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Productivity Commission  
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**GOULBURN  
BROKEN**  
CATCHMENT  
MANAGEMENT  
AUTHORITY

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To the Productivity Commission

### **Regulation of Australian Agriculture – Draft Report – July 2016**

The Goulburn Broken Catchment Management Authority, welcomes the opportunity to provide feedback on the Regulation of Australian Agriculture – Draft Report, July 2016.

The Goulburn Broken Catchment covers 2.4 million hectares of central Victoria, extending north from the outskirts of Melbourne to the River Murray on the border with New South Wales.

Sustainable agriculture, food production and processing underpins the region's economy. Livestock, dairy, fruit, vegetable, grape and other food production and processing industries contribute to the region's \$15.2 billion gross regional output (2009 figures) with the gross value of agriculture production in the Catchment being \$2.11 billion or 16% of the State's total gross value of production (2014-15 figures).

The Goulburn Broken Catchment Management Authority is responsible for developing and overseeing the implementation of the Goulburn Broken Catchment Regional Catchment Strategy (RCS) 2013-19. The RCS aims to ensure land and water resources are protected and enhanced as well as improving the region's social wellbeing, environmental quality and productive capacity in a sustainable manner. Our staff work collaboratively with a diverse range of stakeholders across a broad range of areas such as river health, land and biodiversity, sustainable irrigation, community engagement and floodplain management.

We agree that there are productive, environmental and social benefits of well-designed and implemented regulations, for both the agricultural sector and the community. Areas under review in the draft report of most relevance to the Goulburn Broken Catchment and the implementation of the RCS include the 'Environmental regulations' and 'On-farm regulation of water'. Comment on these discussion points is provided below against the draft recommendations.

Please contact me if you would like to discuss this response further.

Yours Sincerely,

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## **Environmental Regulations:**

*"Native vegetation and biodiversity conservation regulations need fundamental change so that risks and impacts are considered at a relevant landscape-wide scale. Environmental regulatory decisions also need to take into account economic and social factors" (p2).*

### **Draft Recommendation 3.1**

*The Australian, state and territory governments, in consultation with NRM organisations, should ensure that native vegetation and biodiversity conservation regulations:*

#### **1. Are risk based (so that landholders' obligations are proportionate to the impacts of their proposed actions)**

We agree that a risk based approach is feasible to assist landholder's obligations being proportionate to the impacts of their proposed actions. However, the approach must be developed and implemented according to sound processes and underpinned by rigorous scientific data.

As outlined in the Regulations Draft Report (the report) (p98), Victoria amended its native vegetation permitted clearing regulations in 2013 in an attempt to reduce the burden on landholders and provide them with more information about the biodiversity value on their land. However, in aiming to reduce burden, regulatory process which are highly complex, can become oversimplified and not effective in reaching the objectives for which they were originally intended.

A current review of the regulations is being undertaken by the Victorian State Government, following concern from a cross section of stakeholders. There are a range of issues under review, for which the Goulburn Broken Catchment Management Authority (CMA) and stakeholders have provided comment. These include items such as; clarity on the primary focus of the regulations; the permit process and decision making (e.g. how risk is determined; and the accuracy of the State-wide modelled data); offset delivery mechanisms, and compliance and enforcement.

#### **2. Rely on assessments at the landscape scale, not just at the individual property scale**

We agree that assessments must be undertaken at the landscape scale as well as the individual property scale. Assessors must also be able to incorporate supporting local, regional and state-wide data, such as information in local planning schemes about whether vegetation has local importance; as well as information contained within regional catchment strategies and their supporting sub-strategies (e.g. State and Regional Biodiversity Strategies). Enabling a process that incorporates a range of supporting evidence can help to ensure that landholder's obligations are proportionate to the impacts at site, landscape and regional scale and that the decision making is equitable.

For example, currently in Victoria, an application that is deemed to be low risk (<15 trees or <0.5ha) can be assessed through a desktop mapping process, that does not enable habitat characteristics or site attributes to be taken in to account. This can lead to the loss of local, landscape and regional biodiversity values, without effective offsetting proportionate to the impact of the proposed action. On the other hand, if the location risk map identifies some high risk pathway locations on a property, but the site information (e.g. size, type of tree, presence/absence of habitat values) does not support this risk, it is difficult to refute this

assessment and the applicant will be required to offset at a higher rate and undertake a more onerous application process.

In regards to National regulations, we do not agree that there is undue overlap or duplication between the assessment process conducted under the *Environment Protection and Biodiversity Conservation Act 1999 (Cwlth) (EPBC Act)* and state native vegetation regulations. Both regulatory processes operate at different scales and purposes. We advocate for the continued assessment of matters of national environmental significance listed under the EPBC Act to ensure a strategic approach to regulation and ensure implementation of a range of conservation measures to mitigate impacts (e.g. critical for migratory species). As noted in the report (p100) the number of agricultural referrals to the EPBC Act is low, with the majority of native vegetation removal cases going through State regulatory processes. In the case that an application is assessed under the EPBC Act (as well as State) then the regulators need to collaborate effectively and provide guidance to the applicant on how to proceed to reduce the burden of regulation.

Changing the regulatory framework, rather than implementing processes to ensure regulatory processes are working for the intent they were designed, is not an effective strategy to conservation biodiversity in agriculture. We have a duty of care to our communities to manage our agricultural lands to ensure they are sustainable and functioning for future generations; and not simply focus on short-term gain. This may require innovative discussion around regulatory frameworks and market based approaches, but will be valuable for the future of our agricultural industries.

