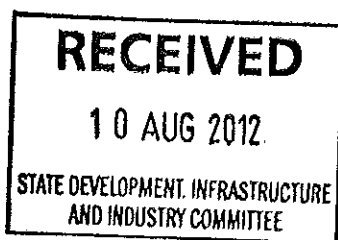




Submission No. 95

## Queensland Government

Reference: 05735/12



Department of  
Agriculture, Fisheries  
and Forestry

08 AUG 2012

Mr Ted Malone MP  
Chair  
State Development, Infrastructure and Industry Committee  
Parliament House  
George Street  
Brisbane Qld 4000

Dear Mr Malone

Thank you for the opportunity for the Queensland Department of Agriculture, Fisheries and Forestry (DAFF) to provide a verbal briefing on 11 July 2012 to the State Development, Infrastructure and Industry Committee inquiry into land tenure in Queensland.

Please find attached a submission from DAFF, which builds on the verbal briefing provided to the Committee. It focuses on the elements for a checklist that would deliver a tenure system to best meet the long term requirements of productive and profitable agricultural and forestry sectors and vibrant communities.

If you require any further information regarding this matter, please contact Mr Charles Burke, Acting Director, Sustainable Agriculture on telephone [REDACTED] or email [REDACTED].

Yours sincerely

Jack Noye  
Director-General  
Department of Agriculture, Fisheries and Forestry

Att (1)

## **State Development, Infrastructure and Industry Committee**

### **Inquiry into the future and continued relevance of Government land tenure across Queensland**

Submission from Queensland Department of Agriculture, Fisheries and Forestry (DAFF)

#### **Background**

In launching the government's *Agriculture Strategy: A 2040 vision for Queensland*, the Premier, the Honourable Campbell Newman MP, identified agriculture as one of the Government's industry pillars.

This strategy aims to ensure that over the long term Queensland has an efficient, innovative, productive and successful agricultural sector.

A number of key elements of that strategy include:

- Improve job, career and investment opportunities in the agricultural sector for both graduate professionals and vocational entry
- a greater focus on ensuring ongoing competitiveness and building export opportunities
- a better balance between mining, urban development and agriculture, fisheries and forestry.
- increasing the stock of high production cropping land and other productivity improvement through science and technology
- a strong future for agriculture with increased production to double food production by 2040.

This submission from DAFF focuses on how land tenure arrangements in Queensland affect Queensland's pastoral, agricultural, fisheries and forestry industries, and sets out principles for land tenure to meet the desired outcomes of the LNP Agriculture Strategy.

The principles describe how land tenure arrangements can support agricultural and forestry industries holistically, in the context of how they relate to the Inquiry's Terms of Reference, ie:

- ensuring Queensland's pastoral and tourism industries are viable into the future
- the balanced protection of Queensland's ecological values
- ongoing and sustainable resource development
- the needs and aspirations of traditional owners.

## **Principles for land tenure outcomes**

In considering the issues that affect Queensland's pastoral, agricultural and forestry industries, the following points outline a checklist of vital attributes of a land tenure system that would address the desired outcomes to deliver on the Government's agricultural and timber strategies.

1. *A tenure system that will provide the required foundation to ensure investment security.*

There is currently limited evidence to suggest that the current tenure system is a major impediment to investment security. With subsequent impact from the Global Financial Crisis (GFC) availability of finance is now highlighted as important, therefore a tenure system needs to account for this, and strengthen the foundation of security. Financial institutions are under increased pressure to source available funds for investment, which heightens their requirement for managing the associated risk of any investment. The two key factors for financial institutions to consider when assessing investment potential are: cash flow and security.

A good tenure system will allow for a focus on security that will provide the foundation for investment to diversify, intensify, or expand. A secure investment environment leads to a more optimal investment environment.

Significant changes to the land tenure system would require consideration of how to transfer leases in a transparent and efficient manner. In addition, a recent QRAA survey indicates there is currently a high level of debt in the Queensland beef industry, which could affect the ability of businesses in the industry to access credit for purchasing land, should there be a focus on increasing the level of freehold and freeholding land in Queensland. Current leasehold arrangements can enable pastoral businesses to operate without potential high debt associated with purchasing land.

