

10 August 2004

**THE AUSTRALIAN GOVERNMENT'S RESPONSE TO
RECOMMENDATIONS IN THE PRODUCTIVITY COMMISSION INQUIRY
INTO THE IMPACTS OF NATIVE VEGETATION AND BIODIVERSITY
REGULATIONS**

While management of native vegetation and biodiversity is primarily the responsibility of State and Territory governments, the Australian Government has an interest in taking programme and cooperative measures with State and Territory governments and other interested parties to conserve and manage biodiversity. The Australian Government has a responsibility and an interest to promote the recovery of species and ecological communities that are endangered or vulnerable, and prevent other species and ecological communities from becoming endangered.

The Australian Government will pursue implementation of the Productivity Commission's recommendations through the Council of Australian Government process and intends to put this on the agenda of the next meeting.

Recommendation 1

Before introducing new or amending existing native vegetation and biodiversity policy, a comprehensive regulation impact statement or its equivalent should be prepared that includes an assessment of the problem being targeted, expected costs and benefits of the proposed policy, and an assessment of alternative instruments. This assessment should be made public.

Recommendation 2

All native vegetation and biodiversity policies should be subject to ongoing monitoring and regular independent reviews of all costs and benefits in the light of articulated objectives. Reviews of performance should be published.

The Australian Government agrees with these recommendations. The Australian Government notes that the Productivity Commission has found that state native vegetation and biodiversity regulations are imposing significant and unnecessary costs on landholders.

In developing the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act) the Australian Government prepared a comprehensive Regulation Impact Statement. Further, the Department of the Environment and Heritage monitors the EPBC Act through the preparation of an annual report on its performance. The Australian National Audit Office has reviewed the EPBC Act.

To guide native vegetation policy development by all governments, the Australian, State and Territory governments developed the *National Framework for the Management and Monitoring of Australia's Native Vegetation*. The Framework outlines best practice for managing native vegetation including roles and responsibility of governments and the community; planning and assessment activities; the formal reserve system; communication and capacity building; the use of

incentives; best-practice regulatory mechanisms; and monitoring and evaluation. In April 2004, all governments, through the Natural Resource Management Ministerial Council, agreed to review and update the Framework including addressing the range of costs and benefits of vegetation management, together with various management tools such as volunteerism, grants, market-based measures and regulatory approaches.

The Australian Government will take every opportunity to work with State and Territory governments to assess alternative policy instruments to meet native vegetation and biodiversity conservation objectives. For example, in April 2003, the Natural Resource Management Ministerial Council allocated \$5 million of matching Australian Government and State/Territory funding from the National Action Plan for Salinity and Water Quality for the first-round of a National Market Based Instruments Pilot Program. Eleven pilots, investigating a range of market-based measures for conservation were selected. Interim lessons from the pilots have recently been reported. These lessons will guide future policy development.

Recommendation 3

Ongoing efforts are required to improve the quality of data and science on which native vegetation and biodiversity policy decisions are based, particularly ‘on-the-ground’ assessments to test the accuracy of vegetation mapping based on satellite imagery.

The Australian Government agrees with the recommendation.

Decision-making needs to be informed by environmental, social, demographic and economic data and analysis, information on the impacts of previous decisions, and use of community and expert knowledge. Knowledge gaps need to be identified and addressed through a combination of new research, improved access to information, greater consistency of key sets of data, and better communication. Both the Australian Government and the States have roles in improving natural resource information so that policy decisions are informed.

The Australian Government is funding the National Land and Water Resources Audit, the Commonwealth Scientific and Industrial Research Organisation, Land and Water Australia and other research and development organisations to improve the quality of the data and the science on which native vegetation and biodiversity policy decisions are based.

The Australian Government will continue to work with States and Territories through the development of the National Vegetation Information System to ensure greater consistency in the quality and attributes of native vegetation data across Australia.

