



Liverpool Plains Land Management Committee

Submission to Standing Committee on Natural
Resource Management

July 2003

CONTENTS

1	SUMMARY	3
2	BACKGROUND.....	4
3	TERMS OF REFERENCE	5
3.1	Current Disincentives that Exist for Ecologically Sustainable Land and Water Use in New South Wales	5
3.2	Options for the Removal of Such Disincentives and any Consequences of Doing So	6
3.3	Approaches to Land Use Management on Farms which both Reduce Salinity and Mitigate the Effects of Drought.....	7
3.4	Ways of Increasing the Uptake of such Management Practices	8
3.5	The Effectiveness of Management Systems for Ensuring that Sustainability Measures for the Management of Natural Resources in New South Wales are Achieved	8
3.6	The Impact of Water Management Arrangements on the Management of Salinity in New South Wales	9
4	CONCLUSION.....	10

1 SUMMARY

The current focus on natural resource issues has highlighted the inadequacy of most of the existing institutional arrangements to provide the necessary framework within which to deliver solutions to identified problems. There is an increasingly recognised need to establish equitable and regionally appropriate combinations of instruments for implementing natural resource management plans.

LPLMC is aware that there is a role for all levels of government to participate with regional communities in contributing to effective natural resource management and in fact understands government to be an essential part of the solution to natural resource management problems.

However, among other factors, effective government participation will require recognition of regional priorities, rationalisation of some legislation, a bipartisan approach to long term natural resource funding and the careful application of appropriate incentives.

3 TERMS OF REFERENCE

3.1 Current Disincentives that Exist for Ecologically Sustainable Land and Water Use in New South Wales

Other than maintaining the productive capacity of the land and water resources there have, in the past, been few incentives to implement change. Declining terms of trade will not produce an incentive for change which is still mostly disincentive driven and is therefore essentially uncoordinated and not necessarily in the best interests of ecological sustainability.

If it is accepted that the community should pay for the public benefits resulting from remedial or 'good' natural resource management, government is the logical broker. However, many current responses are fragmentary, least cost and crisis driven. Results are the slow adoption and application of appropriate management practice. In many catchments this is putting the long term integrity and productivity of resources under severe and potentially irreversible threat. Ultimately some basic tenets still apply:

1. Most land managers need financial and other related assistance to implement changes to their current methods of using the land and water resources.
2. Current assistance methods are not considered adequate, or directed correctly, to implement the scale of change needed.
3. Current methods of change are often disincentive driven.

Below is a list of existing disincentives to sustainable natural resource management. It was compiled by pooling the ideas of a number of people. No attempt has been made to prioritise them or group them into categories. Some are quite subjective in nature but, to the extent that they are perceived as disincentives, they operate as such. Some reflect the broadly held view that productivity and ecological sustainability are mutually exclusive – a view that can sometimes be valid in the short term in some areas. Not all can be solved by State Governments. Not all are serious disincentives in themselves but they work together to discourage cooperation and effective natural resource management.

- **Perversity and inconsistency in legislation** – One of the most important disincentives is that, in many cases, current legislation effectively rewards bad managers. It is imperative that we reward good management, not bad.

Landholders are confused by the large body of natural resource related legislation. Lack of consistency can occur between State Acts and/or between State and Commonwealth Acts.

Fear of unwelcome interference in management prevents many landholders reporting suspected threatened species or cultural heritage sites. As with many other things, a clearer understanding of aims and process would assist.

- **Tax incentives** – Because many landholders pay little or no tax, tax incentives are fairly blunt instruments or, alternatively, can encourage inappropriate investment.
- **Lack of funding continuity** – It is commonly recognised that the provision of short term resources for necessarily long term natural resource management projects is unsatisfactory and can result in serious down grading of the potential benefits of some investments. This applies to both cash and people.
- **Interest subsidies** – Although politically sensitive, interest subsidies sometimes serve to prop up people who would be better moving out of agriculture. They need to be used to encourage preventative or anticipatory action rather than for rescue.

