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Submission

19 February 2018

Reef Regulations RIS
Office of the Great Barrier Reef
Department of Environment and Science
GPO Box 2454
BRISBANE QLD 4001

Via email: officeofthegbr@des.qld.gov.au

Dear Sir/ Madam

Re: Consultation Regulatory Impact Statement: Broadening and enhancing reef protection regulations

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Bundaberg Regional Irrigators Group (BRIG)
- Flower Association
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Pork Queensland Inc.
- Queensland Chicken Meat Council (QCMC)
- Queensland United Egg Producers (QUEP).

QFF welcomes the opportunity to provide comment on the 'Consultation Regulatory Impact Statement (September 2017): Broadening and enhancing reef protection regulations'. QFF understands this feedback will be used to help inform whether or not the proposed regulatory changes should move forward to the next stage or be refined further. QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

General Comments

The Great Barrier Reef (GBR) Water Science Taskforce report recommended regulations be used as part of a mix of tools to reduce nutrient and sediment pollution from reef catchments. QFF notes that the Regulatory Impact Statement (RIS) is aligned to the taskforce's recommendations and endorses this as a process.

QFF and its members remain principally opposed to the regulation of agricultural activities as described in the RIS. Regulation is a high cost, simplistic instrument that supports minimum standards of compliance at the expense of true practice change. It does little to encourage a culture of innovation and excellence.

The RIS highlights activities that if implemented are likely to stifle growth in several established agricultural industries including sugarcane, grazing, grains and horticulture; and may discourage new industries from expanding into these areas. If industries are to adapt and grow to changing markets and utilise digital technology, innovation and intensification need to be encouraged and supported, not suppressed. Agriculture operates in a global marketplace – not a 'reef catchment marketplace' – so it must be able to remain internationally competitive.

Governments have invested considerable resources in voluntary best management practice (BMP) programs. It is globally recognised that voluntary BMP programs take time to gain traction. The programs now have that traction and are delivering on-ground results, providing justification for this investment. QFF does not see the need for additional public money to be spent on a regulatory regime.

Two options are considered in the RIS to accelerate improved reef water quality:

- Option 1: The current approach – no additional legislation
- Option 2: Enhance and broaden reef protection legislation.

QFF supports a voluntary approach such as industry-led BMP programs and incentives to bring about practice change, so option 1 is preferred. Government preference is for option 2 to manage pollutant loads from key industries across all reef catchments.

In the event the government is committed to increasing regulatory measures for agricultural activities in option 2, industry needs to remain firmly engaged, and our concerns and suggestions need to be considered and addressed through genuine and transparent consultation.

Specific Comments

Cost Benefit Analysis

The RIS relies heavily on the Alluvium Report 'Costs of achieving the water quality targets for the Great Barrier Reef (July 2016)', to outline the costs and benefits of implementing the proposed regulations. QFF reminds the government that the Alluvium Report was delivered with many caveats about data reliability, and it appears that the government has used the best-case scenario in most instances and most caveats have been disregarded.

For example, considering the most likely costs of minimum standards for average sugarcane farms, these averages will only apply to a select few businesses that meet this definition. The actual average farm size in several regions is much lower than that specified in the costs and benefits analysis, meaning that there will be a greater number of small enterprises under financial pressure.

The 'one-off' cost estimates for an average sugarcane property to implement the minimum regulatory standards proposed range from $17,500 in the Wet Tropics region to $184,400 in the Burnett Mary,

with the 'ongoing' cost estimates ranging from $7,300 to $30,500 respectively. These potential costs are unsustainable for sugarcane business to continue production. Although the modelling suggests 'ongoing' profit estimates of $9,000 to $49,000 respectively, many farmers do not have the capital for the initial upfront costs. Additionally, profitability and viability of businesses are already being challenged by unsustainable electricity price increases and higher water costs (also the result of government policy decisions), so it is very unlikely these farmers will recover initial up-front costs within three to ten years claimed.

QFF has concerns with the assumptions and data sources in Appendix 1. An example of unreliable data is the area under sugarcane production in the Burnett Mary. In this region, the CBA identifies 86,000 ha, whereas the true value in 2016 was just 53,000 ha.

True cost of regulation

The RIS puts the annual costs to government for the proposed regulations at just $2.44 million per year (while the estimated cost to agriculture is more than $120.2 million per year). QFF suggests this estimate is too low, as effective regulation has never proven to be a cheap option for government.

Concerningly, the government hasn't put a monetary value on the 're-invigorated compliance program' for non-compliance with the current nutrient application standards, and has not quantified the incremental benefits of the expected change in water quality from the proposed regulations.

Simply implementing regulation is not an achievement. QFF supports smart regulation – well designed and implemented regulation can have a positive impact on the sector. However, perverse outcomes arise from regulation that is not warranted or appropriately targeted, and when it is not well communicated or clearly understood.

