Regulation of Agriculture
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003
Via email: Agriculture@pc.gov.au

Submission to Productivity Commission Draft Report: Review of Regulation of Australian Agriculture

About ACF

The Australian Conservation Foundation (ACF) is Australia's national environmental organisation. Established more than 50 years ago ACF has an extensive history in working to protect and conserve Australia's environment and advocating for a more sustainable society and economy. ACF has more than 250,000 supporters nationally, is proudly independent, non-partisan and funded by donations from Australians.

Summary

ACF welcomes the opportunity to provide comment on the draft report into the regulation of agriculture. ACF has serious concerns with elements of the draft report. Whilst supporting some elements of the recommendations, ACF is of the view that there are significant flaws in the analysis, in particular of the value of environmental regulation.

Recommendations:

1. **The draft report must better account for the role of land clearing as one of the biggest drivers of native species extinctions and a significant source of climate emissions in Australia.**

2. **The draft report must account account for Australia's international obligations for the protection of biodiversity and action on climate change in any discussion on the effectiveness and efficiency of regulation of agriculture.**

3. **Data provided in the draft report highlights that the regulatory burden of the *Environment Protection and Biodiversity Conservation Act* 1999 on the agricultural sector is minimal, and that the national environmental protection regime is likely subject to significant regulatory leakage.**

4. **The federal government has a critical role to play in regulating environmentally harmful activities and setting national environmental policy. The national environmental regulatory framework, including the *EPBC Act* 1999 is in need of reform to better reflect these responsibilities in an efficient and effective manner.**

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5. ACF supports effective and efficient regulation of environmental impacts, and the appropriate use of market mechanisms, where they do not result in cost shifting. The draft report should provide further discussion in relation to the operation and limitations of market mechanisms, the challenge posed by declining public spending on the environment, and how natural resource management programs and markets could effectively and efficiently be implemented for environmental services and assist the agricultural sector adapt to climate change.

6. Any reform of threatened species listing processes must be scientifically rigorous and consistent with global standards and need to be adequately resourced - ACF strongly disagrees with the draft reports commentary that reform of listing of threatened species should not achieve "highest standard".

7. The draft report should account for the economic impacts of weakened land clearing laws as well as the environment, economic and societal benefits of environmental regulation as it currently fails to do so adequately.

8. ACF encourages the Productivity Commission to consider the respective roles of National Economic-Environmental Accounts, Regional Environmental Accounts and national ecosystem monitoring systems to better account for the economic and ecological interactions associated with the agricultural sector.

9. ACF supports the call for better accounting for cumulative impacts at the landscape scale, however the report should outline key improvements to landscape scale assessment and cumulative impact assessment that are needed at the national and regional scales.

10. The report should provide further analysis of risk-based approaches implemented for environmental regulation in Australia to-date and the effectiveness of these in delivering environmental outcomes and efficient processes for proponents.

Importance of environmental regulation

On almost all indicators, Australia's environmental health is declining. Australia leads the world in mammalian extinction and boasts more than 1,800 nationally threatened species and ecological communities. Recent explosions in land clearing, particularly in Queensland, have severely impacted on biodiversity, including destroying habitats of threatened and common species.

The draft report does not adequately reflect upon the role of land clearing and the inadequate regulation of agriculture as a source of significant historical and ongoing environmental impact.

The draft report states that:

> "*Government intervention to promote native vegetation and biodiversity conservation on private land, and natural resource management (NRM) more broadly, is justified where the benefits to the community exceed the costs to private landholders and the costs to the community in general. (p93)*"

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This is a simplistic view of government intervention in environmental protection and restoration. It does not define how benefit or costs are measured. Put simply, environmental degradation nationally and globally has been a product of significant market failure, negative externalities and tragedy of the commons. Rapid industrial development has drawn down significantly on our natural capital whilst also enabling the living standards of many to increase. The government has, and will continue to have, and over-riding role in regulating harmful activities that degrade the environment and creating policy settings, including establishing markets, that benefit the environment and incentivise positive and sustainable business decision making.