### **3. Consistently consider and balance economic, social and environmental factors.**

Our Regional Catchment Strategy (RCS) describes the importance of the Catchment in terms of its key assets (biodiversity, land, water and people) and sets priorities and targets for directing the Catchment's resources towards achieving environmental, social and economic benefits. The variable nature of these social, economic and environmental factors are complex, and therefore we incorporate resilience thinking in the planning and implementation of the RCS. Resilience thinking considers landscapes (and regions as a whole) as complex systems, where people and the natural environment continually interact and where changes in one will inevitable result in changes in the other. Regulation as well as extension should be complementary tools to manage these complex systems, to provide consideration and balancing of economic, social and environmental factors in all decision making.

#### ***Draft Recommendation 3.2***

*...should continue to develop market-based approaches to native vegetation and biodiversity conservation. Where the community is seeking particular environmental outcomes, governments could achieve them by buying environmental services (such as native vegetation retention and management) from existing landholders.*

The Goulburn Broken CMA is highly supportive of the continued development and review of a range of market-based approaches available to encourage the protection of native vegetation and biodiversity conservation. We continue to work with our stakeholders to implement a range of market based approaches. Such approaches, require strong governance, including transparency and accountability in the system; and testing in a market to ensure that the instrument does provide an incentive for an efficient cost. Market based approaches must continue to complement extension services and vice versa.

### **Draft Recommendation 3.3**

*....should review the way they engage with landholders about environmental regulations, and make necessary changes so that landholders are supported to understand the environmental regulations that affect them, and the actions required under those regulations. This would be facilitated by:*

#### **1. Recognising and recruiting the efforts and expertise of landholders and community-based NRM organisations**

It is concerning that the report identifies that native vegetation is seen to restrict how farm businesses can operate and that biodiversity conservation is seen as a financial burden on landholders (pp104-109). However, it highlights the work that is required to engage with landholders regarding environmental regulations, such as the private value (e.g. ecosystem services) of biodiversity in an agricultural environment; and the public benefits of protecting biodiversity for future generations. There is national and international research on ecosystem services provided by biodiversity in agricultural landscapes, such as the production of food and water, the control of climate and disease, nutrient cycles and crop pollination, and spiritual and recreational benefits.

We certainly agree that landholders play a vital role as environmental stewards and land managers and contribute to the protection and enhancement of biodiversity in agricultural landscapes for public and private benefit (e.g. ecosystem services). Through the RCS, the Goulburn Broken CMA provides ongoing support for landholder/community Natural Resource Management (NRM) groups, as they are key influencers and implementers in our region's drive for sustainable agriculture. In the Goulburn Broken Catchment there are 96 Landcare groups, 7 Landcare Networks and 5 Conservation Management Network's that work in the interface between NRM and farm production. These groups are leading the way in agricultural innovation and undertake significant work in planning and implementing actions that contribute to sustainable farming. Such groups provide direct linkages between agencies and the community to increase our understanding of how to best support landholders and community to understand environmental regulations that affect them and advocate for change.

The system for delivery of environmental water in Victoria is complex and strategically planned through interagency and community collaboration, to ensure effective and efficient delivery for a range of purposes. We disagree with some assumptions in the report (Box 3.5 p108) as an example of perverse incentives and outcomes, but rather it is an example of the complexity and time required to effectively plan for improved biodiversity, rather than be reactionary and ad hoc.

#### **2. Building the capability of, and landholders' trust in, environmental regulators.**

We agree that it is critical to build the capability and landholders trust in environmental regulators. There is opportunity to improve the facilitation of information between regulators and landholders and in Victoria, Catchment Management Authorities play an important role in advocating on behalf of landholders to ensure that they are encouraged to conserve biodiversity and are aware of the values of biodiversity on their land, the surrounding landscape and regionally. Unfortunately, increasing distrust in authorities is not limited to environmental regulation, but rather a likely resulting effect of pressures such as reduced and short-term project funding and agency turnover.

## **On-Farm regulation of water:**

### ***Draft Finding 4.1***

*Complexity and ongoing changes in water regulation contribute to the cumulative burden of regulation on farm businesses. However, the diversity of Australia's river catchments makes streamlining and harmonising regulation difficult. More flexible governance arrangements may be needed to develop locally appropriate regulatory settings for accessing water.*

We understand that complexity in water regulations can have impacts on farm business through regulatory burdens and a reduction in confidence. The Goulburn Broken CMA supports Victoria's strong and transparent entitlement framework, which enables effective and efficient management of water resources across Northern Victoria. In employing an open and consultative approach to managing water resources in the region, the Goulburn Broken CMA further reduces uncertainty for farm businesses and ensures local knowledge is integrated into natural resource management.

The Victorian entitlement framework aims to provide clarity and certainty for all water users on how water is shared, held, used and traded between different parties, including the environment. The Northern Victorian water market allows water to be traded to the highest value uses, while mitigating the negative impacts of water trade out of irrigation districts on water authorities and their customers. Fees to remove delivery shares are in place to stop remaining irrigators bearing the cost of running the system. As such, the Goulburn Broken CMA supports the charging of reasonable 'exit fees' or 'termination fees' by water authorities when water is traded out of a district.

The Goulburn Broken CMA supports the Victorian Government in developing the State Water Plan and will continue to advocate for Northern Victorian industries.

### ***Draft Recommendation 4.1***

*The Australian Government should implement the findings of the Interagency Working Group on Commonwealth Water Information Provision to reduce duplicative and unnecessary water management information requirements imposed on farm businesses.*

We agree that duplicative and unnecessary water management information requirements can impart an undue burden on farm businesses. The Goulburn Broken CMA supports strategies that consider opportunities to consolidate information requirements and reduce duplication of reporting requirements for farm businesses.