Questions on notice – The effectiveness of threatened species and ecological communities' protection in Australia

Question 1:

Could you take on notice the question of what the implications are for effective monitoring of environmental issues on farms as a result of the cuts and job losses, certainly in Queensland and New South Wales; whether your state bodies have had any consultations with those governments on that issue; and whether they have given any thought to implications of those cuts on the overall ecological wellbeing of farms?

Answer:

The National Farmers' Federation (NFF) operates at the national level dealing with a range of policy matters in relation to the Federal Government – it is up to our Member organisations to speak regarding state specific matters. The NFF continue to be concerned about the loss of resources that affect agriculture. This has certainly occurred across all jurisdictions as government's budgets come under increasing pressure and judgements are made about the allocation of resources between various departments. In terms of resources particularly to environment, there is an unprecedented investment by all jurisdictions in environmental health across the landscape. There is perhaps an opportunity to reflect on how this investment occurs across all jurisdictions to reduce duplication, increase the efficiency of investment, and reduce perverse impacts to deliver improved overall landscape health (i.e. improved quality not just measuring area of land protected). NFF notes that there is an opportunity through the Council of Australia Government's for a dialogue about broader strategic investment in landscape health across all governments.

Question 2:

Can you comment on the impact on on-farm innovation, productivity development and/or initiatives to conserve the environment and produce food, given alleged potential costs raised in your submission and potential subsequent barriers for farmers to comply?

Answer:

The National Farmers' Federation (NFF) notes that Australian farmers continue to have declining terms of trade and have used investment in efficiency measures to try to counteract this impact to farm business productivity and profitability (e.g. larger farms, more mechanisation etc). The burden of increasing regulation by governments and the impact of development (e.g. coal seam gas) have perverse consequences for productivity and profitability. When regulation is accompanied by governments introducing substantial cost recovery, the decision to proceed with on farm developments that require environmental approvals will be revisited.

If the project that requires EPBC Act referral/approval is to proceed, cost cutting measures will need to be introduced to counter the impact of the regulation cost recovery. In the first instance, the decision will focus on those matters that are not essential to farm production, e.g. environmental protection measures or personal income, followed by those measures

relating to farm production (e.g. reducing the application rate of fertilisers or delaying the introduction of more efficiency technology and innovation).

The extent of the Commonwealth Government's EPBC referral and approval cost recovery is not insubstantial to a farm business. According to BRS, the average farm profit in 2011-12 was $116,000. The average profit in 2011-12 was 39% higher than the average profit for the preceding decade of $83,000 (in real terms). The proposed cost recovery will take around 69% of the 2011-12 profit or 96% of the average decadal profit to (2001-02 to 2011-12). During 2011-12, 53% of farms made a loss – so these businesses are in no position to pay the proposed cost recovery. It should also be noted that farm debt double during the drought and farm businesses have yet to make substantive progress on repaying this additional farm debt. (Information derived from ABARES report available online: http://adl.brs.gov.au/data/warehouse/agcomd9abcc004/agcomd9abcc004201203/AC2012.V2.1_FarmPerformanceV1.1.0.pdf).

The proposed costs and comments above are based on the Department of Sustainability, Environment, Water, Population and Communities determining that the information provided in the referral documentation will be the basis for an approval assessment. Should the Department choose the take a more stringent approval method (e.g. EIS) then the costs would substantially increase, possible in excess of $100,000, in addition to the governments cost recovery proposal. This will create significant financial barriers to compliance by the agriculture sector, or alternatively prevent farmers from implementing innovation, productivity efficiencies or protect the environment at the farm level.

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