However, under the current legislation there is potential for leasehold rents to increase by more than 20% per annum once the current cap is removed in 2017. Security of tenure could be further improved by greater certainty about rental rate increases into the future.

DAFF, through its Forestry unit, is responsible for the commercial management of native forest log timber production (and other forest products) and for the sale of terrestrial quarry material on state-owned land tenures as defined in the *Forestry Act 1959*. State-owned quarry material plays a significant role in providing resources for the development and maintenance of infrastructure including roads, railway lines and ports in regional areas of the State.

The land tenures applicable under the provisions of the *Forestry Act 1959* for the sale of native forest products include: State forests, timber reserves, other reserves, forest entitlement areas, term leases, special leases and reserves. Approximately 21% of forest products are sourced and sold from non-reserve lands, mainly pastoral leases.

Terrestrial quarry material on State-owned lands and freehold lands where the quarry material is reserved to the State and administered and sold under the *Forestry Act 1959*, is sourced from non-State forest lands, predominantly pastoral holdings and Grazing Homestead Perpetual Leases. Under the *Lands Act 1994*, when land is freehold (ie. converted from State-owned land to freehold or privately owned land), ownership of the quarry material is reserved to the State (as is the ownership of minerals, oil, petroleum, etc) and the sale of such quarry material continues to be made by DAFF under the *Forestry Act 1959*. Approximately 50% of quarry material sold by DAFF is sourced from non-reserve lands, mainly pastoral leases.

To ensure investment security, existing State-owned forest products and quarry resources under the *Forestry Act 1959* need to be considered in any potential changes to the tenure arrangements (i.e. to longer term leases, freeholding, etc). An effective tenure system needs to underpin the State's commitments to meet its current and future supply of log timber (forest products) and quarry material.

The majority of the native forest sawlogs (hardwood and cypress) sold by DAFF are under long-term and compensatable supply agreements to provide investment certainty and security to the sawmilling sector. Not being able to honour these contractual commitments will require compensation to be paid to the agreement holders.

Any changes in tenure of State-owned lands may also potentially have major implications for access to quarry material under the Commonwealth's native title legislation.

2. *A tenure system that will allow for diversification and one that will not be a barrier to this.*

In order to ensure potential diversification through initiatives such as irrigation, intensification, business expansion, or whole of chain developments, the tenure arrangements need to reflect flexibility. The requirement for security of investment, as previously stated, is also significant and important for diversification. An effective tenure system will promote capacity for lessee's and tenure holders to avail themselves of business opportunities that the market presents, rather than be the impediment to any positive initiatives. Successful diversification is not only good for the pastoral, agricultural, or forestry industries, it also underpins vibrant regional communities.

The current tenure system provides resource security for the both the timber and quarry industries for their operations on state owned lands. Any changes should ensure that this security is not diminished.

3. *A tenure system that encourages the sustainable management of the natural resource, and as importantly, does not impede the sustainable management of the natural resource.*

Delbessie provides an example of risk assessment / outcomes based land management expectations for grazing leases. Low risk tenants are required to provide less reporting, reducing the input costs. However, the Land Management Agreements are considered to be onerous and only set out reporting requirements, without providing options for improving land management if a problem is identified. The only regulatory option is to withdraw the lease which may not be in the best long-term interest for the industry. The use of a single reporting and improvement model, such as a best management practice tool could reduce reporting requirements and associated costs.

DAFF is working with industry to establish industry-led grazing best management practices, which are voluntary self assessments of how graziers are managing their land compared with industry standards. Producers identify their own training needs to enable adoption of best practice and report on improvements in management practices which lead to better land management. Grazing best management practice is broken into modules and worksheets are designed to be completed quickly.

In addition to individual reporting and management improvement, there needs to be consistent resource management expectations across industries, for example all users should be expected to use water efficiently, with minimal contamination.

