

# A stewardship model for managing pastoral lands

By Geoff Edwards

*“Weeds, erosion, rabbits, salinity....*

*Farmers and conservationists have the same problems”*

*Agnes Hilton, Hopetoun*

Edited version of presentation on:

28 May 2018

# The Royal Society of Queensland

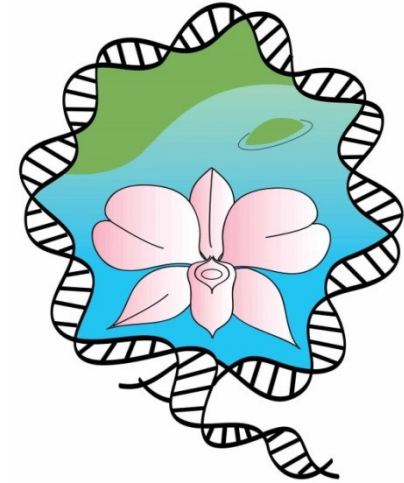
Established 1884.

*Proceedings* published ~annually since 1884

*Scope* – science and its application,  
evidence-related policy.

*Supports* scientists; *advocates* but  
not *activist*; not environmental campaigner.

To this debate brings in-depth expertise across disciplines  
plus partisan independence.



[www.royalsocietyqld.org.au](http://www.royalsocietyqld.org.au)

# Disclaimer

This presentation summarises the Discussion Paper *From Red to Green to Black*. Neither the presentation nor the Discussion Paper have been endorsed by The Royal Society of Queensland. The Society has provided a forum for the paper's editor Dr Geoff Edwards to present the material for public discussion.

A summary of the paper has been published in Volume 123 of the *Proceedings of the Royal Society of Queensland*, 2018.

# The issues 1

## ***Biophysical:***

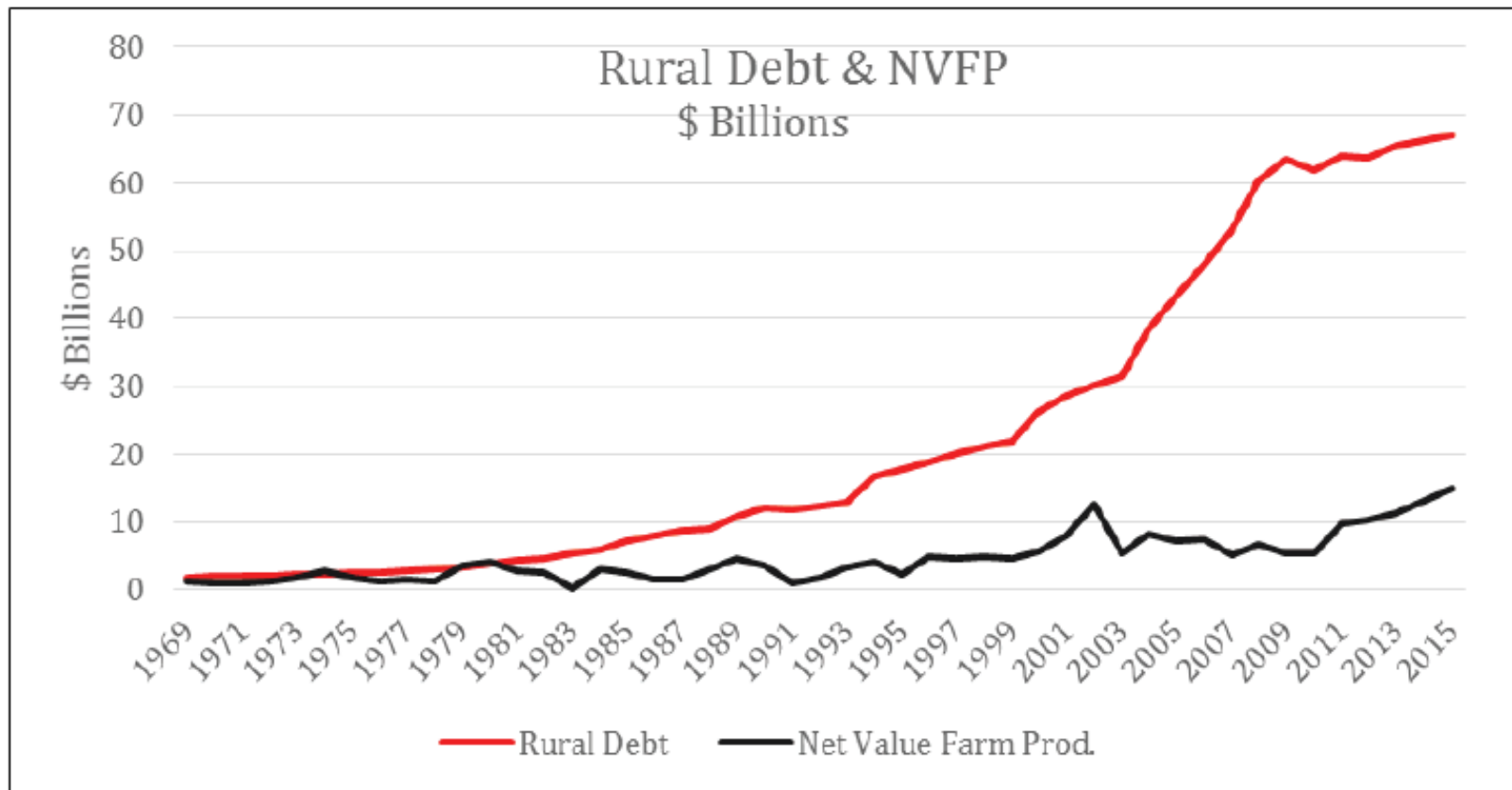
- decline has been tracked in State of Environment reports 1990-2011
- 500,000 tonnes sediment p.a from 1 NQ catchment to Reef lagoon
- overgrazing
- weeds – prickly acacia, parthenium...
- Crown of Thorns.