Figure 1: Table of major threats to biodiversity

Table 4.1: Major threats to Australian biodiversity and management actions to abate them

Threat	Management actions
Habitat loss and fragmentation	Halting clearing of native vegetation via legislation Expanding the National Reserve System (see Chapter 5) Protection and restoration of native vegetation on private land through incentives Restoration via native revegetation, and inoculation of soil with beneficial micro-organisms Passive natural rehabilitation via fire and grazing management Captive breeding and translocation
Invasion by non-native species	Preventing introductions via regulation and quarantine Surveillance, detection and eradication of new arrivals Containment of slow-spreading species Controlling existing invaders by pesticides or herbicides, baiting, and culling Protection of ecosystems and species by removal (plants) or fences (feral predators and herbivores), or moving at-risk species to islands Biological control
Livestock grazing	Management of grazing (stocking rate and access to water) Protecting vulnerable species or ecosystems by fencing Spelling areas from grazing to allow recovery
Altered fire regimes	Instigation of less intense, smaller fires to create a mosaic of age-since-burn where too frequent and on too broad a scale Controlled burning where fires are too infrequent Suppression of non-native invasive grasses with high fuel load (e.g. gamba grass and buffel grass) or fire-assisted shrubs (e.g. broom)
Over-harvesting of native species	Regulation and anti-poaching enforcement Compensation to offset loss of harvests Captive breeding and reintroduction programs
Water pollution, both marine and fresh water	Regulation of chemical and fertiliser use and dumping of waste Minimising water use in irrigated agriculture Increasing biodegradability of waste Improved sewage treatment and containment
Disease	Lower risk of spread through strategies based on epidemiology Maintain disease-free locations of suitable habitat Quarantine through isolation or destruction of infected individuals to minimise spread Captive breeding and release of disease-free populations

Source: CSIRO – Biodiversity: science and solutions for Australia
http://www.publish.csiro.au/Books/download.cfm?ID=6967

![Australian Conservation Foundation logo]

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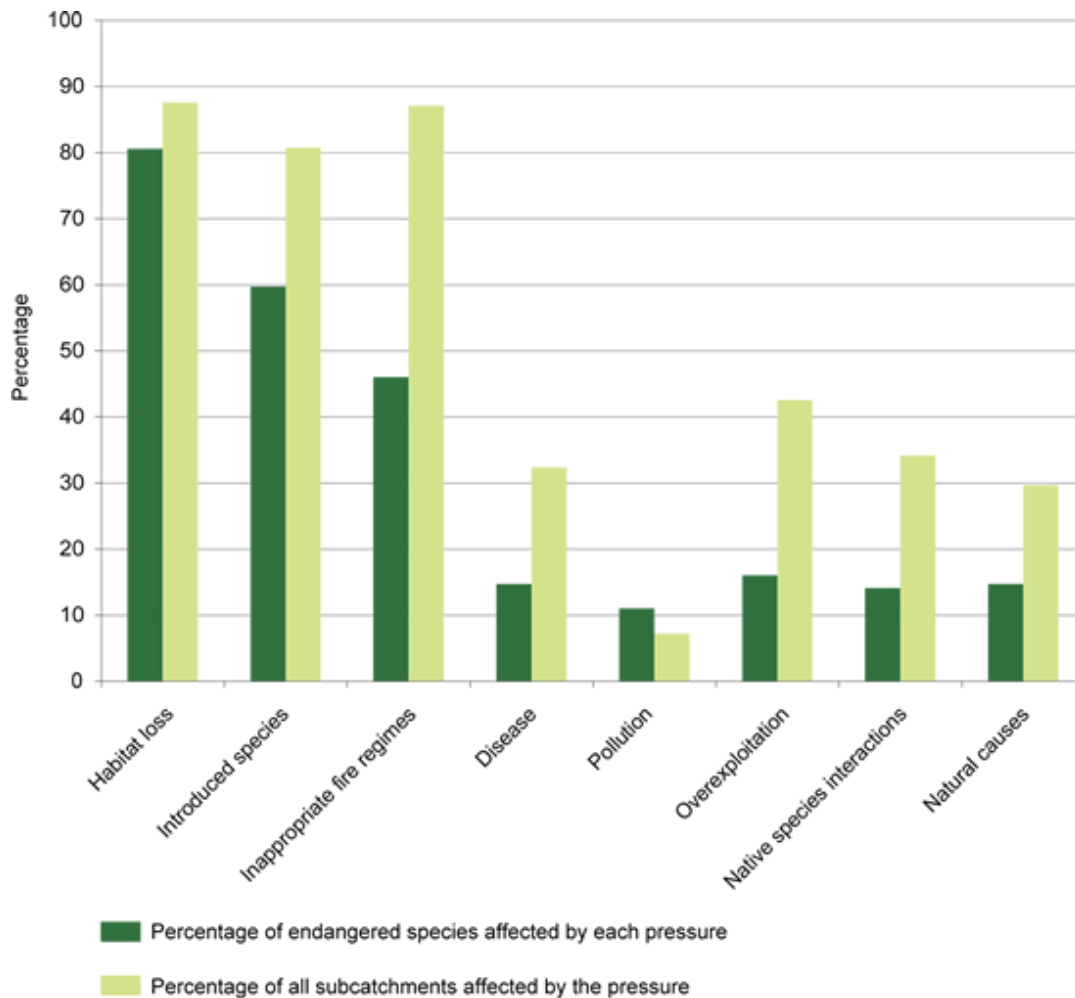web acfonline.org.au
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The major threats to biodiversity are outlined in Figure 1 above. Many of these can be attributed to poorly regulated agricultural activities, including land clearing, over-grazing, fertiliser and nutrient run-off and over-extraction and interception of fresh water.