The Australian Government is also improving the quality and availability of data and science being used to support EPBC Act decisions. As species and ecological communities are listed under the EPBC Act, this information will be made available to the community through the EPBC Act web site at <http://www.deh.gov.au/epbc>.

Recommendation 4

Current regulatory approaches should comply with good regulatory practice, including:

- **clear specification of objectives of the legislation so that guidelines and decisions link back to these objectives, and performance of the regimes can be monitored and assessed;**
- **minimisation of duplication and inconsistency by amalgamating and simplifying regulations and permit requirements, for example, by rationalising legislation and regulation within each State and Territory and/or by coordination between agencies;**
- **assistance to, and education of, landholders to meet and to understand their responsibilities by providing accessible information about those responsibilities, and how they relate to sustainable land management practices and environmental problems;**
- **statutory time-frames for assessing permit applications;**
- **consideration of economic and social factors where applications to clear otherwise would be rejected on environmental grounds (a ‘triple bottom line’ approach), with reasons for decisions to be given and reported; and**
- **provision of accessible, timely and impartial appeals and dispute-resolution mechanisms.**

The Australian Government agrees with this recommendation.

The Australian Government is committed to enhancing landholder confidence in natural resource planning and regulation without sacrificing environmental outcomes or the interests of the community. This requires transparency, accountability, statutory time frames for assessing permit applications, and provision of accessible, timely and impartial appeals and dispute-resolution mechanisms. The Australian Government will seek opportunities to cooperate with the states to meet these recommendations.

The Australian Government welcomes the Commission’s findings that the EPBC Act largely conforms to good regulatory practice, with opportunities for public comment, processes that are transparent, and readily available information about operation of the Act. The Australian Government is working with landholders and other groups to educate them about the Act’s requirements and to reduce any uncertainty about when the Act might apply. In accordance with the requirements of the EPBC Act, social and economic factors are taken into account in approval decisions.

The Australian Government agrees it would be desirable to reduce duplication and inconsistency by improving alignment between the Australian Government and State/Territory lists of threatened entities. The Department of the Environment and Heritage will work with State and Territory agencies to address this issue.

Recommendation 5

Greater flexibility should be introduced in regulatory regimes to allow variation in requirements at a local level. To this end:

- **greater use should be made of the extensive knowledge of landholders and local communities;**
- **regional committees and bodies should be given greater autonomy (and support) to develop appropriate requirements; and**
- **some across-the-board rules, particularly those currently applying to native vegetation regrowth, could be relaxed and replaced with requirements that**

meet environmental objectives but which reflect regional environmental characteristics and agricultural practices.

The Australian Government agrees with this recommendation. The Australian Government's Natural Heritage Trust and the National Action Plan for Salinity and Water Quality draw on the extensive knowledge and expertise of landholders and local communities and give regional bodies greater autonomy to make collective land management decisions.

Bilateral agreements between the Australian Government and each State and Territory for the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality identify or establish appropriate regional bodies to be responsible for developing catchment/regional natural resource management plans through a community consultation process for the region.

The Australian Government requires effective participation by all key stakeholders to ensure plans are based on a community process, are accurate, comprehensive, well coordinated and able to be implemented. Indigenous communities, local government, state agencies, resource managers, industry and communities, academic/scientific community and environmental groups should be involved where relevant.

For example, in New South Wales, the Australian and NSW Governments have committed \$406 million to overhaul natural resource management in a bid to deliver greater autonomy to local communities and landholders in managing the environment. The changes will considerably enhance landholder and community involvement in natural resource decision-making, and will see an end to broad scale clearing of remnant vegetation. Governments, the NSW Farmers' Association, conservation groups and scientists support the changes.

The Australian Government agrees that regulation that creates a perverse incentive to clear native vegetation regrowth before it is reclassified as remnant vegetation, should be replaced with requirements that meet environmental objectives but which reflect regional environmental characteristics and agricultural practices.