# The issues 2

## ***Economic:***

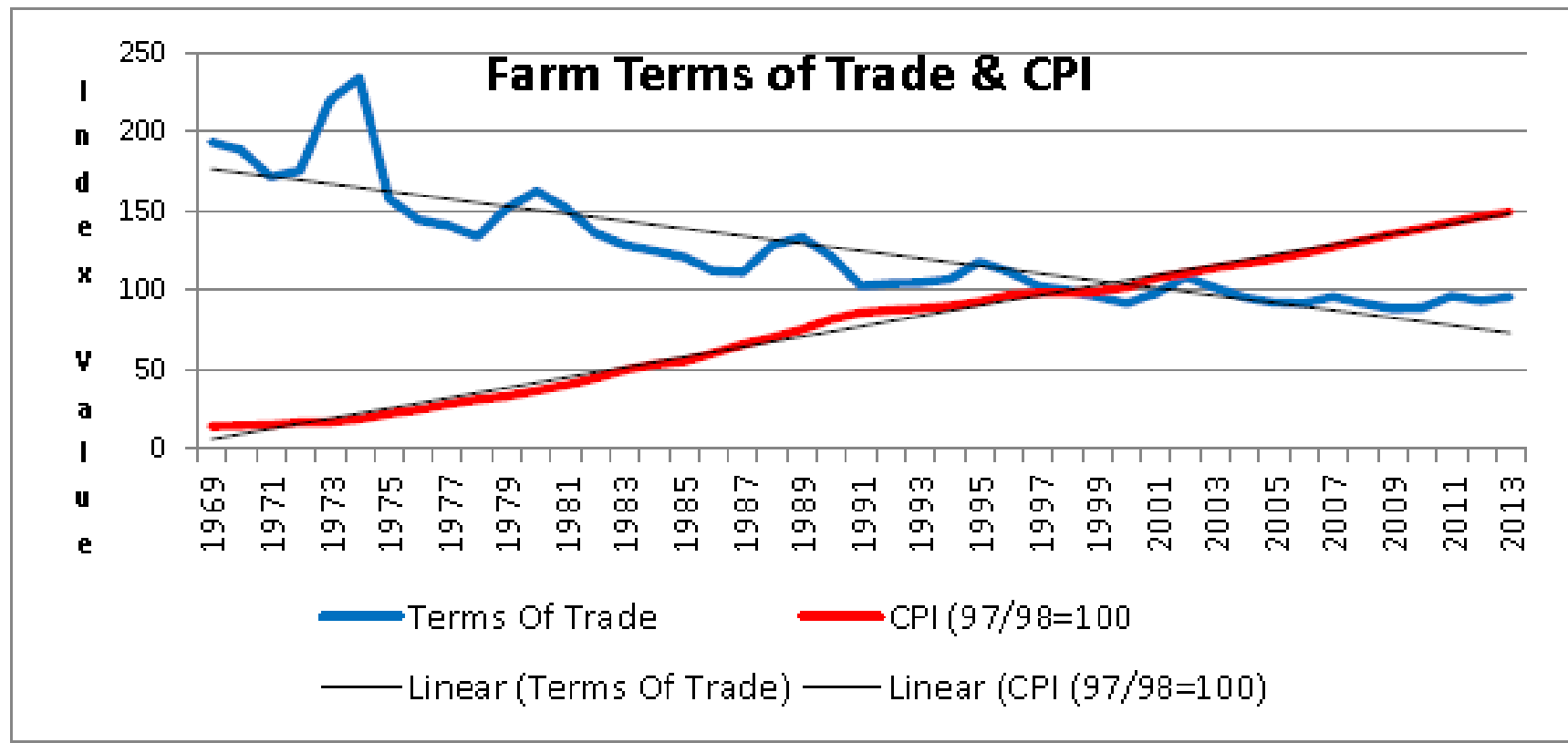
- production, commodity and land asset markets disconnected
- fierce competition between supermarkets
- free foreign investment allowing abattoirs to be owned by competitor countries (38% - 2006/7)
- in mulga lands, anecdotally, 85% marginally profitable or unprofitable.