The failure of the draft report to adequately acknowledge these threats or the role of regulation in safeguarding environmental health, including clean water, healthy soils, and biodiversity, undermines its credibility.

Land clearing is one of the largest threats to Australia's biodiversity

The draft report largely ignores the role that land clearing and land conversion has had in the decline in environment health and loss of biodiversity in Australia. Habitat loss is the single largest threat to threatened species in Australia according to the 2011 State of Environment Report (figure 2 below).[1]

Figure 2 - Spatial Distribution of pressures on biodiversity

Legend:
- ■ Percentage of endangered species affected by each pressure
- ■ Percentage of all subcatchments affected by the pressure

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[1] State of Environment Report 2011 - https://www.environment.gov.au/science/soe/2011-report/8-biodiversity/3-pressures/3-3-spatial-distribution

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Recent scientific research has shown that agriculture expansion, alongside over exploitation (including forestry, and fisheries activities) are the largest threats endangering threatened species globally.[2] Not acknowledging these historic legacies is a significant failing of the draft report.

Box 3.2 discusses some of the historic incentives schemes that operated in relation to agricultural practices, but makes no mention of the environmental degradation that these have caused. These impacts incur significant ongoing social, environmental and economic costs that continue to be borne out over generations, alongside any economic benefits. For example, remediating the over-allocation of water resources in the Murray Darling Basin, an impact that occurred over generations, has cost approximately $15 billion under the National Water Initiative and other reforms since the mid-nineteen nineties. The reforms represent the most expensive natural resource based structural adjustment program that has been undertaken in Australia's history, but are necessary to return the basin to functioning health.

Effective regulation of land-clearing is a necessary and urgent intervention in Australia, given that eastern Australia has now become a global land clearing hotspot.[3] This designation has largely been brought about through weakening regulatory requirements in the *Vegetation Management Act 1999* (VM Act) in Queensland in 2012 and poorly regulated clearing in NSW.

