

## SUBMISSION ON REGULATION OF AUSTRALIAN AGRICULTURE

Productivity Commission.

Dear Sir or Madam,

My name is Andrew Rea. Our family own freehold grazing land in Queensland about 50kms west of Bowen and also freehold grazing land about 150kms west of Rockhampton.

It is a well known fact that the best way forward for any type of activity is to provide incentives for productivity and not penalties and obstructive legislation for people who wish to increase productivity.

An example of obstructive legislation which impacts on our business and productivity is the legislation of which the landholder has to work within regarding resource company activity. Our family is dealing with railway lines dissecting paddocks which have been fenced and watered to soil types, all this is out the window. Mineral, coal seam gas and coal exploration is also impacting on our business.

All this is happening on our freehold land. The government sold it to us and we paid for it in full. Does it not mean anything, obviously not.

Producers are regulated by every act imaginable, and have to work within a host of state and federal acts. Compliance, audits etc. are all eating at the bottom line and stifling production, and we are still receiving the lowest cattle prices in the developed world with our so called world class systems such as NLIS (National Livestock Identification System), NVD (National Vendor Declaration), PIC (Property Identification Code) and LPA (Livestock Production Assurance).

This is a list of some of the acts:-

- Queensland Land Act
- Environmental Protection Act
- Planning and Environmental Act
- Vegetation Management Act
- Forestry Act
- Regrowth Protection Act
- Great Barrier Reef Protection
- Water and Water Harvesting Act
- Integrated Catchment Management
- Local Government Regulations
- Murray/Darling Catchment etc
- Animal Welfare Legislation

The Heilbron Report, February 2001 commissioned by MLA states:-

- Australian livestock and meat producers were burdened with significantly more government influenced costs and charges than their key international competitors and received less assistance from government.
- Australian meat and livestock producers paid around one third of their livestock revenue (excluding wool) in government influenced costs and charges whilst their New Zealand counterparts paid around one sixth and US counterparts paid around

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one eighth.

– Australian feedlotters paid 1.5 times and Australian abattoirs between 2 and 4 times the government influenced costs and charges paid by their US counterparts.

Over the last twenty years Queensland beef exports have increased by 1.9% per annum, despite this, over the hook prices for export cattle is relatively unchanged. It is worth noting in the 20 year period from 1994 to 2014 the price of 4 tooth Jap bullocks averaged \$2.88 coming from \$2.90 in 1994. In real terms \$3.00 in 2000 is worth a \$1.80 in 2013.

Sustainability cannot be obtained unless the industry is profitable. The Government is promoting schemes such as BMP (Best Management Practice) for the Fitzroy Basin Association and North Queensland Dry Tropics where money was available to help reduce sediment run off etc., however to obtain these funds in the Fitzroy Basin under the guise of “water quality” it is mandatory you complete all 5 modules of BMP, hardly an incentive. In the Burdekin Catchment you have to complete McCosker's Grazing Land Management”, again hardly an incentive, in fact, it is just a vehicle to enforce a minority view on producers. All this does is erode our profitability which brings sustainability into question.

Reducing red tape and a consistent across the board interpretation of legislation is required at all times. Our family purchased land in the Whitsunday Shire of which areas were heavily infested with noxious weeds. We had to engage a consultant at a cost of \$10000.00, plus \$10000.00 of our time because the PMAV (Property Map of Available Vegetation) was grossly wrong. \$20000.00 down the drain for permission just to clear noxious weeds through no fault of our own.

When you have up to 9 Resource Companies to deal with at any one time as we have had to endure from proposed exploration for Coal Seam Gas, Coal and Minerals and proposed rail line construction an enormous amount of our time is spent dealing with all of these companies who operate under different acts:-

- Petroleum Gas Act 2004
- Mineral Resources Act 1989
- Mineral & Energy Resources (Common Provisions) Bill 2014
- Acquisition of Land Act 1967

Once a Resource Company has been granted an “Entry Notice for Preliminary Activities on Private Land” you cannot stop them. You are not entitled to compensation because of the word “Preliminary”. They use all your private roads etc. and you have to deal with them in your own time. Most Resource Companies will not pay you for your time. Everyone has the right to be paid for their time. I do not have the right to refuse to provide my time free of charge.

Under section 532 of the Petroleum & Gas Act 2004, Section4 (a) (v) states:-

“Any cost, damage or loss arising from the carrying out of activities is compensatable”. I would think landholder's time is a cost to their business and would be covered under this section.

Legal fees incurred by the landholder are supposed to be paid by the Resource company but only after a “Conduct & Compensation Agreement” has been signed and this is where the whole process fall down. I can either accept substandard compensation or stand my ground for a fair and just outcome and run the risk if the Resource Company doesn't like the outcome they walk away and I have to deal with the legal fees which I have to pay every 30 days.