**Fig. 1 Rural Debt & Net Value Farm Production, Australia 1969 -2015**



Compiled from ABARES Australian Commodity statistics 2015 and earlier editions, Debt from RBA statics Table D9 online.

### Farm Terms of Trade & CPI



Compiled from ABARES commodity statistics 2013, Table 13

# The issues 3

## ***Sociological:***

- High youth unemployment, (62% in mid-2018, a Depression-era statistic)
- 70-80 year olds running farms
- mistrust rife, notably towards government
- despair, abandonment, no solution in sight.



# The issues 4

## ***Policy:***

- NFF aggressive pro-market stance since ~1983
- State farm advisor numbers downsized in 1990s-2000s
- NRM and landcare programs limp along on meagre stop-start funding
- no-one is coordinating policy response to emerging challenges.

# The issues 5

## ***Political :***

- political representatives (all parties) lack scientific literacy
- political representatives (National Party) lack policy analytical capacity
- media (News Corp) wage pointless cultural war against conservation and government.

# Even if none of those issues mattered...

There are still:

- oil vulnerability– could pastoralism survive a tripling of diesel prices
- more closures of abattoirs and live export
- tighter regulatory screws in the Reef catchments
- banks' newfound aversion to debt
- climate change – will people even want to live on western properties hit by continuous drought.

# Markets 1

Markets:

- work in favour of those with market power
- unconcerned if individual producers fail
- **disregard 'externalities' (e.g. environment)**
- **disregard public goods.**

GDP tracks only traded goods and services, not rundown of assets.

Economic theory of production that disregards condition of the productive asset is useless.

# Markets 2

Markets reflect cost of production *only if* :

- no competition with countries operating under different cost structures or currencies
- no wage or tax arbitrage across national borders
- producers can withhold supply if prices too low.

None of these apply to farming. Gap between income and costs is made up with debt and rundown of assets.

Financial viability problem can't be solved within a market framework.

# Taxpayers pay, one way or other

The cost of not regenerating these landscapes:

- purchase Springvale Station announced
- \$500 m for Reef (Labor); \$1000 m (Coalition)
- loss of Reef
- siltation of dams, poor flow downstream
- welfare
- drought aid.

# The 'incentives' model of this paper does not recommend:

- subsidies for production;
- compulsory property management planning;
- new rural debt or loan subsidies;
- welfare payments;
- encumbrances on landholders' title;
- new regulation (except taxation on consumers);
- compensation for lost property rights, as no property rights are lost.

# The 'incentives' model:

- needs fine-tuning to ensure that taxpayers are not subsidising corporate intermediaries who can escape paying a fair price.

Most commentators argue that any scheme also:

- **should avoid paying for site works that should be done under landholders' duty of care.**

But ... what does that mean?



# Duty of care 1

Duty of care is a *legal* concept with several limbs:

- common law duty of care not to *harm others' property*
- on all Queenslanders, statutory duty not to cause *environmental harm* or damage *cultural heritage*
- on leasehold, statutory duty of care *to the land*.

Legal duty of care is a legal *obligation*, does not extend to broad undocumented stewardship *aspirations*.

'Stewardship' is an *aspirational* concept.

# Stewardship 1

'Stewardship' is an *aspirational* concept.

A 'steward' holds property in trust on behalf of another.

To pastoralists, who is 'another':

- family descendants?
- other pastoralists / incoming purchasers?
- community?
- future generations?

# Duty of care 2

Widely held that compensation is payable – and payable only – for actions beyond minimum duty of care.

Problem 1 with this rule of thumb:

➤ duty of care is subject to statutory change (tree clearing), lacks prescriptive guidelines, site-specific. No grazier knows what it means on their property.

Problem 2:

➤ no farm satisfies duty of care.

# Example of the trap

Example 1:

- there is a general common-law duty not to harbour pests that could escape
- specific statutory duty to control noxious weeds and pests
- additional specific statutory duty on leasehold to control noxious plants. (ss.199, 200 Land Act).

