

**Submission to the inquiry into the future and continued relevance of
Government land tenure across Queensland.**

**By
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Introduction

We own and operate Angus Pastoral Company, a company running 35 000 head of beef cattle across over 160 000 hectares in Central and Northern Queensland. Our land has a wide range of tenure with approximately 118 700 Ha of Pastoral Holding, 19 316 Ha of GHPL, 20 765 and a small amount of special lease. We also control distribution of our beef through our own beef export and wholesale company, Signature Beef. Our companies have earned an enviable reputation as a supplier of world class product and we currently export to 24 nations. We thank you for the opportunity to submit our thoughts on this issue and congratulate the new government on their Agriculture Strategy: A 2040 vision for Queensland.

This submission is confined to matters within the terms of reference that have a direct relationship to our enterprise and industry.

UCV Calculation

The calculation of UCV of land is key to

- a. The calculation of ongoing land rentals
- b. The value of lease conversion payments

Current Issue:

It is our belief that the calculation of UCV needs to be amended to remove market fluctuations. The massive rises in UCV associated with unrealistic lending practices in 05/06 are now being bought to bear. In the current environment where properties are not able to be sold no market correction is bought to bear. For example: In the Valuer General's report 2012 it is stated that no useable sales have occurred in Western shires since 2008. Shires in this area saw rises in UCV from 169 to 382% in 2006 and subsequent falls of only 1-12%. Not reflective of a market in which nothing sells.

UCV calculation should also not penalize good land management. Areas in which land management and productivity are above average may see a subsequent rise in market values and therefore UCV.

Northern Beef enterprises are currently showing a return on assets managed of less than 2% (MLA Northern Beef situation analysis 2009), with current UCV and the proposed 20 % annual rise in land rents to 1.5% return on UCV by 2018 the payment of land rent is close to becoming untenable.

Proposal:

As identified in the LNP's vision for Agriculture 2040 document a comprehensive audit of agricultural land is required. It is needed not only for identification of future agricultural investment and productivity but also to adequately assess the opportunity cost of current resource development. .

The fundamental element of this audit needs to be correct mapping of soils. Without an accurate baseline, the Coordinator General's ability to reconcile the EISs of proposed developments with the opportunity cost to other industry is compromised.

We believe that UCV of agricultural leases should then simply be tied to the soil profiles contained on a lease with a factor for regional location and CPI based revision. This is the basis for productivity of a parcel of land for agricultural purposes to be calculated.

Delbessie Process for Lease Renewal

Current Issue:

The Delbessie agreement was based upon an underlying premise that agriculture degrades natural resources. A lot of evidence was based upon Tothill & Gillies report of 1992 stating there was consistent evidence of widespread degradation. The early 1990's were notoriously dry years and it would be interesting to see the results of a similar study completed within the last year.

Individual landholder's soil assessments are testament to the false nature of these claims.

Results from a Clarke Creek study in March 2011 completed by DEEDI on a remnant vegetation nature strip ungrazed, a regrowth treated area (stickraked / grazed) and an area of uncontrolled regrowth - grazed are illustrated in the table below.

Site name	Nature Strip	Stickrake	Regrowth
Ground Cover	50%	100%	100%
% Yield Unpalatable	60%	10%	10%
Pasture Biomass kg/ha	39	7034	3565
Total Carbon %	4.01	4.24	2.81
Total Nitrogen %	0.3	0.33	0.22

The highest level of development had the best ground cover, yield, pasture biomass, carbon and nitrogen levels.

There is also an underlying premise that producers need regulation to encourage or enforce best practice. Evidence of voluntary participation in land management programs is contrary to this belief.

Resource Consulting Services a private company offering grazing management courses has had 5500 people graduate from their Grazing for Profit Program (this does not include graduates of their shorter format grazing management courses).

The Fitzroy Basin Association has had tremendous uptake of their voluntary programs. \$8.1m has been invested by landholders in outcomes to improve the Fitzroy Basin. (\$6.6m has been invested by the FBA)

In contrast the regulatory approach taken within the Burdekin catchment has seen a breakdown in relationships between government and landholders.

