

24 November 1998

Dr Neil Byron
Presiding Commissioner
ESD Inquiry
Productivity Commission
Locked Bag 2
Collins St East
MELBOURNE VIC 8003

Dear Dr Byron

I am writing to provide you with the National Farmers' Federation's response to the Productivity Commission Issues Paper *Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies*.

NFF supports moves to clarify the roles, responsibilities and relationships between the Commonwealth, State and Territory and Local Governments. The Commonwealth's role should be one of national strategic policy setting, with delivery and implementation the responsibility of the States and Territories.

NFF's Submission responds in general terms to the three chapters of the Commission's Issues Paper: Ecological Sustainable Development; Commonwealth involvement in environmental matters; and Incorporating ESD principles into government decision making.

Please don't hesitate to contact me if you would like further information on any of the points raised in our Submission.

We look forward to providing input on the Inquiry's draft Report in early 1999.

Yours sincerely

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National Farmers' Federation

Submission in response to the

Productivity Commission

Inquiry into Implementation of

Ecologically Sustainable

Development by Commonwealth

Departments and Agencies

November 1998

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1. Introduction

NFF welcomes the opportunity to provide the Productivity Commission with our views on the Inquiry into Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies.

Unless there is a sound financial basis for farm enterprises, sustainable land management is not possible. The following submission is based on the principle that economic viability is essential for ecologically sustainable management.

Government policy with respect to agriculture should provide the most appropriate circumstances and environment to encourage and support a proactive, informed and committed approach by land managers to address land degradation problems.

NFF supports moves to clarify the roles, responsibilities and relationships between the Commonwealth, State and Territory and Local Governments. The Commonwealth's role should be one of national strategic policy setting, with delivery and implementation the responsibility of the States and Territories.

NFF's Submission responds in general terms to the three chapters of the Commission's Issues Paper: Ecological Sustainable Development; Commonwealth involvement in environmental matters; and Incorporating ESD principles into government decision making.

2. Ecologically Sustainable Development

Ecologically sustainable development in agriculture can be described in the following way. For farmers, sustainable agriculture means improving their economic efficiency and productivity, along with an equal need for protection of environmental values.

Farmers are increasingly recognising that unsustainable development that leads to degradation of the environment, means lost production, lower yields and higher costs. In the interests of their own livelihood and in recognition that land, water and other natural resources are finite, farmers are learning to use resources in ways that conserve both the productive base and the ecological systems on which farming (and biodiversity) depend.

Coupled with this is the natural affinity that farmers have with the land that they manage. The majority of producers have spent their entire lives working with the land and ideals of conservation, though strongly linked with economic sustainability are genuinely held within the rural community.

NFF believes that the continuing support for environment programs such as Landcare is evidence of the growth in awareness of farmers and the commitment of the farming community to address land degradation issues and implement sustainable farming practices.

3. Commonwealth involvement in environmental matters

NFF welcomes the Commonwealth's commitment toward clarification of its role and responsibilities in matters of environment and natural resources management.

NFF agrees with the views expressed by the **Industry Commission in its** Draft Report "A Full Repairing Lease", regarding government efforts to implement ESD. The Commission identifies that "*..the incorporation of ecological sustainability into policy has been ad hoc, incomplete and tentative.*" The Commission goes on to report that "*..Australian governments have yet to put in place a comprehensive, integrated and far-sighted way of promoting the ecologically sustainable management of natural resources in agriculture.* "

Further the Commission identifies that governments' "*...first response tends to be to regulate the resource owners or managers.* However, the nature of that "*... regulation has been ad hoc and too frequently the only response.*

An important feature of institutional arrangements is that they create the right circumstances and environment to encourage and support a proactive, informed and committed approach by land managers to resolve land degradation problems.

The appropriate role for the Commonwealth is to ensure that the principles of economically and ecologically sustainable development are reflected in national policies and measures. These policies should enable government at all levels to provide farmers and other natural resource managers with the appropriate tools and incentives to translate policy into ecologically sustainable farming practices on the ground.

NFF believes the Commonwealth's role is to coordinate development of and to present consistent and strategic national policy. Implementation and delivery is the responsibility of State and Territory Governments. NFF is of the firm view that the rights of State and Territory Governments in natural resource management must not be compromised by the actions of the Commonwealth.

The new Commonwealth environment legislation as outlined in the Endangered Species and Biodiversity Protection Bill 1998 attempts to address the deficiencies Of existing environmental legislation.