BUT no grazier in the rangelands fulfils these 3 obligations.

# Impasse 1 cont.

Government cannot enforce pest law on one property without enforcing at least on neighbours across the district (or State).

Government cannot enforce pest law without funding eradication on *public* property including roads. This function is starved.

Reluctance to pay public \$ for pest control on *private* land while control is a legal duty.

If no theory to justify this, there is no solution, no budget.

So pests proliferate.

# Impasse 2

Example 2, statutory duty in the Land Act (s.199):

a) avoid causing or contributing to land salinity that—

(i) reduces its productivity; or

(ii) damages any other land;

b) conserve soil;

c) conserve water resources;

d) protect riparian vegetation;

e) maintain pastures dominated by perennial and productive species;

f) maintain native grassland free of encroachment from woody vegetation;

g) manage any declared pest;

h) conserve biodiversity.

Even with "reasonable" test, impossible to meet.

# Aside: Leasehold – State’s duty

<b>Tenure</b>	<b>Number</b>	<b>Area (ha)</b>	<b>% of State</b>
Pastoral holding	1,077	69,422,314	40.3
Grazing homestead perpetual lease	2,410	18,559,795	10.8
Term and misc. lease (some for grazing, some over NP or SF)	8,483	18,763,503	9.5

# Landlord's/tenants' obligations

## *Tenant:*

- maintenance
- repair abuse or acute damage
- pay rent, observe conditions.

## *Landlord:*

- give tenant info about property
- **make fair wear and tear good, periodically.**

Let's apply to State pastoral leasehold.



# Impasse 3

Graziers have legal obligations and civic expectations to manage sustainably, not to do environmental harm.

BUT:

- operate under an economic system that doesn't enable them to do that
- operate within an agricultural system that has long accepted non-compliance with duty of care.
- helpmates (e.g. CSIRO, ABC, regional NRM) are being systematically crippled.

# To resolve the impasse...

Queensland needs :

## **1.A theory or model.**

2.A coordinator/champion, someone to implement the model via:

- statutory power.
- knowledge.
- skilled personnel.
- budgets.

# Elements of a theory

1. Broadacre pastoralism is unsustainable.
2. Market forces cannot adequately reimburse pastoralists when there is leakage to remote producers, and middlemen control prices.
3. Fresh air, fresh water and biodiversity are public goods external to commodity markets.
4. So a solution to unsustainability cannot be found within prevailing market theory.
5. A new theory is required, based on a parallel scheme for reimbursement.

# Does a theory or model exist?

Note: the remaining slides argue that a useful theory to justify stewardship payments exists or can be readily prepared, and that carbon payments may be able to fund them. However, during 2018, drought and climate change worsened and population decline continued.

Queensland's pastoral landscapes need more labour and rural economics needs re-calibrating. There is no theory adequate to explain how to transition from the current environmental, social and financial distress to a sustainable and profitable future. The remaining slides deal with only a modest partial solution.

The Rangelands Policy Dialogue will attempt to produce an adequate model of pastoral sustainability.

# A theory is essential

1. A theory of landscape function.  
✓ carbon stocks and flows (Alan Lauder)
2. A theory of conservation  
✓ source material exists, needs translation to property scale, needs funding
3. A theory of duty of care/property rights.  
✓ this paper.
4. A real-life theory of markets.  
✓ this paper – run an 'incentives market' parallel to commodity markets.
5. A theory of public and private interest.  
✓ this paper – good for leasehold, needs work for freehold.

# Can carbon credits fill the gap?

Tentative observations:

- carbon credits agenda is to reduce emissions
- not the same as healthy landscape (difference between carbon stocks and flows)
- not the same as biodiversity (prickly acacia)
- not the same as invigorating rural communities (graziers can lock the gate and retire).

How to harness this new enthusiasm?

# Bridging the gap – Landscape planning

To clarify:

- duty of care
  - priority locations for stewardship payments
  - best targets for carbon trading ...
- 
- property **management** planning is required
  
  - regional and district **landscape** planning is required.

Landscape planning ideally first. Withered in 2000s.

# Summary 1

Can't expect markets to fund public goods.

Public goods critical to human survival.

If society needs public goods, public must pay.

So let's pay landholders for producing public goods  
– ecosystem services.

More dignity than welfare, isn't a production  
subsidy so doesn't offend free marketeers.



# Summary 2

Carbon credits are at first glance a private good (allow private buyers to meet their duty of care).

Could be a source of public stewardship payments, if carefully targeted.

Market forces won't target with public interest in mind, require steering.

Can be done on-property (accreditation) but ...

Landscape-scale planning should precede.

ends

