



QUEENSLAND FARMERS' FEDERATION

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Submission

15 March 2019

Committee Secretary
Innovation, Tourism Development and Environment Committee
Parliament House
BRISBANE QLD 4000

Via email: itdec@parliament.qld.gov.au

Dear Committee

Re: Inquiry into the Environmental Protection (Great Barrier Reef Protection Measures) and Other Legislation Amendment Bill 2019

The Queensland Farmers' Federation (QFF) is the united voice of intensive, semi-intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 farmers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Flowers Australia
- Pork Queensland Inc.
- Queensland United Egg Producers (QUEP)
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd.

QFF welcomes the opportunity to provide comment to the Environmental Protection (Great Barrier Reef Protection Measures) and Other Legislation Amendment Bill 2019 (Bill). We provide this submission without prejudice to any additional submission from our members or individual farmers.

The united voice of intensive agriculture



Summary

No one questions the value of the Great Barrier Reef (GBR), its standing as a natural wonder of the world, or that we must do all we can to save it – least of all the Queensland agricultural sector. While it is accepted that climate change is the greatest threat to the future of the GBR, debates continue around whether the Reef can survive under current climate projections and if so, for how long. Similarly, while it is accepted that poor water quality entering the GBR negatively impacts the Reef's health and resilience, debates continue around where (point source) nutrient and sediment loads come from and how much they impact the GBR.

If passed, the Bill will broaden existing Reef protection regulations to include more agricultural activities that will apply to all GBR catchments. The government's main justification for increasing the regulations on agriculture is that voluntary approaches have failed to facilitate enough take up of improved practices and at the present trajectory, the Reef water quality targets under the Reef 2050 Water Quality Improvement Plan 2017-2022 (WQIP) will not be met. An enormous amount of money has been and continues to be spent on Reef science issues, which QFF does not have the resources to challenge; however, we do challenge the regulatory approach put forward in this Bill and do not consider it is the right one for our sector for reasons outlined in this submission.

Accordingly, QFF submits to the Committee that it recommends to the Parliament that:

1. the Bill be rejected outright and the government focus on continuing to implement the regulations already in place
2. the government provide a full cost/benefit analysis of almost 10 years of regulation in three GBR catchments before considering expanding them to include more agricultural activities and all catchments
3. the government increase investment in voluntary programs to a more realistic level considering the water quality targets it has set
4. the government work more closely with agricultural industries operating in the Reef catchments to get the stewardship and market incentive mix right for farm businesses to speed up the progress towards the water quality targets under voluntary approaches
5. the government consider the cumulative impacts of other policy decisions it has made on the profitability and sustainability of farming businesses in Queensland and commit to addressing them.

Background

In 2016, the GBR Water Science Taskforce report recommended regulations be used as part of a mix of tools to reduce nutrient and sediment pollution from Reef catchments. QFF notes that the Bill is aligned to the taskforce's recommendations.

The primary policy objective of the Bill is to amend the *Environmental Protection Act 1994* to strengthen GBR protection measures to improve the quality of the water entering the GBR. The Bill also contains amendments to give effect to the Common Assessment Method for Threatened Species, and amends wildlife classes to be consistent with the method through amendments to the *Biodiscovery Act 2004*, *Fisheries Act 1994*, *Nature Conservation Act 1992*, and the *Vegetation Management Act 1999*.

QFF members will submit to the Committee the impacts of the Bill on their industry. This submission does not seek to reproduce that work, but challenges claims made about what the Bill will achieve and how it will achieve it.

Enable objectives for reduced nutrient and sediment contaminant loads to be set for catchments flowing into the Great Barrier Reef

The Bill sets nutrient and sediment contaminant loads (per the 2025 water quality targets in the WQIP) at the river basin scale. The river basin scale targets form the basis of the regional and whole-of-Reef scale targets, and reflect progress made since earlier targets were set. However, QFF contends that this

approach is flawed, and it fails to recognise and rectify the ongoing issue of not identifying point source (or more localised) contamination. One of the main impediments to farmers changing practices has been and continues to be the inability to demonstrate that the pollutant load is coming off their farm. Should the Bill be passed, the same limitations will apply for the regulator as this approach does not give the credibility, and therefore accepted authority, to enforce the regulations at a farm level.

The Bill also requires the Minister to review the objectives within five years after they are set and then within each subsequent five-year period. QFF notes that this timing aligns with updates to the water quality targets in the WQIP and is therefore logical. However, without more information about what other factors the Minister must consider before adjusting set limits, this cannot be supported. Such an approach would expose farm businesses to unacceptable risks in a cap and trade system due to potential future policy decisions without full and proper consideration of the triple bottom line (i.e. environment, economic and social considerations).