In April 2016 more than 500 of Australia's leading scientific experts signed an open letter calling for more robust land clearing laws.[4] More recently the Australia's leading biological scientists drafted an open letter to industry lobby group AgForce highlighting the scientific basis for concern with the removal of native vegetation protections in that state.[5]

The draft report lacks any mention of the scientific basis that underpins much of environment protection legislation – this is a significant and unmitigated flaw in its current drafting.

Land clearing is a significant contributor to climate change

Land clearing is a significant source of carbon emissions nationally. In particular, the sharp rise in land clearing in Queensland has contributed significantly to Australia's climate emissions and acted as a counteracting force against taxpayer funded emissions abatement.

Land clearing in Queensland was approximately 74,000 ha in 2010. Weakened land clearing laws introduced in 2012 have resulted in a very significant rise on this amount, including 266,000ha in 2012-13, 295,000 ha in 2013-14 and 296,000 ha in 2014-15, based on Queensland Government data. This large explosion in land clearing also drove a spike in associated emissions – from 16 million tonnes in 2010 to 26 million tonnes in 2013 and 36 million in

[2] http://www.nature.com/news/biodiversity-the-ravages-of-guns-nets-and-bulldozers-1.20381 :
[3] http://awsassets.wwf.org.au/downloads/fl022_living_forests_report_chapter5_28apr15.pdf
[4] http://scboceania.org/policystatements/landclearing/
[5] http://www.smh.com.au/cqstatic/gqtoyx/lettertoagforce.pdf

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2014. The total emissions profile of land clearing in Queensland alone since 2012 is more than 85 million tonnes, and growing.

Under current policy settings taxpayer funds are used to purchase abatement under the Australian Government's Emissions Reduction Fund. To date approximately $1.7 billion (out of a total allocation of $2.55 billion) in public moneys has been spent on abatement under the fund. This has contracted approximately 143 million tonnes of emission abatement. A large proportions of ERF funding is directed toward land sector carbon projects, including re-forestation and avoided de-forestation projects (98 million tonnes) and savannah burning (8 million tonnes). The strong argument is that the public are currently paying private interests subsidies to avoid polluting activities through the ERF, while weak legislative settings, such as those in Queensland actively encourage the erosion of existing stock of land sector carbon through, what would otherwise be, avoidable and controllable broad scale land clearing.

Recommendation:

1. **The draft report must better account for the role of land clearing as one of the biggest drivers of native species extinctions and a significant source of climate emissions in Australia.**

Australia's international obligations on biodiversity and climate change

The draft report fails to mention any of Australia's international obligations in relation to the environment. This is alarming as these underpin many of Australia domestic policy and legislative instruments referred to throughout the report, including the *EPBC Act* and the National Biodiversity Conservation Strategy.

The latter is Australia's domestic strategy for implementing the Aichi 2020 Biodiversity Goals under the Convention on Biological Diversity. These consist of a range of specific targets that Australia has endorsed and signed up to.

 Specifically, the Aichi Targets aim to achieve the following by 2020:

* the reduction of habitat loss by half, if not brought to zero (Target 4);
* that agriculture, aquaculture and forestry ensure conservation of biodiversity (Target 7);
* nutrient levels are controlled so that they are not detrimental to ecosystem function (Target 8);
* 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas (Target 11);
* extinction of known threatened species has been prevented and their conservation status, particularly of those most in decline, has been improved and sustained. (Target 12);
* strategies have been developed and implemented for minimizing genetic erosion and safeguarding their genetic diversity (Target 13); and

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- ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable (Target 14)

Notably Australia is not currently on a trajectory to meet these targets and is actually going backwards on a number of measures, including habitat loss, agricultural conservation of biodiversity, protection of threatened species and continued resourcing of protected area outcomes, (notably Indigenous Protected Areas face funding uncertainty, despite making up more than 40% of Australia's national reserve system).

Equally Australia has international obligations in relation to the mitigation of emissions that will lead to significant increases in global average temperatures through global warming. Specifically, the Paris Climate Agreement set the world on a path to keep global warming to less than 2°C and to pursue efforts to limit the increase to 1.5° C. It also set up a long term goal of achieving net zero carbon pollution within the second half of the century with an earlier goal to achieve global peaking of greenhouse gas emissions as soon as possible.

