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Acting Committee Secretary

Innovation, Tourism Development and Environment Committee

Parliament House

George Street

Brisbane Qld 4000

Dear Acting Secretary,

Please find attached a submission for Consolidated Pastoral Company (CPC) to the inquiry into the provisions of the Environmental Protection (Great Barrier Reef Protection Measures) and Other Legislation Amendment Bill 2019.

CPC thanks both you, and the Committee, for allowing us additional time to prepare and lodge this document.

Yours sincerely,

Troy Setter

CEO

Consolidated Pastoral Company

## **Executive summary**

Consolidated Pastoral Company (CPC) welcomes the Palaszczuk Government's commitment to long term sustainable economic growth in regional and rural Queensland led by the Advance Queensland Initiative and the work of Trade and Investment Queensland.

CPC also welcomes the recognition that agriculture is a key sector of the Queensland economy being one of Queensland's largest employers when the full value chain is assessed.

We recognise that the agriculture sector has, along with other industries, a responsibility to ensure it uses natural resources in a sustainable manner.

CPC is committed to the welfare of our employees and animals, the prosperity of regional economies where we operate, the wellbeing of regional communities where we live and protecting our environment.

In our view the merits, or otherwise, of this Bill must also be considered by the committee in the context of these broader policy agendas.

Further, CPC invites the Committee to consider in this Bill against the findings of the Productivity Commission (PC) inquiry into agricultural regulations completed in 2017.

According to the PC, regulations, particularly where they relate to the environment, can impose a major burden on the agriculture sector.

CPC also encourages the Committee to apply tests used by the PC to assess the merits or otherwise of the regulations proposed in the Bill.

CPC has a significant presence in the state and two of its stations will be directly affected by the terms of the Bill.

Our preliminary view is that the Bill, if progressed in its current form, could have an adverse impact on our business, on the beef industry and the Queensland Government's growth strategy.

## **Introduction**

Based on Business Queensland's definition of agricultural industries as plant industries including field crops, horticulture and forestry and animal industries including livestock and livestock products, the sector contributes more than \$10 billion to the state's economy each year. When indirect employment is considered and first stage processing is included the red meat sector supports around 68,000 jobs.

Queensland has the largest area of agricultural land of any Australian state and the highest proportion of land area in Australia dedicated to agriculture. About 30,500 businesses carry out agricultural activity in this state with a significant multiplier effect post farm gate supporting many 1,000's of businesses.

Clearly, any action that has an adverse impact on agriculture will also have an adverse impact on a large number of regional economies and regional communities.

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### **Consolidated Pastoral Company (CPC)**

CPC operates 5 stations in Queensland. They are:

- Mimong,
- Wrotham Park,
- Isis Downs,
- Comely, and
- Allawah.

(Details of each station are at Attachment A)

The North Queensland stations are predominantly breeding properties, while the properties located in Southern and Western Queensland are used for backgrounding and finishing.

Markets targeted by this group include the export and domestic trade, both finished off grass or as feeders to finish through Queensland feedlots and live export.

There are up to 45 employees working within this group of properties. Each year up to 10 new people join the group in February after completing their training held at the Charles Darwin University campus, Katherine and at the CPC training facility at Manbulloo Station located in the Northern Territory.

There are three stud herds operated on the Southern properties. Allawah is our elite genetics unit located near Biloela. This stud breeds bulls for the multiplier stud herd at Newcastle Waters, from which CPC's commercial bull requirements are supplied. CPC's Angus and Charolais stud herds are based at Isis Downs in Central Western Queensland. These studs distribute bulls for use within the company's commercial cross-breeding programs in NT and Queensland.

### **Advancing Queensland**

CPC notes and supports the Queensland Government's commitment to growing the state economy.

It is our view that the provisions of this Bill be assessed both in terms of delivering the desired outcomes for the Great Barrier Reef but also their impact on agricultural production.

Specifically, the Committee should seek to identify those provisions of the Bill that are inconsistent with the intent of the Advance Queensland Initiative and its funding commitment of \$650 million to support innovation, to build on the state's natural advantages, and to help raise our profile as an attractive investment destination.

CPC also notes the development strategy advanced by Trade and Invest Queensland and published on its website.

The website states:

The Strategy details existing actions the Queensland Government is already taking, plus new initiatives, to:

- build Queensland's already strong export culture,
- help businesses expand their export activity, and
- open access to lucrative markets in investors' home countries.

The Website states further:

The strategy complements other Queensland Government programs already in place, including the:

- State Infrastructure Plan,
- Market-Led Proposals Framework,
- Priority Development Areas, and
- Business Development Fund.

Together, these programs are designed to secure jobs for Queenslanders now and into the future and deliver a more prosperous Queensland economy.

It is CPC's view that the terms of the Bill could undermine the development of agriculture and work against the broader economic agenda which is designed to strengthen regional economies.