- **Economic constraints** – Sooner rather than later, agriculture needs to function as do most other businesses and to stand or fall on its financial viability. The costs and benefits of the use of environmental goods need to be written into annual cashflows as a matter of course. Currently, economic constraints are such that the majority of landholders feel unable to acknowledge any further costs and they often do not recognise the private benefits accruing from ‘good’ natural resource management.
- **Cheap food** – Australian consumers have always enjoyed the luxury of cheap food and have never been required to meet the environmental costs of food production. Government could play a valuable role in educating consumers to look for and purchase ‘environmentally friendly’ goods.
- **Local Government** – While local governments with high rating bases can offer a range of environmental incentives to their rate payers, many country shires are not able to do so. In some cases land managed for conservation can be levied at higher rates than productive land.
- **Single desk – marketing boards** – Traditionally marketing boards have restricted imaginative marketing strategies and the opportunity to segregate ‘environmentally friendly’ produce in the market place. To some extent this is changing but much greater consumer awareness is required if farmers are to be appropriately rewarded by markets.
- **Do what I do** – Good management is easily discouraged if the rules don’t appear to apply to everyone. eg Weeds are often not cleared along railway lines; feral pests are not controlled in national parks.
- **Imposition of ‘unsympathetic’ values** – It has been said many times but it is still a reality that many of the people who create the regulations have no understanding of their practical import. A lot could be achieved by making a real effort to change this situation.

3.2 Options for the Removal of Such Disincentives and any Consequences of Doing So

Some of the identified disincentives can be relatively easily removed, particularly those under State Government control. Rather than address each issue separately, a list of suggestions is provided below. The consequences of nearly all of these actions would be positive.

- The real challenge is to find mechanisms to reward good managers rather than bad. One way is through accredited management systems (eg EMS), product differentiation and subsequent secure market access. For this to be effective, much greater consumer awareness is needed such that real preferences and real demand for ‘environmentally friendly’ goods are developed. Government could play a pivotal role in building consumer demand and in assisting with the development of innovative market mechanisms to make it possible for a critical mass of farmers to become involved.
- It is important that legislation is complementary, addresses real problems and is equitable and easily understood. Part of achieving this is to make real provision for scale, local priorities and cultural values.
- We need to develop a very clear understanding of basic property rights and of duty of care. Once these issues are properly clarified, further action can more rationally be funded. It will also provide a basis for rewarding good stewardship.

- More effective natural resource management will be achieved by properly resourcing regional bodies, making them accountable but then trusting them with the flexibility to respond to regional priorities. Our experience has demonstrated that landholders are happy to be responsible to a regional, community based organisation.
- Interest subsidies/Tax incentives need to be used to encourage preventative or anticipatory action rather than for rescue after an event. For example, realistic support should be provided for people to store hay and grain in good years rather than assisted to buy feed in poor years.

Disaster relief will always have a place but it would be useful (if perhaps unpopular) to link some forms of relief to a series of productivity goals or training which would encourage recipients to move towards financial independence.
- Continuity of funding/resources is absolutely essential to effective natural resource management with people on the ground being just as important as cash. Governments need to agree to the bipartisan commitment of long term resources. This is not to say that unsatisfactory programs should not be stopped, but good programs should be resourced to continue.
- Much can be achieved through the provision of accessible, well targeted, practical information. While many people are well informed, just as many are completely confused. If they understand the reason for undertaking particular actions, they are much more likely to do so.

Some key questions include:

- What level of public investment is appropriate on private land for a mixture of public and private benefits? (some of our work is beginning to answer this question);
- What mechanisms are required to ensure efficient and equitable collection and distribution of those funds? and
- What performance and accountability criteria should be incorporated into such mechanisms?

3.3 Approaches to Land Use Management on Farms which both Reduce Salinity and Mitigate the Effects of Drought

Recommended Management Actions for preventing dryland salinity are based on preventing the mobilisation of salt in the soil and essentially this means minimising deep drainage or using water where it falls. In some areas where it is possible to grow both summer and winter crops, the best strategy is to sow a crop whenever there is enough moisture to do so (response or opportunity cropping). Alternatively, for grazing enterprises, the best strategy is to maintain vigorous pasture growth using appropriate management and grazing regimes.

In some areas however, the combination of climate and soil type means that deep rooted perennials are the only option – perhaps a combination of trees and fodder crops. In these areas a good body of actively growing ground cover should be maintained for as much of the year as possible using species which will respond to rainfall. Conservative stocking rates and strategic grazing regimes are important.