Recommendation 6

As a matter of priority, governments should seek to remove impediments to, and facilitate, increased private provision of environmental services. Actions could include:

- **removal of tax distortions or lease conditions that discourage conservation activity relative to other activities;**
- **removal of impediments to efficient farm rationalisation and/or management and operation;**
- **research into, and facilitation of, sustainable commercial uses of native vegetation and biodiversity; and**
- **enhanced provision of education and extension services to demonstrate to landholders the private benefits of sustainable practices.**

The Australian Government agrees with the recommendation and will work with State and Territory Governments to seek to remove impediments to, and facilitate, increased private provision of environmental services. As recommended by the

Productivity Commission (recommendation 1), implementation of proposed policy approaches will be subject to assessment of the problem being targeted, expected costs and benefits of the proposed policy, and an assessment of alternative instruments.

For example, The Australian Government is funding research into sustainable commercial uses of biodiversity. The research, being conducted by the Rural Industries Research and Development Corporation, is conducting trials into the commercial use of wildlife as an incentive to restore on-farm habitat.

The Australian Government is also encouraging the adoption of improved sustainable management through programs such as the National Landcare Program, FarmBiz and environmental management systems.

Recommendation 7

Landholders, individually or as a group, should bear the costs of actions that directly contribute to sustainable resource use (including, for example, land and water quality) and hence, the long-term viability of agriculture and other land-based operations. Redistributive mechanisms may be appropriate in some instances to share costs among landholders and regional communities.

Recommendation 9

Over and above agreed landholder responsibilities, additional conservation apparently demanded by society (for example, to achieve biodiversity, threatened species and greenhouse objectives), should be purchased from landholders where intervention is deemed necessary and cost-effective.

The Australian Government agrees with these recommendations. It is important to build a shared understanding and agreement around the roles, rights and responsibilities for the delivery of natural resource management outcomes.

The Australian Government supports the principles that landholders, individually or as a group, should bear the costs of actions that directly contribute to sustainable resource use (including, for example, land and water quality) and hence, the long-term viability of agriculture and other land-based operations.

Over and above agreed landholder responsibilities, additional biodiversity conservation services sought by the community should generally be purchased from landholders, where intervention is deemed necessary and cost-effective. For example, purchase could be through providing transitional assistance payments where mandatory biodiversity conservation standards are changed, incentives for voluntary biodiversity management services, or purchase of specific biodiversity management services.

It is the Australian Government's position that, prior to the removal of landholders' rights, State and Territory governments must consult fully with landholders and any other interested parties and meet any legal requirements for direct compensation to property rights holders. This is a precondition before the Australian Government will consider adjustment assistance.

The Australian, State and Territory governments have agreed through the Natural Resource Management Ministerial Council to examine options for a national program to address biodiversity decline. This will draw on lessons from the first-round of a National Market Based Instruments Pilot Program, due to provide a progress report in mid 2004, and experience from other programs such as the Victorian BushTender trials and the Tasmanian Private Forest Reserve Program.

Recommendation 8

Regional institutions should be further developed and charged with addressing regional and inter-regional resource sustainability issues within broad parameters determined at national, State and Territory levels. Regional bodies should provide for genuine regional consultation, representation and decision making and be granted sufficient flexibility, authority and resources to implement their decisions.

Recommendation 10

Public-good native vegetation and biodiversity objectives ideally should be fed through regional institutions to promote coordination and consistency of approaches, and therefore, least-cost 'joint' solutions.

The Australian Government agrees with these recommendations. Under the Australian Government's \$4.4 billion investment for the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality, new regional bodies are developing and implementing natural resource management plans. These regional bodies have a significantly enhanced coordination role in natural resource management decision-making, priority setting and management of investments. These regional bodies are promoting a consistent approach to achieve native vegetation and biodiversity objectives.

The Australian Government is committed to a regional approach to improve the management of our natural resources.