### **Regulations and agriculture**

The Committee should consider the findings and recommendations of a Productivity Commission (PC) inquiry into agricultural recommendations in 2017 as part of this inquiry.

The PC report stated:

Regulatory burden matters because it can weigh heavily on farm businesses and undermine the agricultural sector's productivity and competitiveness.

Reducing regulatory burden and improving the efficiency of the regulatory environment, is important for all sectors of the economy, but particularly for the agricultural sector given:

- its high dependence on international markets — around two-thirds of Australia's agricultural output is exported (with most producers being price takers in domestic and international markets as they do not actually sell their product to end consumers rather to processes and traders.)
- most Australian farms are small businesses and regulatory burdens can have a significant and disproportionate impact on small businesses.

For farm businesses, reducing regulatory burden means less time spent dealing with regulation and more time spent on productivity-enhancing activities and caring for the environment.

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For the community, less regulatory burden can mean lower prices (because farmers face lower costs), fewer taxpayer dollars spent on regulation and improved living standards.

For governments, lower regulatory burden means that more resources can be devoted to higher priority areas.

### **Productivity Commission Report and environmental regulations**

The Committee should also note the PC findings in relation to environmental regulations and agriculture.

The report stated:

Farmers, as significant landholders, play an important role as managers of the environment.

They have a strong incentive to conserve the environment where doing so benefits their farming operations (for example, by maintaining or improving the productivity of the land).

But there are also clear public benefits in conserving native vegetation, biodiversity and threatened species and ensuring there is healthy soil and clear air and water (hence a role for government).

#### Conservation regulations impose unnecessary costs

Environmental regulations are complex — there are multiple pieces of legislation with many overlapping federal, state and (sometimes) local government requirements, as well as international conventions to which Australia is a signatory. But environmental regulations are essential, and so need to be effectively designed and implemented.

Native vegetation and biodiversity conservation regulations can:

- impose considerable costs on some farm businesses, including the cost of conserving species and ecosystems — farmers can bear a disproportionate share of the financial burden of conservation for the benefit of all Australians,
- involve complex and costly processes (including the need to obtain and pay for detailed specialist advice about the presence of protected species on the property),
- in some cases, be administered in a very bureaucratic and inflexible way,
- Focus on one piece of a jigsaw puzzle rather than what role that piece has in solving the puzzle,
- be rigid and contribute to landholders' distrust of government and limit their voluntary participation in environmental programs and actions. They do not always result in improved environmental outcomes and in some cases may even result in poorer environmental outcomes,

The nature of environmental regulations means that some degree of cost and complexity is an inherent part of effective regulation but continuous improvement of environmental regulations is both possible and desirable.

### Working with farmers to protect the environment

The PC report states native vegetation and biodiversity conservation regulations need to be changed so that they:

- consistently consider economic, social and environmental factors;
- account for the impact of proposed activities on the landscape or the region (not just the impact on individual properties); and
- are based on a thorough assessment of environmental risks.

### **The Productivity Commission tests.**

The Committee should consider the provisions of this Bill using the PC tests applied in the Commission's 2017 review:

- Will the farmers operating in the Great Barrier Reef catchments bear a disproportionate share of the financial burden of conservation for the benefit of all Australians?

*CPC supports the view that a community wide response is required to protect the Reef and is happy to make a contribution to mitigating the risks to the health of the Reef.*

*CPC does not support a draconian approach by Government such as the imposition of regulations - which challenge community trust in the farming community - if an alternative, collaborative approach is available.*

- Do these regulations involve complex and costly processes including the need to obtain and pay for detailed specialist advice?

*This is a point the Committee might like to test during the course of its inquiry.*

- Are these regulations to be administered in a very bureaucratic and inflexible way?

*CPC notes the requirement that fertiliser and agchem distributors, agronomists and farm advisers for Reef producers keep records for six years. Penalties apply for false and misleading advice to farmers (e.g. fertiliser use).*

- Are these regulations rigid and will they contribute to landholders' distrust of government, and limit their voluntary participation in environmental programs and actions?

*The Committee may also consider testing the provisions of this Bill in response to this question.*

- Is there a risk these regulations may not always result in improved environmental outcomes and in some cases may even result in poorer environmental outcomes?

*CPC understands there are 26 pieces of existing legislation and regulations for environmental management and planning which are used across agricultural land in Queensland. CPC is concerned the Queensland Government is not utilising existing legislation before proposing more regulation through this Bill.*

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Given the nature of environmental regulations means that some degree of cost and complexity is an inherent part of effective regulation.

Will this Bill provide for continuous improvement of these and other environmental regulations relating to the Great Barrier Reef?

*The Committee may also like to consider this question.*

### **The Impact of the legislation**

CPC notes the provisions of this Bill will apply to the following catchments:

- Burdekin;
- Fitzroy;
- Burnett Mary;
- Wet Tropics; and
- Eastern Cape York

Beef cattle grazing is the major land use area in the Great Barrier Reef catchment with over 33.7 million hectares grazed across the six catchments draining into the Great Barrier Reef Lagoon.