The examples given above have the potential both to reduce salinity and to mitigate the effects of drought however many farmers are limited either by economic circumstances or by technical knowledge to undertake such strategies.

3.4 Ways of Increasing the Uptake of such Management Practices

In mitigating the effects of drought and reducing salinity, what is needed are robust and appropriate incentives to make it possible for growers to store a proportion of the grain or hay from good years to carry over to poor years. Because prices are often lower in good years, such incentives have the potential to be a much more effective investment than the current strategy of subsidies on stock feed in drought years when prices are inflated. In current economic circumstances, there is very little flexibility to store significant quantities of grain or hay and most landholders need sell as much as they can every year to either service debt or to fund the following year's production.

In relation to salinity, drought reduces agricultural production but also reduces the risk of increased salinity because soil moisture is insufficient to mobilise salts in the soil.

Locally delivered training programs and new applications of property planning tools are also needed to allow landholders to understand how to manage different parts of the landscape appropriately. These programs will need to be accompanied by incentives which make it possible for people to change from cropping to grazing enterprises or to stock more conservatively.

Importantly, it needs to be demonstrated that responsible environmental management and productive agriculture are not mutually exclusive and there are management systems from which both the environment and the producer can benefit.

In addition, people who are doing the 'right' thing need to be recognised and rewarded.

3.5 The Effectiveness of Management Systems for Ensuring that Sustainability Measures for the Management of Natural Resources in New South Wales are Achieved

The use of management systems (eg EMS; ISO14001) has for some years been perceived by the LPLMC as having the potential to deliver sustainability and to link participating landholders to market rewards. However, for management systems to be appropriate, they must fulfil some important requirements. Some of the reasons we identified ISO14001 are that it:

- Provides a compliance mechanism through independent audit.
- Allows for self assessment in addition to external audit.
- Is voluntary.
- Recognises the Catchment scale.
- Implements at farm scale.
- Allows for continual improvement.
- Is incentive based (through market access).
- Builds on new knowledge.
- Is proactive.
- Is industry compatible.
- Mitigates off-site costs.
- Is market driven.

- Is outcome based.
- Is internationally recognised.

Most importantly it allows for the fact that one size does not fit all and that regional and local priorities must be recognised.

However, the implementation of management systems is not easy with very few landholders – particularly in broad acre cropping areas – showing enthusiasm for the concept. Specific concerns have been raised about:

- the development of the Manual and support to do this (NSW Agriculture has done some of this work),
- the time taken for record keeping and data storage,
- the format and availability of adequate record keeping systems,
- certification and audit costs,
- access to practitioners and practical examples,
- advice from auditors of the farms current practices and suggestions to improve compliance,
- the current lack of easily identifiable benefits.

3.6 The Impact of Water Management Arrangements on the Management of Salinity in New South Wales

Salinity is best managed by preventing it in the first place – by keeping salt where it has been in the past, below the root zone of plants. However, given that salt has already been mobilised, it needs to be managed by moving it back down the soil profile (without moving it laterally) or by flushing it out of the system via surface water. Floods contribute to this process by moving large quantities of salt diluted in even larger quantities of water.

Given the scale of the processes required, it is probable that the impact of water management arrangements on the management of salinity in New South Wales is marginal in terms of regional events. At a local level there is potential for greater impact but this will still depend on efficient water use and site specific management. In relation to groundwater, sustainable use of the resource will preserve water quality through preventing over-exploitation of aquifers and subsequent downward contamination from perched saline water tables.

4 CONCLUSION

There is a need for a range of incentives to encourage sustainable resource management and there is also a need for an organisational structure which is able to co-ordinate and implement planning strategies and deliver consistent management options and outcomes. The structure needs to work on a scale that engenders ownership and commitment, pulls together expertise, co-ordinates issues, delivers consistent policy, can negotiate appropriate investment and cost sharing solutions, links land use change with socio-economic impact, provides resources for implementation, and enables long-term planning.

If they are to participate in this process, governments and the community as a whole, must decide how far they are willing to go. Consumers need to take a conscious decision to share the costs of sustainable management and move above the minimum threshold levels set by legislation. It is possible this process will not succeed because of lack of community commitment, lack of investor interest or because the financial trigger for land use change is too high.