When you move from “Preliminary” to “Advanced” activities compensation is payable and Resource Companies have to pay your “Reasonable” legal fees but under legislation not until the landholder signs a “Conduct & Compensation Agreement”. This is where the whole process falls down again as Resource Companies can drag out negotiations to where they claim cost are “Unreasonable” and the landholder is forced to sign and accept what they offer or pay all the legal fees if the Resource Company walks away.

Example of substandard compensation:-

For a one hectare site to drill to approximately one thousand meters for coal seam gas plus another one hectare site for storing drilling effluent plus 600 meters of access road with no time frame for these activities we have been offered less than \$5000.00. Not much compensation for the above when you take into account our time over three and a half years. Also the security of these sites leave a lot to be desired for Livestock Production Assurance Standards, a breakdown of which could jeopardise our beef export industries.

A point I would like to make:-

I appeared before a Queensland Government Committee in Mackay on 20.8.2014 regarding the “Mineral & Energy Resource (Common Provisions) Bill 2014. The point was made several times regarding landholder's time and payment of legal fees by Resource Companies. The Committee made the recommendation to Government that landholders should have the right to recover legal fees. Sadly the previous Queensland Government said it would not adopt this recommendation.

I will list below fees which we are owed and should not have to be paid for by us because we did not initiate this action. We will never recover this money. The landholder's time I have listed below would be approximately 50%. I stopped recording when I realised how futile it was and how unjust the legislation is.

|   |                   |
|---|-------------------|
| – Legal fees  | \$14052.49        |
| – Submission for Coal Mine adjoining our property<br>(Company has since gone into receivership) | \$ 2701.27        |
| – Landholder's time   | \$ 8800.00        |
| – Consultancy fees  | <u>\$ 5555.00</u> |
| TOTAL   | <u>\$31108.76</u> |

Some Resource Companies even claim landholder's time and legal fees are included in the compensation agreement which is complete nonsense as they refuse to itemise any proposed payments, legislation covering this is wrong and has to be amended.

Another comment I would like to make is regarding Landholder's rights after a placement of an SDA (State Development Area) over their land. We have a 500 meter SDA corridor placed over our freehold land to accommodate a supposed 6.1 km rail line by a foreign resource company. Our rights are almost reduced to nil. We are negotiating with a gun at our head with a large foreign resource company who was backed by the previous Queensland Government. I have been advised by our lawyer and the Queensland Co-ordinator General's Office not to go to the land court as I will be worse off. This automatically gives the resource company a fall back position, I have nowhere to go.

We have been offered a totally inadequate sum of so called compensation which is supposed

to offset loss of value and disturbance for the next 60 to 90 years which we are told will be the life of the mine serviced by this rail line. In reality it will barely cover the cost and maintenance of extra infrastructure brought about by this intrusion. Because of drought and low commodity prices, rural land in our area has been devalued by approximately 25%. Since compensation is tied to land values I have to automatically take a 25% hit. Resource companies have the right to value my freehold land when they wish, I don't. Land values and commodity prices will recover as soon as it rains, but that will be too late. This will never be recovered and I don't have the right to refuse. Just another win for the resource company. Resource companies have no qualms about using stand over tactics, intimidation, backing out of agreed positions for no other reason but to waste time and when the resource company or the Government (I don't know who) decide there has been enough time to reach an agreement, the Government steps in and issues a "Notice of Intention to Resume" and compulsorily resumes my freehold land for the rail corridor, value the land and that is what I receive. As I said before, I am negotiating with a gun at my head. It is impossible to achieve a fair outcome under this legislation. All for a foreign multi-national to make money. If this rail line proceeds it will take 100 meters off the 500 meters corridor. I understand the remaining 400 meters of the SDA remains indefinitely over my freehold land which makes development for productivity impossible as I can have this land resumed at the stroke of a pen with little hope of fair compensation. This legislation is wrong and has to be amended.

#### SOLUTION

There are two proverbs which I think contain a lot of wisdom.

1. IF IT AIN'T BROKE DON'T FIX IT.

Unfortunately the position landholders now find themselves in indicates very strongly that legislation is badly broken and requires major repairs. It is imperative that Government change legislation which will guarantee the survival of an infinite industry which produces food in this country and level the field with the finite resource sector.

2. YOU SHOULD NOT BE DESTRUCTIVE UNLESS YOU ARE CONSTRUCTIVE

I have made a number of destructive points in this submission but in being constructive I am of the strong opinion that legislation has to be enacted that will remove an enormous amount of unfair financial and emotional stress from landholders and enhance agricultural productivity and not stifle it.

Thank you.

Andrew Rea,