NFF supports the following criteria outlined in the Consultation Paper "Reform of Commonwealth Environment Legislation" 1998:

Clarity and simplicity

Transparency and accountability

Consultation with key stakeholders

Certainty

Removal of unnecessary duplication and overlap

Efficiency and timeliness

It is essential that the link between economic and ecological sustainability is a paramount consideration in all decisions at the Commonwealth level, including legislative, regulatory and importantly treaty based initiatives. It is also critically important that a balance is achieved between environmental and socio-economic interests.

NFF believes that considerable improvements in environmental management have been achieved through cooperative, incentives based voluntary approaches, such as Landcare and Property Management Planning.

The National Landcare Program reports that there are now more than 4,250 landcare groups in Australia, which equates to one in every three farmers participating in landcare activities. With the current trend of rationalisation of government services and intense competition for environmental funding, NFF believes that the return gained from such an extensive and committed workforce as those implementing landcare on the ground, offers the Commonwealth excellent return for dollars invested.

NFF recommends that new Government legislation or revisions to existing legislation should reflect the lessons learned from the success of these programs and allow for the expansion of cooperative incentives based voluntary approaches and the retraction of government dependence on command and control approaches.

Government should also heed the message from the continuing growth in support for landcare programs (now at 34% participation) and tailor future environment policy to continue to foster that growth. Government policy development should include consideration of how to address the impediments to participation in landcare and the uptake of Property Management Planning and how to continue the increase in farmer adoption of appropriate sustainable land management practice which will lead to the goal of sustainable development on rural land.

Government must be willing to place greater reliance on self regulation by industry to foster a sense of ownership of sustainable land management, rather than relying on historic 'command and control' approaches. This draconian approach can often have the opposite effect to the desired outcome. Examples of approaches where

industry has been given the opportunity to develop codes of practice and hence have achieved some sense of ownership and commitment to meeting them include the Tasmanian Forest Practices Code and the Queensland Farmers' Federation Environmental Code of Practice.

Ownership issues and security of land tenure are significant factors in implementation and investment by farmers in ecologically sustainable development. Where landholders enjoy resource and farming security, including property rights to natural resources they are more likely to be willing to invest in protection of environmental capital.

Allocation of property rights plays a significant part in sustainable management of Australia's natural resources and the environment.

NFF believes property rights regimes must be clearly defined, traceable and provide security of ownership. Defined property rights are essential to the continued productive use of land and to provide farmers with the necessary tools to innovate and pursue new opportunities.

NFF welcomed the Natural Heritage Trust as an innovative and effective way to integrate natural resource management and environmental protection across two separate but linked Commonwealth Ministerial portfolios.

The emphasis of the Natural Heritage Trust on expenditure as an investment in land, vegetation and water resources capital was considered a sound approach toward achieving investment in natural resources capital that could produce national dividends in the form of sustainable development.

A joint statement released in 1996 by the NFF, Australian Conservation Foundation, Australian Local Government Association and Greening Australia identified six key points for delivery of the National Vegetation Initiative which we believe are still relevant in terms of delivery of environment programs today:

1. Long term planning and commitment
2. Regional delivery
3. Innovative approaches to funding and incentives
4. Monitoring and information systems
5. Training and technical assistance
6. Clear definition of roles and responsibilities.

(Entire Statement is at **Attachment 1**)

There have however been ongoing problems experienced by land managers with the applications process and delivery of the NHT. NFF's response to the first funding round of the NHT in 1997 is at **Attachment 2** and outlines concerns that are still being expressed by farmers today.

Concerns include the apparent lack of strategic priority setting, the need for delivery of programs through regions, the inability of community groups to compete with State Agencies through the project assessment process and finally rushed project assessment, resulting in an apparent lottery in terms of those projects chosen.

In addition, State agencies enjoy the privilege, denied to community groups, of amending their applications during the assessment process simply because they participate in the process.

It is critically important that the Commonwealth acts to redress such issues in the future. The ongoing frustration with the process is leading to disillusionment among rural communities wishing to invest in environment programs and a lack of confidence among rural communities that the Government is as committed to the future sustainable development of regional communities.

There are a wide range of tools that can be used by government to promote investment in sustainable natural resource management. Those of particular importance to NFF include:

A demonstrable commitment by Government to the continued funding of existing environment programs. This must be done prior to the completion of the NHT.

Continued funding commitment by the Government for Property Management Planning and Landcare which promote an integrated approach to production issues, natural resource management and biodiversity conservation.

Opportunities in the taxation system to encourage investment in protecting the natural resource base such as tax credits and rebates for protection of remnant vegetation and revegetation, control of weeds and ferals and the protection of biodiversity.