Under the *Fisheries Act 1994*, any proposed changes to tenure arrangements should avoid any perverse outcomes that may impact on fisheries productivity in regard to freshwater, estuarine and inshore marine habitats and the State's capacity to harvest fish, crabs, prawns and molluscs, including within declared Fish Habitat Areas. Any disturbance to marine plants and/or declared Fish Habitat Areas requires authorisation under the *Sustainable Planning Act 2009* and the *Fisheries Act 1994*, and tenure is taken into account for the approval process. Changing tenure arrangements needs to consider the impact on these approvals processes to ensure the long term sustainability of the fishing industry.

Historically, there have been examples of conditions imposed on leases that have manifested in unintended consequences, such as minimum stocking rates and vegetation clearing requirements. An effective tenure system will ensure that these unintended consequences are avoided.

Under the *Land Protection (Pest and Stock Route Management) Act 2002*, local governments are responsible for identifying local weed and pest animal management priorities. A new tenure system should align weed and pest animal management to those identified as local or regional priorities.

*4. A tenure system that will strive for efficient land tenure administration and land usage.*

An efficient land tenure administration system will allow market forces to assist in the achievement of commercially viable rural enterprises through transfer and restructure of rural property. It will deliver cost efficient outcomes for government, as well as administration efficiencies and savings for lessees. This will result in a win-win for government, lessees and title holders through reduced 'red tape'. For example, under Delbessie, lessees are concerned that Land Management Agreements (LMA's) have become too lengthy and detailed to implement, with some LMA's over 100 pages in length.

Requirements under the *Commonwealth Native Title Act 1993* can impede external investment in proposed developments, especially in north Queensland, including agricultural projects proposed by indigenous communities.

Any proposed changes to the tenure arrangements (i.e. longer term leases, freeholding, etc) with the ownership of the forest products and quarry material remaining with the State need to ensure that access to those forest products and quarry material is not overly restricted or encumbered so as to greatly increase the planning, management and cost of access to these State-owned resources by DAFF and any authorised parties.

*5. A tenure system should also provide consistency of title and tenure across the state with an aim of increasing homogeneity.*

There are currently a number of different tenure arrangements across many different land types and geographical locations. Multiple leases for one business can also require multiple lease payments which is a further cost burden on both the business administration and that of government. A consistent approach would address fragmentation of title and tenure which would also provide opportunities for government to increase efficiency of administration, and red tape relief for lessees.

Currently, inconsistent easement access can also create concern amongst landholders on matters such as weed spread. Spread of weeds along easements by persons, vehicle and equipment accessing the easements is a source of irritation, cost and reduced production. Consideration should be given to extending the Land Access Codes as applies to the oil and gas industry to all easements and that condition apply to all current and future easement titles.

6. *A tenure system that does not create impediments to economic development.*

Considering irrigation as an example, irrigation development requires a water allocation as well as a significant financial investment. It would be advantageous that a tenure system did not place restrictions on the application for either of these important elements for development of an irrigation project. An effective tenure system will ensure that the security required for investment will not be an impediment to development or diversity opportunities, and the market will be allowed to prevail.

Under the *Land Act 1994*, corporations cannot acquire a perpetual lease or freeholding lease for grazing or agricultural properties over 2500 ha without the consent of the Governor in Council. Corporations have a significant role in the agricultural and beef industries however the legislation does not provide a legitimate pathway for securing tenure for corporations.

As both forest products and quarry material provide vital construction materials for the building and infrastructure development industries, any changes to the State land tenure system must ensure that access to these resources is not restricted.

## **SUMMARY**

A review into the continued and future relevance of Government to land tenure has the potential for significant strengthening of industry and industry development, the community, and government.

A tenure system that adequately addresses investment security and diversification, encourages sustainable management of natural resources, strives for efficiency, provides consistency of title and tenure across the state and does not impede economic development has potential to support viable, balanced and sustainable businesses across the industries represented by DAFF.

This submission has identified a checklist that would assist the committee in its inquiry, and outlines a number of key factors that would need to underpin an effective tenure system. This inquiry represents an opportunity to ensure a tenure system that will reduce the burden on landholders, present efficient administration by the state Government, and over the long term help underpin an efficient, innovative, productive and successful agricultural sector.