Enable minimum practice standards to be improved and set, targeting nutrient and sediment pollution from key agricultural industries that may affect Reef water quality

The Bill amends the provisions for agricultural ERAs enabling the ability to create agricultural ERA standards for commercial cattle grazing; banana and other horticulture cultivation; and the cultivation of other crops, including sugarcane and grains. These standards can specify commodity specific minimum practice standards and farm design standards. QFF defers specific comment on this objective of the Bill to the relevant industry organisations but points out to the Committee that the costs associated with the development of these ERA standards has not been clearly articulated.

Provide producers with an alternative pathway for meeting regulatory requirements through accreditation against a recognised BMP (or like) program

The Bill establishes a co-regulatory framework providing farmers with an alternative industry-managed pathway to comply with agricultural ERA standards, including best management practice (BMP) or like programs, which are independently verified by a third party (accredited). QFF supports this objective in principle, pending further information about which programs will be recognised under the legislation and the registration and de-registration processes.

As the organisation that drove the instigation and development of BMP programs in Queensland many years ago, QFF reminds the Committee that a key principle underpinning the success of these programs is their voluntary nature. This increases the willingness of farmers to engage with these programs and it enhances their commitment to them. Being voluntary, farmers own their actions and are therefore more empowered to act, and they receive more satisfaction from the improvements they make. As the Bill will effectively make BMP programs ‘quasi regulation’, the Committee must identify all possible perverse outcomes from this and provide recommendations about how they will be overcome.

Require advisers to provide advice that is not false or misleading related to an agricultural ERA standard, and keep and produce records of the advice provided

The Bill requires agricultural ‘advisers’ (e.g. agronomists and fertiliser sellers) to provide advice that is not false or misleading and keep and produce (upon request) records of the advice provided. QFF defers specific comment to those organisations that will be impacted by this objective of the Bill but points out to the Committee that it is not clear how this would be implemented and consider that it will be a costly exercise for government to effectively implement.

Measures to achieve a ‘no net decline’ to Reef water quality from new development

The Bill will introduce new mechanisms to achieve ‘no net decline’ in water quality through the legislative framework under the *Environmental Protection Act 1994*. These mechanisms will address additional nutrient and sediment releases from new cropping development. New cropping development will be required to apply for an environmental authority, with the activity conditioned to

meet higher standards through farm design standards. New cropping will also be required to meet minimum practice standards.

While QFF agrees with the principle of this objective, as our sector is always striving to improve its stewardship credentials, it is not clear how this would work in practice (e.g. availability of data, processes and approvals etc.) or what the additional costs to farm businesses would be. The Committee must seek clarification on the costs for farm businesses – of which over 95% are family owned – in complying with this objective and consider it in the context of the cumulative impact other government policies are already having on these small businesses.

Cumulative impacts of other government policies

The cumulative impact of various government policy decisions, some over many years, is challenging the profitability and viability of many farm businesses operating in the Reef catchments.

Current policy does not provide electricity and water at a ‘fair cost’ for agriculture. As trade-exposed price takers, farm businesses have virtually no ability to offset these costs and are more vulnerable than most to a changing climate. Where energy is concerned, over the last 10 years the price of electricity has increased about 10 times the rate of inflation. A critical input for intensive, semi-intensive and irrigated agriculture, electricity has now become a major, and in some cases unsustainable, cost for farm businesses. In 2016-17, there was an 82% increase in small business disconnections by Ergon Retail (Australian Energy Regulator data).

Similarly, the price of water and the associated pumping costs are becoming cost prohibitive and there is approximately 865,000 megalitres per year of underutilised water allocations in the 42 water supply schemes across Queensland (Department of Natural Resources, Mines and Energy data). Further, when the current rural water pricing review for bulk water supply schemes and distribution systems is completed, some farm businesses will face significantly higher water prices in the 2020-24 regulatory period.

Legislative changes to vegetation management in May 2018 have reduced much needed operational flexibility and sustainable growth opportunities in the face of climate change and a shifting agricultural footprint. At the same time, an inadequate planning framework means we continue to see the permanent loss of some of the best farm land in the state, which is often detrimental to the long-term public interest and the environment.

On top of this, agriculture is increasingly being asked to shoulder a greater environmental stewardship load with little reward for these services. Farm businesses do not want to be relieved of their environmental responsibility, but they need more effective, efficient and fairer ways to tackle the issues.

The hyper-partisan political environment in Australia today is causing government policy, at all levels, to become more schizophrenic. As such, it is incumbent upon legislative review forums such as this Committee to ensure individual pieces of legislation are not considered in isolation.

No other alternative ways of achieving policy objectives

QFF does not agree with this claim by the government. QFF notes that Reef protection regulations (through the *Great Barrier Reef Protection Amendment Act 2009*) have been in place for commercial sugarcane cultivation and grazing in the Wet Tropics, Burdekin and Mackay Whitsunday regions since 15 October 2009.