Incentives to protect biodiversity including taxation deductions for donations to approved] natural conservation land trusts and voluntary agreements to preserve biodiversity on private land. Any agreements entered into by land owners should be voluntary and other parties to that agreement must be clearly identified and have the same level of commitment as the land owner.

4. Incorporating ESD principles into government decision making

A key component advocated by the Productivity Commission's Draft Report "A Full Repairing Lease" was the concept of a "duty of care" for landholders. The NFF Submission to the Commission's Inquiry is at **Attachment 3** and provides greater detail on NFF's view of the concept. NFF supports the concept of a voluntary duty of care for landholders. A duty of care must be based on the principle of 'no regrets' and should be defined in terms of actions applied by farmers on their land to farm it as sustainably as current knowledge and technology allows within a practical economic framework.

NFF notes that this current inquiry into implementation of ESD by Commonwealth Departments and Agencies also advocates the application of "duty of care" to government departments and agencies. NFF sees merit in this approach as it could facilitate greater consistency and clarification of department roles and responsibilities in terms of what they must do in order to meet their duty of care in ESD.

However, NFF would not accept it being achieved via a legislative definition of duty of care which may then be imposed on land managers.

Any assessment of ESD by the Commonwealth should address the protection of the nation's ecological capital, present and future, together with the economic and social needs of both the nation and communities. Most importantly there must be recognition that economic viability of the nation's farm sector is the most basic requirement for establishing ESD principles.

Full assessment of environmental, social and economic benefits and costs should be undertaken both for the short and long term.

Government policy should recognise the reality that all land requires the investment of financial resources if it is to be managed in an environmentally sound way. There must also be recognition of the related issue of whether a land user has the economic capacity (and technical knowledge and skills) to manage land sustainably.

NFF supported the concept of a Land and Water Audit because it was considered imperative to undertake a comprehensive national baseline survey on the extent and impacts of land, vegetation and water degradation and loss of biodiversity.

The Audit would then make it possible to assess where the natural resource management and environment protection priorities are in Australia. Further, a

baseline allows for the evaluation of the effectiveness of strategies and the returns on investment in environmental capital.

A final crucial factor that Government must take into account in decision making is to provide the opportunity for stakeholders and the wider community to be consulted in major environmental and natural resource management decisions.

Inadequate consultation periods and the lack of provision of sufficient information are becoming a frustrating norm in the Commonwealth's consultation activity with stakeholders. This is of particular concern to an organisation such as NFF, where input from landholders, who are the people implementing strategies on the ground often do not have sufficient opportunity to respond to Commonwealth initiatives.

5. Conclusion

The critical issue for sustainable land management is that economic viability is essential for ecologically sustainable management. Unless there is a sound financial basis for farm enterprises, sustainable land management is rarely possible.

The appropriate role for the Commonwealth is to ensure that the principles of economically and ecologically sustainable development are reflected in national policies and measures.

NFF supports the following criteria outlined in the Consultation Paper "Reform of Commonwealth Environment Legislation" 1998:

- Clarity and simplicity
- Transparency and accountability
- Consultation with key stakeholders
- Certainty
- Removal of unnecessary duplication and overlap
- Efficiency and timeliness

NFF believes that considerable improvements in environmental management have been achieved through cooperative, incentives based voluntary approaches, such as Landcare and Property Management Planning.

NFF recommends that new Government legislation or revisions to existing legislation should reflect the lessons learned from the success of these programs and allow for the expansion of cooperative incentives based voluntary approaches and the retraction of government dependence on command and control approaches.

NFF welcomed the Natural Heritage Trust as an innovative and effective way to integrate natural resource management and environmental protection. There have however been ongoing problems experienced by land managers with the applications

process and delivery of the NHT. It is critically important that the Commonwealth acts to redress such issues in the future.

NFF notes that this current inquiry into implementation of ESD by Commonwealth Departments and Agencies advocates the application of "duty of care" to government departments and agencies. NFF sees merit in this approach as it could facilitate greater consistency and clarification of department roles and responsibilities in terms of what they must do in order to meet their duty of care in ESD.

NOTE: This submission contains the following attachments which can be viewed in the library at our Melbourne and Canberra offices.

Attachment 1: Six point plan for the delivery of the National Vegetation Initiative

Attachment 2: NFF Submission to Environment Australia and the Department of Primary Industries and Energy on the first Funding Round of the Natural Heritage Trust

Attachment 3: Submission in Response to the Industry Commission Inquiry Draft Report on Ecologically Sustainable Land Management "*A Full Repairing Lease*"

and NFF Position Paper "*Current and Future Water Management Issues*"