The Australian Bureau of Statistics estimates there are 12,550 grazing enterprises managing this grazing land use area across the six catchments.

This includes all sizes of grazing enterprises with approximately 50 per cent managing grazing areas less than 200ha.

CPC notes the proposed Reef regulations are focused on larger size commercial grazing enterprises.

The Queensland Government Decision Regulatory Impact Statement for Reef Protection Regulations estimates there are 8,500 graziers across the six Reef catchments.

While CPC has not had the opportunity to fully assess the implications of this Bill on its business in Queensland it appears the proposed regulatory regime, if advanced in its current form, could adversely impact on both Comely and Allawah stations.

CPC would welcome the opportunity to provide the Committee with further advice on the impact this Bill would have on our business once we have had the opportunity to properly analyse the relevant provisions of the Bill.

Troy Setter

**Attachment A****Mimong**

Mimong is a growing out property and stopover depot for CPC cattle travelling to or from the Northern Territory. Hilton Downs was acquired in 2010 and is operated as part of the Mimong aggregation which now covers an area of 79,970ha.

The weaners steers - some as young as three months - come in drafts of 1,000 from the Northern Territory properties to be grown out on Mimong's Mitchell and Flinders grass downs.

Receiving an average annual rainfall of 360 mm, the property can carry 9,600 head weaners.

**Wrotham Park**

Wrotham Park Station was purchased by CPC in October 2009 and included 39,000 branded cattle with associated plant and equipment.

Wrotham Park can run approximately 25,000 breeders or around 47,600 head on its riverine flats that are the pick of the Peninsula.

Located 350km west of Cairns (or 80km west of its local town of Chillagoe), the station has two major river systems, the Mitchell and the Walsh, that make up integral parts of its carrying capacity ensuring a consistent water supply. The remainder is a wide selection of tributary creeks, black soil flats, tea tree sand ridges and timbered country.

The 1,100mm of consistent tropical rainfall per annum helps to turnoff weaners for backgrounding by other CPC properties, making Wrotham Park a significant addition to the company property portfolio.

**Isis Downs**

CPC purchased Isis Downs in 1987.

The subsequent acquisition of nine surrounding properties has given CPC a 246,057ha aggregation capable of running 21,000 cattle in favourable seasons. The herd consists of up to 6,000 breeders with the balance being heifers and steers finished for sale to feedlots or the meatworks, depending on the season.

CPC made a decision in 2004 to move out of sheep and use Isis Downs solely for cattle. 6,000 Charolais Brahman cross females are run on Isis with Angus bulls producing cattle for the local trade and feedlot markets.

The Charolais cross females are bred in the Northern Territory and transferred to Isis as required to maintain the breeding herd.



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An Aberdeen Angus Stud has now been established to breed bulls principally for their own use. The annual turnoff from Isis Downs is now 25,000 depending on the season.

### **Comely**

Comely and Mapala is a 23,159ha aggregation located approximately 129km South-West of Moura, in the Bauhinia district of Central Queensland.

Purchased in 2012, the acquisition of Comely and Mapala has provided the company with additional backgrounding and finishing country to further balance CPC's portfolio.

The property is stocked with steers from CPC's other QLD and NT properties, which are transferred to Comely to be finished for the Queensland slaughter and feedlot market. Its proximity to major selling facilities and three export meatworks provides an additional advantage.

The country of Comely and Mapala is approximately 9,000 ha of undulating softwood scrub country, 7,000 ha of heavier Brigalow, Belah country and 7,200 ha of open Ironbark and Spotted Gum forest on the higher slopes of Mapala. All softwood scrub has been fully developed to pastures of Buffel, Green Panic and Rhodes grass; a mix renowned for its high daily weight gains and carrying capacity.

Water is also a feature of the aggregation, with four flowing bores with extensive reticulation systems, six equipped dams and 37 open dams. The properties enjoy an average rainfall of 700mm and are in one of the most reliable rainfall areas of rural QLD.

Comely and Mapala is situated at the junction of the Bigge and Expedition ranges.

### **Allawah.**

The 1989 purchase of the noted Allawah Brahman stud underpins an ongoing commitment by CPC to constantly improve the genetics of its stud and commercial herds. In 2017, the neighboring Emus Nest was purchased to double Allawah's operations. This 7,038ha, bloodwood forest and open Buffel grass property has capacity for 2,400 head.

Allawah is an elite brahman and composite stud breeding operation producing bulls and females for the company's multiplier studs and commercial breeding programs.

Predominantly based on Australian bloodlines, imported genetics have been infused using embryo transfer and artificial insemination to keep Allawah at the forefront of the stud industry. Performance evaluation is also identified through commercial progeny testing of elite sire lines.