Minimum Practice Standards

QFF strongly believes a conflict exists between minimum practices standards focusing on water quality outcomes and BMPs focusing on productivity and stewardship. QFF consider the industry-led programs are the best mechanism to improve water quality, while maintaining the productivity and profitability of farm businesses. Industry BMP or similar programs comprise actions that deliver on these criteria. They also deliver beyond minimum practice standards, which aligns with the intent of the new Reef Water Quality Improvement Plan, and makes any proposed regulatory imposition unnecessary.

The RIS proposes a staged approach to the implementation of improved minimum standards. Industry and government must agree on the timeline for a staged approach, otherwise many farmers may not be able to meet the standards.

New agricultural activities

It is incumbent on governments to foster a business environment that encourages investment and where industry can work constructively and proactively within the confines of community expectation. New agricultural activities in the reef catchments will likely be stifled by the implementation of the proposed regulations.

QFF defers to relevant industries to comment on the defined standards and requirements for greenfield sites. QFF cautions that if these proposed new standards inhibit intensification or do not provide workable land management changes that enable best management practice and responses to climate change, the growth of agriculture in Queensland will be limited and may contract.

Water Quality Offsets Framework

Per previous submissions, QFF is unable to support water quality offsets as they are currently described due to insufficient information. QFF requests that the government conduct a transparent and robust process to develop a practical and logical water quality offset framework for different agriculture industries.

BMP the preferred approach

Preserving the GBR and building its resilience to mitigate threatening processes is a key national and international concern. Farmers in the GBR catchments have been and continue to reduce their impact on the reef through improved land management practices.

Industry-led BMP or similar programs are a structured and successful pathway for realising improved farm management practices, and have supported farmers to gain a better understanding of their business and adopt improvements. Long term government investment in these programs is essential to continue improving the quality of water entering the GBR.

QFF supports the government's position that farmers accredited under recognised BMP or like programs will not be the focus of government compliance programs.

Level of investment

It is important to recognise that the current level of funding invested to protect the GBR is insufficient to realise the ambitious targets. The Alluvium Report estimated the costs of achieving the Reef Plan water quality targets by 2025 at $8.2 billion. Another independent report by Jacobs found that if the reef was treated like a productive piece of infrastructure (like a dam or a road) it would receive up to $830 million a year in funding. By contrast, governments are contributing around $200 million a year to support the resilience of the reef. The current level of investment is projected to continue, bringing the total to about $2 billion over a decade.

If adequate levels of long-term, strategic investment were in place for enabling activities like voluntary industry-led programs, the ambitious targets might be reached. While the status quo remains around funding short-falls, the water quality targets will not be met – regulation or no regulation.

Costs to agriculture-dependent communities

The flow on costs to agriculture-dependent communities do not appear to have been properly quantified in the RIS. Agriculture is the backbone of many regional economies, so decisions that restrict or contract agricultural activities will have flow-on effects. For example, the sugar industry currently contributes over $1 billion every year and employment for many thousands of people to the Bundaberg region. Regional unemployment is already too high and government must work to bring it down, not do things that may see it rise.

A recent, and ongoing, example of detrimental economic and social impacts for Queensland's agriculture-dependent communities is water recovery under the Murray-Darling Basin Plan, which has negatively impacted agricultural production in the Condamine-Balonne region. Dirranbandi has already lost an estimated 27% of its irrigation area and more than 15% of agriculture and non-agriculture private sector jobs since water buybacks commenced. In St George, jobs in agriculture have dropped by more than 15% and non-agriculture private sector jobs are down more than 20%. And school enrolments have dropped by 50% in the last five years. The socio-economic impacts on these communities has and continues to be significant.

Conclusion

QFF and its members do not support the regulation of agricultural activities as described in the RIS. QFF has stated on numerous occasions that agricultural regulation has never proven to be the catalyst for creating a culture of innovation and excellence. Voluntary, industry-led farm management systems (such as BMP programs) and other water quality improvement projects have proven to be enablers of such a culture. However, funding for these activities is not been as coordinated or strategic as it should be. Implementation of the activities outlined in the RIS has the potential to significantly stifle the sector's growth by limiting intensification and innovation.

Queensland agriculture acknowledges and accepts the role it must play in the reef recovery effort. However, it should be remembered that climate change is the greatest threat to the long-term health of the GBR, and has been for some time. Climate change is already affecting the reef and agriculture, and is likely to have far-reaching consequences in the decades to come.

QFF and members remain committed to our sector continuing to do its bit to deliver on community expectations and protect and maintain the intrinsic values of the GBR catchment and lagoon.

Yours sincerely

Travis Tobin
Chief Executive Officer