Australia is currently out of sync with these goals due to national settings. The Australian government's 26 to 28 per cent carbon pollution reduction target based on 2005 levels by 2030 is in line with 3°C to 4°C of warming should other governments commit to similar levels of ambition.[1] Failure to curb emissions from land clearing will make it significantly more difficult for Australia to meet these targets.

Recommendation

2. **The draft report must account for Australia's international obligations for the protection of biodiversity and action on climate change in any discussion on the effectiveness and efficiency of regulation of agriculture**.

Role of the Australian Government

ACF supports the Productivity Commission's assertion that *"farmers play a vital role as environmental stewards and land managers, and contribute to many conservation efforts."* (p92) and notes that the right mix of both regulatory tools as well as policies and incentives are needed to achieve positive environmental outcomes.

The federal government plays an important role in setting environmental policy and regulating environmentally harmful activities in Australia. The draft report goes into depth on the perceived duplication and administrative burden of the EPBC Act. However, the data and facts presented in the report do not point to a level of significant duplication for agricultural projects. Recent experience in Queensland also demonstrates that the federal government can play a critical role in protecting the environment in the national interest and in line with Australia's international obligations where regressive reforms are pursued.

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[1] http://www.climateinstitute.org.au/articles/media-releases/paris-agreement.html

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The draft report relies heavily on evidence presented by industry groups, rather than empirical data to infer regulatory duplication and unnecessary burden by the *EPBC Act*. It is important to acknowledge that there is some level of regulatory burden, including those incurred through the referral process, but not to the degree that could seriously impact agricultural productivity nationally. As the report itself notes:

*"In the period 1999– 2014, there were 54 agriculture-related projects referred for assessment, of which eight projects were subject to conditions (Australian Government 2014a)" (*p 100*)*

To reiterate: over 15 years, only 54 projects were referred, and only 8 proceeded through assessment to approval, out of more than 5300 referrals made under the legislation. This does not demonstrate that that EPBC Act is a significant regulatory burden.

In an era in where:

- land clearing averaged more than 500,000 ha nationally[6],
- where Queensland cumulative land clearing (2004 – 16) totalled more than 2 million hectares;[7] and
- where only one sixth of land clearing in NSW was accounted through regulatory approvals[8];

the low rate of referrals under the EPBC Act, and extraordinarily low rate of approvals, highlight that there has likely been significant leakage from the national regulatory system for agricultural projects.

Despite this the Commissions somehow arrives at the conclusion that the EPBC Act is a significant regulatory burden on agriculture:

"Duplicative and overlapping regulation between the three tiers of government is a major area of concern ....overlap and duplication between the Environment Protection and Biodiversity Conservation Act 1999 (Cwlth) (EPBC Act) and state native vegetation regulations "(p9)

Recently the federal government has had to intervene in a number of land clearing cases that were enabled through the weakened *VM Act* provisions in Queensland. This has included using call in provisions under the *EPBC Act* for the first time in its history. This intervention is necessary in order to ensure Australia is also able to comply with its international obligations and to protect matters of national and international environmental significance, including the Great Barrier Reef. It also highlights that the federal government plays a critical role in ensuring Australia meets its international obligations.

The Australian government's "one stop shop" policy, which sought to handover responsibilities to the states and territories through approval bilateral agreements, has been a

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[6] http://www.publish.csiro.au/onborrowedtime/docs/PCB_Ch09.pdf - p233

[7] Climate change and Australia's Tree Clearing Crisis – p2
https://www.wilderness.org.au/sites/default/files/PDFS/TWS%20-%20Climate%20change%20and%20Australia%27s%20tree%20clearing%20crisis.pdf

[8] http://www.smh.com.au/environment/conservation/bombshell-just-onesixth-of-rural-landclearing-tracked-in-nsw-anus-philip-gibbons-says-20160502-gojvkw.html

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failure to-date due to the fact that it would diminish national environmental standards[9], reduce federal oversight of any proposed developments, and is not in line with community expectations for environment protection[10]. The recent interventions made in Queensland, where the federal government has investigated projects enabled by Queensland legislation in order to protect nationally threatened species and the Great Barrier Reef World Heritage Area, are evidence of this fact. Amendments to give effect to One Stop Shop legislation failed to win support in the previous senate and are unlikely to pass in this term of government.