QFF is not aware of any proper analysis on how effective these regulations (which have been in place for nearly 10 years) have been to date, how much they have cost to implement and enforce, or the benefits they have delivered to the Reef or agriculture. Without this analysis and understanding, QFF is skeptical about whether the increased regulations will realise the expected benefits for the Reef.

Without this analysis and understanding, QFF contends that the Committee cannot make a decision on whether broadening existing Reef protection regulations is the most effective and efficient response from government to enough take up of improved practices through voluntary approaches. Further, the government's justification for increasing the regulations on agriculture (because voluntary approaches have failed to facilitate enough take up of improved practices) must be considered in a relevant context.

In May 2016, it was reported that preliminary modelling by Alluvium to meet the 2025 water quality targets for the GBR would cost between \$16 and \$17 billion. When the Alluvium Costings Report was released in August 2016, this cost had been reduced by 50% to \$8.2 billion¹ to meet the maximum targets across four out of five catchments only and make good progress towards the maximum targets in the Wet Tropics by 2025.

The government advises that since 2009, it has invested over \$70 million in industry-led BMP programs, science and on-ground programs to assist landholders in improving their agricultural management practices. It is also advised that other investments by the Queensland and Australian Governments (mostly the Australian Government) to improving water quality will total \$614 million between 2017-2022, with a significant amount (exact amount unknown) directed at the agricultural community. To put these figures into context, QFF recommends the Committee consider the following:

On the initial Alluvium estimate (May 2016), the Queensland Government investment in industry-led BMP programs, science and on-ground programs is **only 0.42% of the cost of achieving these targets**, while the investment from both governments between 2017-2022 to improving water quality is **only 3.72% of the cost of achieving these targets** (assuming all this money is going to agriculture). On the revised Alluvium estimate (August 2016), the Queensland Government investment is **still only 0.85%**, while the investment from both governments is **still only 7.49%**.

QFF suggests to the Committee that while government investment may seem like a lot, in the context of achieving the water quality targets governments have set, it is significant underinvestment in voluntary approaches.

Estimated cost for government implementation

The Decision RIS puts the annual costs to government for the proposed regulations at just \$4.8 million per year. Effective regulation has never proven to be a cheap option for government and QFF suggests to the Committee that resourcing costs to effectively achieve the primary policy objective of the Bill will be significantly more than this amount. Without the full cost/benefit analysis on almost 10 years of regulations (as outlined above) this number is uninformed. QFF also recommends the Committee consider that governments rarely (if ever) deliver large-scale projects on time or on budget, particularly when the understanding of how they will be realised in practice is somewhat unclear, as appears to be the case for this Bill.

QFF notes the government has committed an additional \$13.8 million over four years to assist farmers in transitioning to minimum practice standards. We cannot comment on the adequacy of this level of funding at this stage.

Consultation

QFF was a member of the Agricultural Stakeholder Advisory Group and acknowledge the efforts by the Office of the Great Barrier Reef in facilitating this forum. However, none of the concerns raised by

¹ It was reported that the initial cost estimates did not take into account the reductions in pollution already achieved between 2009 and 2013. They also included full steps of measures that then exceeded the targets. A full review process identified these, and now this modelling gives a more accurate estimate of what it would cost to deliver the targets using the knowledge and technology available today.

agricultural stakeholders have been reflected in the Bill, so from our perspective this has been a 'presentation' process rather than a consultation process.

Conclusion

QFF and its members remain principally opposed to the regulation of agricultural activities as described in the Bill. We consider regulation is a high cost, simplistic instrument that supports minimum standards of compliance, and does not encourage or foster a culture of long-lasting practice change. By contrast, voluntary industry-led farm management systems (such as BMP programs) and other water quality improvement projects have proven to be enablers of such cultural changes.

QFF acknowledges that government consider the take up of improved practices has been too slow but points out that there has been significant underinvestment in voluntary and industry-led programs to date when considered against the cost of achieving the water quality targets that governments have set.

Increasing regulation should not be taken lightly, particularly when elements of this Bill enable regular review of limits at the minister's discretion. The government has failed to provide a full cost/benefit analysis of almost 10 years of regulation in place in three GBR catchments, something QFF consider mandatory to ensure evidence-based legislation. As such we recommend, that the government focus on continuing to implement the regulations already in place before considering expanding them to include more agricultural activities and all GBR catchments.

QFF is concerned that the full financial impact of the Bill on agriculture is not clear. Over 95% of Queensland's farm businesses are family owned, and many of them are already struggling with the cumulative impact of various government policy decisions. They most certainly will not be able, nor should they have, to absorb any further environmental obligation costs brought about by this Bill.

Queensland agriculture acknowledges and accepts the role it must play in the Reef recovery effort. Many farmers and industry organisations have worked extremely hard to ensure they do their bit for the Reef. QFF and members remain committed to our sector continuing to deliver on community expectations and protect and maintain the intrinsic values of the GBR within reasonable terms.

Yours sincerely

Travis Tobin
Chief Executive Officer