asset, it is to be expected that landholders — especially those with long-terms leases or freehold title — take into account the longer-term impacts on their properties of actions today. Either because they plan to leave properties to their children — an inter-generational bequest — or they are concerned about the market value of their property, they face significant incentives not to degrade the productive capacity of the land. Some may just think it is the right thing to do."

> **But doesn't the current state of the agricultural region suggest that many farmers did not adequately consider their long-term interests?**

Page 24

"A major advantage of private over government mechanisms is that private willingness to pay for environmental services is revealed — the outcome generally will be welfare-enhancing because a transaction will occur only if the benefits to buyers exceed the costs…"

But the Commission itself concedes that market very often does not adequately cost environmental services!

Page 45

"In some instances, there appears to have been a decision taken deliberately not to consult to prevent pre-emptive clearing of vegetation (for example, Victoria in 1987 and South Australia in 1983[2], and the *Environmental Protection Amendment Act 2003*, which was recently passed by the WA Parliament, with minimal public consultation to avoid pre-emptive clearing)."

It is completely inaccurate to say that the recent EP Act changes involved 'minimal public consultation'. They have been considered by different State Governments for over a decade, and we set out above and in our submission on the Issues Paper the various public processes that considered (and recommended) the changes.

Page 53

"Less than one hectare for existing land use. (A number of exemptions to enable landholders to undertake routine farm management activities are provided for under legislation passed by the WA Parliament in October 2003.)"

This is an understatement – the number of exemptions in the current draft clearing regulations is quite unbelievable. In many ways, the draft regulations are less stringent than the regime they seek to replace, and therefore inconsistent with the intent of the EP Act changes.

Page 59

"The WA Government (sub. 151, p. 6) stated that environmental considerations generally are not balanced against economic and social considerations when assessing rural clearing proposals."

As set out above, we strongly support such an approach to potential clearing in areas that have already been heavily cleared – areas, in fact, where massive clearing was justified on economic and social grounds!

Page 419

"However, the WA Government has not always used a consultative approach in developing new legislation however (sic). The clearing provisions to be inserted into the EP Act were not published for public comment prior to their reading in Parliament because the 'Government wanted to move quickly to solve obvious problems with existing land clearing laws' (sub. 151, p. 8)…"

> **While this is strictly true, as discussed above the debate about clearing in WA has been on-going for well over a decade, so the issues were well and truly thrashed out before the EP Amendment Bill was tabled. In addition, it should be noted that the Bill made slow progress through Parliament and the Upper House in particular.**

Attachment 1

A BIODIVERSITY CONSERVATION LEVY ON UNITS OF AGRICULTURAL PRODUCTION

Those who receive the greatest financial gain from the management and conservation of bushland in the landscape are adjacent landholders. Their commercial activities are being subsidised by free environmental services. It's quite bewildering that some of these landholders complain about perceived costs associated with managing bushland, and even worse, that some still want to clear bushland.

A comprehensive scientific understanding of the value of environmental services is developing.

A full economic analysis of the benefits of biodiversity conservation needs to be undertaken. We note that section 3 (g) of the Terms of Reference of the Productivity Commission report provides for the Commissioners to make recommendations that governments could consider to minimise the adverse impacts of biodiversity conservation regulations.

A recent article published in the journal *Science* argues that the cost benefit ratio of conserving the world's natural ecosystems made the value of land with native vegetation 100 times greater than the value of cleared land.

Soil erosion, salinity, eutrophication and flooding are some of the more visible results of native vegetation destruction. But destruction of biodiversity values, about which we have so little understanding, is the most serious loss.

If there are perceived costs associated with maintaining healthy bushland these should be borne by the beneficiaries of the environmental services provided by the bushland. The most appropriate mechanism for distributing the perceived cost associated with maintaining healthy bushland is a levy on units of agricultural production. Through a pricing mechanism the costs could be passed on to consumers. As the per unit cost impacts are likely to be very marginal, the impact on sales is likely to be minimal.

There is a very strong precedent in the agricultural and horticultural sectors for the use of levies. The industry is full of marketing, research and development levies that the agricultural sector already imposes on its self.

The fishing industry has also been a vigorous user of levies. A commercial fishing licence has a levy component. Funds raised from the levy have been used by the Department of Fisheries to buy back licenses when it has been found that fishing capacity exceeds sustainable fishing levels.

It may be claimed by some agricultural interests that it is difficult to directly apply a user-pays model to those who benefit from having bushland in their part of the landscape system. A levy system is an equitable cost distribution mechanism.

Funds raised through the levy should then be paid into a Bushland Conservation Fund (BCF). The creation of a BCF would help reinforce the importance of healthy bushland in the development of sustainable agricultural systems. Development of the BCF will be useful in enabling Western Australia's agriculture regain its former 'clean and green' marketing image.

There may be scope for the existing WA Landcare Trust to provide the structure for the BCF. However, there would have to be a clear distinction drawn between funds generated for bushland conservation and those acquired for tree planting and landcare.

Areas of study recommended to the Commissioners

- All sectors of Western Australian agriculture should contribute to a Biodiversity Conservation Fund (BCF).
- Other sectors, such as the mining and basic raw materials sectors should also contribute to the BCF.
- Contributions should be raised through levies imposed on units of agricultural production.
- Farms that have large areas of well managed bushland could be exempt from the levy. This would act as an incentive to landholders to best manage their bushland.
- Government policy should recognise that at the catchment scale the greatest beneficiaries of the environmental services provided by bushland are adjacent landholders.

As an indication of the all pervasiveness of levies in the agricultural sector, the following is a list of some that already exist:

GRDC LEVY
A Crop Improvement Royalty is be paid on grain deliveries of all future varieties bred by Agriculture Western Australia and its crop breeding partners, primarily the Grains Research and Development Corporation (GRDC). The GRDC levy of 1% raised $20 million from Western Australian growers last financial year.

SKELETON WEED LEVY
a production levy of 35 cents per tonne of grain

WOOL, PIG, EGG AND HONEY PRODUCTION LEVIES
Landowners selling these products must pay production levies that are used for marketing, research or compensation. Marketing boards or pools control the marketing of eggs, lamb and milk.

CATTLE AND LIVESTOCK TRANSACTION LEVIES
The Commonwealth Primary Industries (Excise) Levies Act 1999 requires that a levy be paid whenever ownership of cattle/livestock changes. In the case of cattle the levy amounts to $3.59 per head.

AUSTRALIAN DAIRY CORPORATION
A levy is payable on dairy produce to provide funding for the Australian Dairy Corporation (ADC) and its research and promotional programmes. The levy is calculated at a cents per kilogram of milk fat and protein content.

HARVEY WATER
Development Levy $0.88/share