Given the failure to effectively integrate state and national environmental policies and regulatory approaches, a more systemic reform of national environmental law is needed, to both improve environmental outcomes and to provide greater clarity and certainty to both business and community stakeholders.

Recommendation

3. **Data provided in the draft report highlights that the regulatory burden of the *Environment Protection and Biodiversity Conservation Act* 1999 on the agricultural sector is minimal, and that the national environmental protection regime is likely subject to significant regulatory leakage.**

4. **The federal government has critical role to play in regulating environmentally harmful activities and setting national environmental policy. The national environmental regulatory framework, including the *EPBC Act 1999* is in need of reform to better reflect these responsibilities in an efficient and effective manner.**

Systemic problems exist in how we manage our environment and industries that potentially impact on the environment. Ensuring that adequate incentives and programs that reward positive behaviour are critical. Funding programs, such as the Environment Stewardship Program, did exactly what the commission has alluded to in the draft report – and purchased (through the form of a grant) environmental services from willing sellers on farming properties. Similarly, a functioning carbon market would create significant incentives for positive action on the environment. Both the Environmental Stewardship Program and the Carbon Farming Initiative have been abolished, with the latter replaced by the Emissions Reduction Fund. Public funding for the environment is declining at a significant and alarming rate. While total federal government expenditure is projected to increase by 22% by 2019-20 on 2013-14 levels, environment portfolio spending is projected to decrease by 38.5% and administered spending on biodiversity programs are projected to decrease by 27% on 2013-14 levels. Improving and incentivising positive actions on private lands are a critical policy challenge, especially in the context of adapting to climate change.

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[9] https://hsi.org.au/assets/user/default/Assessment-of-the-adequacy-of-threatened-species-planning-laws-FINAL_Sept_2014.pdf

[10] https://www.acf.org.au/acfs_biggest_ever_petition_calls_for_stronger_laws_to_protect_nature

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Recommendation

5. **ACF supports effective and efficient regulation of environmental impacts, and the appropriate use of market mechanisms, where they do not result in cost shifting. The draft report should provide further discussion in relation to the operation and limitations of these mechanisms, the challenge posed by declining public spending on the environment, and how natural resource management programs and markets could effectively and efficiently be implemented for environmental services and help the agricultural sector adapt to climate change.**

National threatened species listing reform

The commentary in the draft report on the common assessment methodology is worrisome. In particular comments listing reform should:

"not result in convergence to highest standard (unless that standard is justified on cost–benefit grounds), a point emphasised by the Tasmanian Farmers and Graziers Association" (p125)

The reforms around harmonised threatened species listing practices have been progressing since 2009 – and are now have been running for almost a decade. They were a key recommendation of the independent review of the EPBC Act. The failure of allocating sufficient resources to this task, the abolition of the COAG Standing Council on Environment and Water (and subsequent working groups) have contributed to this reform stalling – a point alluded to in the draft report:

"aligning regulatory methods can be complicated, administratively costly and politically difficult" (p125)

Proposed reforms relating to species listing and the Common Assessment Methodology, are based around the International Union for the Conservation of Nature (IUCN) red list criteria, the global standard. Harmonising Australia's threatened species listing processes will deliver significant regulatory improvement through up-to-date listing of species, equivalent standards across jurisdictions and removal of species from the list that may no longer be threatened or are out-dated. This harmonisation only has merit however if the process is scientifically robust and in line with international standards. The commentary by the Commission that listing reform should not achieve the "highest standard" has no grounding or science and demonstrates a lack of understanding in relation to threatened species listing, recovery and management. More to the point, this reform process has largely stalled to-date due to lack of adequate resources and incentives at the inter-jurisdictional level and lack of intergovernmental forums for driving it.

