

## **EUROKA STATION PARTNERSHIP**

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### **PRODUCTIVITY COMMISSION INQUIRY INTO THE IMPACTS OF NATIVE VEGETATION AND BIODIVERSITY REGULATIONS**

**MEETING DENILQUIN FRIDAY JULY 11, 2003 AT 2.30 PM**

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Mr Andrew Huckel, Senior Analyst, Conservation and Resource Management, NSW Farmers Association has informed us that on April 14, 2003 the Federal Government directed the Productivity Commission, Canberra to undertake an inquiry into the impacts of Commonwealth, State and Territory Regulations relating to native vegetation and biodiversity.

The inquiry will report on the impact of native vegetation and biodiversity regulations on a number of matters and as farmers, we have been invited to comment on these as following -

#### **FARMING PRACTICES**

Euroka comprises 11,237 hectares of unrestricted freehold land upon which a self replacing merino sheep flock and self replacing beef cattle herd have been run successfully for over fifty years. A small high yield bore was successfully drilled and equipped on Euroka in 1968 and pumped from that date so water availability is considered sustainable as to quality and quantity.

In more recent decades margins on the property's annual wool clip and surplus sale sheep and sale cattle have narrowed to the point where during 1996/97 it was considered essential to expand the existing small irrigation and dry farming operations with the objectives of increasing net revenue and negating the adverse effects of droughts, which occur periodically. Appropriate production and commercial research, budgeting and related planning were undertaken both directly by the partners and management and with the assistance of external consultants and it was ultimately decided to expand irrigation by converting up to 1,200 hectares of freehold land from livestock grazing pasture to irrigation with water being sourced from ground water bores. To this extent changes in farming practices would occur.

During 1997/98 the partnership sought advice and guidance from the NSW Department of Land and Water Conservation and National Parks and Wild Life Service to ensure compliance with relevant legislation and regulations and thereafter delays began to occur. These delays resulted essentially from the application and implementation of the Threatened Species Conservation Act 1995, The Native Vegetation Conservation Act

1997, their related regulations and initiatives implemented under this legislation and lasted through to 2000/2001.

## **PRODUCTIVITY AND PRODUCTION**

It is anticipated that the first irrigation crop will be sown at Euroka during Spring 2003 or about five years after the decision was taken to expand this activity.

The accompanying schedule entitled 'Euroka Irrigation Operating Estimates Summary' is based on smaller water allocations and irrigation areas than originally envisaged and is adapted from original budgets prepared during 1996/97 indicates net forgone production on Euroka over the past four financial years of about \$1,585,250.00. These production losses have also meant that station productivity has not increased significantly.

## **SUSTAINABILITY**

Irrigation diversity even on reduced water entitlements and annual allocations is sustainable by changing seasonal water usage patterns and cropping combinations and through the introduction of irrigation machinery.

## **PROPERTY VALUES AND RETURNS**

In 1998 the DLWC policy was to grant water licences on the basis of property area. Under this policy Euroka was eligible for up to 6,000 megalitres entitlement which was confirmed in early 1998. However, the DLWC would not grant licences until matters relating to threatened species particularly the Plains Wanderer were resolved which occurred during November 2000. During the intervening period the Department issued a new policy on ground water entitlements that resulted in Euroka receiving a property entitlement of 2,000 megalitres. As a consequence the area sought to be developed was reduced from 1,200 hectares to 488 hectares or more or less in line with the reduced ground water entitlement available to Euroka.

The Partnership's views of values and returns as a result of the introduction of native vegetation biodiversity and endangered species legislation and regulations in NSW are set down in our letter to Land and Property Information NSW of 24 January 2003, a copy of which is attached.

The accompany copies of letters from the Department of Lands, Wagga of 17 June 2003 to Dalpura Pty Ltd in relation to Property No 510754 and J R Webb in relation to Property No 510695 contain the official reactions to our objections. As this correspondence has just been received we are still considering it and what action might be taken.

## **LAND HOLDERS INVESTMENT PATTERNS**

The legislation and related regulations as already indicated make profitable new investment slow, tedious, more risky and expensive. Over the past five years in order to maintain contact with the Western Riverina Regional Vegetation Committee, Partners and Management have attended about twelve meetings at various locations and twenty-one meeting with the North Conargo Land Management Group Members. In addition meetings have been held with representatives of the DLWC and NPWS at Hay, Berrigan, Albury, Leeton, Jerilderie, Wagga, Dubbo and the Otways in Victoria, as well as on location at Euroka Station.

In order to comply with the various requests received from DLWC and NPWS officials, and statutory and other bureaucratic requirements substantial investments have been made in the services of specialist consultants and other appropriate qualified professionals.

Euroka Station Partnership Financial Records for the past five financial years reveal that a total of \$110,000.00 have been spent on surveying and drafting services, preparation and presentation of clearing applications which comply with the Native Vegetation Conservation Act 1997, technical and legal advice, preparation for and attendance at the meetings referred to above and additional project management time, communications and fees.

## **ATTITUDE OF FINANCE PROVIDERS**

Application and implementation of the legislation and regulations under review have negative impacts on collateral values through the placement of encumbrances on freehold title. Bank representatives are concerned about these aspects of the legislation particularly where their borrower customers are concerned.

## **INFRASTRUCTURE DEVELOPMENTS**

On Euroka these have ceased pending confirmation of all compliances being in order and not subject to any further short to medium term changes.

## **FLOW ON EFFECTS TO REGIONAL COMMUNITIES**

The attached copy of the Schedule entitled "Euroka Irrigation Operating Estimates Summary" show annual and cumulative totals of lost income and expenses. These figures are significant particularly within the context of relatively small country communities and after the results of economic multiplier impacts are taken into account present future economic and social problems for local and regional areas.

**JOHN R WEBB**

Partner