We believe the Delbessie process of land management agreements is

- a. costly to government and producers in establishment of long winded agreements
- b. unable to be funded in terms of enforcement by government
- c. unnecessary – producers are grass producers - there is ample financial incentive to care for our natural resources.
- d. Had targets of 20 000 000 hectares of protected land by 2020 – the government will not have the resources to care for such a large area and it is in direct conflict to the LNP's strategy of doubling agricultural output.

The length of leases offered is not reflective of the security required and the terms of loans that are being taken out to purchase land within the market.

With a finance ratio up to 20% and low ROA's it is obvious that the debt levels inherent in the Northern Beef Industry are not able to be paid out in a 30 year term.

Current good land management is still not rewarded.

Nature refuge agreements are biased , they are attached to title and bind agricultural successors in title however they offer no protection from resource development – the rules must be the same for agricultural and resource development.

There is a certain level of conflict of interest in the Agforward program. Agforce earns an income for delivering extension services to the industry, the more regulated our industry becomes the more capacity for them to earn an income.

We believe the government is at present investing too much money in our representative body for it to remain impartial.

Proposal:

- Granting of standard 50 year term leases based upon conformance with basic lease requirements and an initial assessment that sees the lease in good condition relative to seasonal conditions.
- Reward for land management above and beyond those basic requirements. This should not be restrictive to development of nature refuges and areas of diminished productivity. Reward should be equally available to those that are able to demonstrate high levels of productivity

whilst maintaining a landscape that is in good condition and is aesthetically pleasing to the general population.

- Removal of the detailed land management agreement process with the underlying basic requirements of holding a lease still mandatory.
- Reducing the level of funding required by government in the development and enforcement of these agreements.

Conversion of Tenure

Issue

In 1990 the ability to freehold or upgrade a lease was essentially taken away with the change of payment terms from 60 years without interest to 30 years with interest at market rates (Suncorp's Business Banking variable base rate). As mentioned before with a return on market value of assets of less than 2% there is little chance for a northern beef enterprise to upgrade tenure.

There has also been significant degradation in freehold rights over this period with the vegetation management act. There seems little point in paying for the commercial value of timber on a lease to freehold if there are no rights associated with respect to the timber purchased.

The government has significant assets of land (66% of the state and over \$6b) however the expected return on this asset value is very low. As mentioned previously even a 1.5% return on northern grazing land is a rent that graziers will not be able to absorb in the current environment.

Proposal

We believe that the opportunity exists to offer incentive for the upgrade of tenure and to increase the returns to government of land assets.

Diversification such as irrigation and intensification should be subject to a simplified and less expensive planning process on higher levels of title. The current planning processes are designed around the usage of consultants and are inconsistent in outcome as compared to resource development in terms of environmental and social impact. Given the limited opportunity for local governments to participate in the resources planning process and the generation of local headwork type charges, they are seeking to fill funding gaps through the planning process as it applies to agricultural development.

Some relief in vegetation management must be accessible to those who are upgrading a lease.

Pricing for conversion of a lease needs to be at a level that it is achievable based on current agricultural returns but reflective of the incentives granted.

Planning and Offsets for Mining Leases

The current system of planning sees resource companies contributing environmental offsets to “locking up” more land. This exacerbates the footprint of the resource sector and significantly diminishes the land available for agriculture. Developed agricultural land (usually the best land) has also been a primary target for resource development (eg. Rail corridors) due to its stature within the vegetation management act (white).

Proposal

UCV calculation – If the UCV calculations accurately reflect the potential agricultural productivity of land through soil mapping a multiple “cost effect” could be applied so that true opportunity cost of resource development is reflected in their contributions to the state government. This would in turn add incentive to mine less productive land eg, develop the Galilee before the Darling Downs. We feel this would be of more benefit than the current strategic cropping land arrangements.

Offsets - To achieve the LNP’s agricultural vision the goal of 20 000 000 hectares of protected land by 2020 needs to be revisited. The current offset policy sees funds being contributed to companies like Ecofund for the purchase of land for protection. We believe these funds should instead be held by government for the rehabilitation of land that inevitably will be left not finalized by resource companies. This “future fund” would be an asset to the State Government to assist with the State’s balance sheet in the short term and an insurance policy against the “what if” of current resource development’s future impacts to land and water resources.