Recommendation

6. **Any reform of threatened species listing processes must be scientifically rigorous and consistent with global standards and need to be adequately resourced - ACF strongly disagrees with the draft reports commentary that reform of listing of threatened species should not achieve "highest standard".**

Economic value of regulation

The discussion on the economic value of government regulation on the agricultural sector particularly in regards to environmental regulation is a large omission in the draft report.

While there is ample discussion and examples given of the costs, there is no discussion of the outcome of environmental regulation and what environmental outcomes regulation has delivered. Equally there is no discussion of where environmental regulation has failed to deliver environmental benefits. The result is that the chapter on environmental regulation is skewed towards the burden and complexity placed on the agricultural sector rather than the environmental outcome which is the announced purpose of regulation. This simplistic analysis does not allow for a more detailed discussion. This may be the result of the submissions received and the fact that environmental data and measurement is difficult to obtain.

A clear example of emphasis on burden is seen in Box 3.11 *Regulating beehives on public land*. This example makes it clear that farmers clearing private land has made it very difficult for the honey bee industry as the bees rely on native flowering plants. The box implies that denying access to bee hives in national parks is a regulatory issue that should be looked into. ACF argues that how we incentivise farmers to clear less private land needs to be an important part of this discussion as well as the value national parks provide to surrounding farmland.

In December 2014 the OECD released a paper titled 'Do Environmental Policies Matter for Productivity Growth' that made three conclusions about environmental regulation across economies relevant to this draft report. They were:

- Environmental policies and regulation do not harm economic productivity; in many cases they spur productivity growth as firms are forced to innovate.

- Market based instruments are more economically productive than direct regulation.

- Australia is well inside the bottom half of OECD countries in a comparison of the 'burden' of environmental regulation.[11]

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[11] http://www.oecd-ilibrary.org/economics/do-environmental-policies-matter-for-productivity-growth_5jxrjncjrcxp-en

Academic work that looks at broader environmental regulation such as that outlined above should be considered and incorporated into the final report.

The draft report acknowledges that environmental regulation places "*considerable costs on farm businesses, including the cost of conserving species and ecosystems that benefit the wider community.*" This naturally leads to discussion about governments involvement in meeting some of these costs as outlined in draft recommendation 3.2.

The final report would benefit from an estimated quantification of the cost of environmental services provided by farmers and historical analysis (e.g. for the last two decades) of direct government expenditure on conserving species and ecosystems to put the quantum of spending into context. This would enable a more informed discussion about the budgetary cost to the government versus the regulatory cost on farmers.

The report and the Productivity Commission's overall work would benefit from valuation work on natural capital including, eco-systems services and natural infrastructure. It is difficult to ascertain cost versus benefits between economic production and environmental value when environmental services such as pollination or water filtration through forests are not appropriately measured and valued. Australia's natural capital continues to decline as a result of the accumulation of hundreds of decisions that fail to recognise the economic value of Australia's environment. Appropriate frameworks and measurement are not yet place to truly value Australia's natural environment.

This is despite models such as the System of Environmental-Economic Accounting[12] and regional scale environmental accounts based on the Accounting for Nature Model currently being worked on in international forums, by government agencies such as the Australian Bureau of Statistics and by non-government organisations such as the Wentworth Group of Concerned Scientists[13].

The draft gives ample space to the costs of environmental regulation on the agricultural sector and largely fails to recognise the economic value of the environment. Environmental regulation is in place to ensure Australia's environment is protected. The draft report does not assess the intent of the efficacy of environmental regulation it simply frames regulation as a burden endured by the agricultural sector.

The type of thinking reflected in the draft report appears contrary to the *Productivity Commission Act*, Part 2, Section 8 - General policy guidelines for Commission which amongst other guidelines call for.

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[12] http://unstats.un.org/unsd/envaccounting/seea.asp
http://www.abs.gov.au/ausstats/abs@.nsf/mf/4680.0.55.001
 http://wentworthgroup.org/2015/10/evaluation-of-the-australian-regional-environmental-accounts-trial/2015/
[13] http://wentworthgroup.org/programs/environmental-accounts/

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1. *In the performance of its functions, the Commission must have regard to the need:*

- *to ensure that industry develops in a way that is ecologically sustainable;*

ACF recommends that the PC in the final report recognises the importance of environmental regulation for the protecting the environment.

Recommendation

7. **The draft report should account for the economic impacts of weakened land clearing laws as well as the environment, economic and societal benefits of environmental regulation as it currently fails to do so adequately.**

8. **ACF encourages the Productivity Commission to consider the respective roles of National Economic-Environmental Accounts, Regional Environmental Accounts and national ecosystem monitoring systems to better account for the economic and ecological interactions associated with the agricultural sector.**

Accounting for cumulative impacts and managing risk

A legitimate criticism of current environmental regulatory regimes is the inability to effectively account for cumulative impacts. Strategic assessments under Part 10 of the EPBC Act have promised much in the way of improved regulatory practice and environmental outcomes, but there is limited evidence of their successful implementation. The case study most frequently cited as the biggest success is the strategic assessment of the Melbourne Urban Growth Boundary. Notably the primary outcome from the Melbourne Strategic Assessment was the Western Grasslands Reserve – a strategic, consolidated offset mechanism that pooled funds for acquisition over time as development occurred. Alarmingly, it turns out that the WGR properties have been heavily used for agricultural purposes, with "*the majority being species-poor… with a long history of stock grazing, and much of it is yet to be purchased*".[14]

Managing cumulative impacts at the landscape scale remains an unmet challenge in Australia. Areas of critical natural infrastructure, such as those that provide significant ecosystems services to the population, still face avoidable yet unmitigated threats. These include logging in Melbourne's water supply catchments and coal mining underneath Sydney's water catchment. The push to rapidly develop northern Australia presents both opportunity and challenges in the way such development occurs. Poorly regulated water extraction mean that it will be easy to over allocate resources and develop catchments at unsustainable levels – repeating the mistakes that have occurred in the Murray-Darling Basin.

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[14] CSIRO – Land of Sweeping Plains http://www.publish.csiro.au/pid/7219.htm

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Recommendation

9. **ACF supports the call for better accounting for cumulative impacts at the landscape scale, however the report should outline key improvements to landscape scale assessment and cumulative impact assessment that are needed at the national and regional scales.**

Outcomes and risk based approaches to regulation work where there are robust compliance and enforcement frameworks, data management systems and adequately defined goals. In environmental settings these are underpinned by goals of improve or maintain or no net loss. In many cases, such as for matters of national environmental significance, including world heritage areas or nationally threatened species, risk based approaches are likely to be difficult to implement as higher levels of data certainty and scrutiny are likely to be required. Self assessable codes, such as those used in the Queensland *VM Act*, are an example how risk based approaches can go wrong, where basslines and safeguards are not adequately implemented (see above for further discussion on the environmental impact of the weakening of Queensland's native vegetation laws). The federal government has developed outcomes based conditioning and implemented risk based monitoring for environmental approvals. However, these have not yet been demonstrated to markedly improve environmental outcomes and issues remain within the regulator, including lack of resourcing and improvements in managing and disclosing environmental monitoring data. The compliance efficiency and efficacy of this approach at the national scale has not been proven nor tested for its enforceability. The draft report has not effectively examined the comparative approaches for regulating environmental impacts – or the success or otherwise of risk based approaches implemented to date for environmental regulation.

Recommendation

10. **The report should provide further analysis of risk-based approaches implemented for environmental regulation in Australia to-date and the effectiveness of these in delivering environmental outcomes and efficient processes for proponents.**