

# **WJ & A Seery Partnership**

**ABN: 26 140 024 820**

**PO Box 406**

**MOREE NSW 2400**

**P. 02 6752 3251**

**F. 02 6752 5018**

**15 December 2016**

## **LBL Review Panel**

**Regulatory Reform and Advice Branch**

**Environment Protection Authority**

**PO Box A290**

**Sydney South NSW 1232**

### **Re: Submission for the Review of the Load-based Licensing Scheme**

To whom it may concern,

I own and operate farming operations in Northern NSW and am making this submission as part of the EPA's Review of the Load-based Licensing Scheme (LBL Scheme).

I commend the EPA's review of the LBL Scheme. As noted in the Issues Paper, the Scheme has delivered some results in reducing pollution outputs from large polluters and from polluters located in critical zones. I however, contend that small emitters of pollution should be exempt from the scheme, with particular regard to agricultural enterprises.

Agricultural enterprises do not appear to be the target of this program. The Issues Paper primarily addresses examples of pollution in urban and semi-urban areas, and/or pollution emitted by significant polluters (such as mines and sewage treatment systems). This is reflected in the revenue generated from regional divisions within NSW (Figure 1). The largest regional division by a significant margin (in which industry is typically dominated by agricultural enterprises) contributes the smallest proportion of funds to the LBL Scheme, also by a significant margin. I contend this data indicates that the agricultural industry is likely to have a disproportionately high number of small emitters compared to large emitters, in comparison to other industries which are included in the current LBL Scheme.

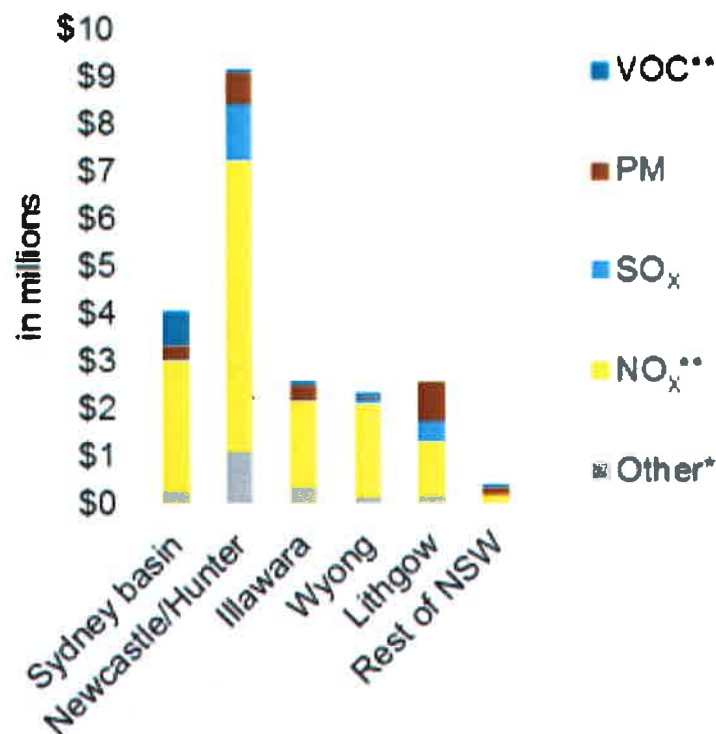


Figure 1: Liable LBL fees for assessable air pollutants in NSW by region (NSW EPA 2016)

The EPA has highlighted a number of issues relating to the inclusion of small polluters in the LBL Scheme. These are as follows:

- Taxes generated by pollutants are likely to be so small as to be insufficient incentive to change business operations.
- Decreasing cost-effectiveness of the scheme when small polluters are included in the program, as the cost of administration and compliance increases relative to the size of the tax.
- Small emitters are more likely to incur compliance costs many times greater than the cost of the tax.
- With the administration fee discount, no incentive exists for small polluters to further reduce their emissions.

Given that the agricultural industry has a higher proportion of small emitters in comparison to other industries included in the scheme, I contend that the current scheme is inequitable in that the agricultural industry is more prone to experience the above frustrations.

The agricultural industry is unique in that its continuation is essential to the continuation of society. The data shows that the sector is already only emitting small pollutant loads. The concept that a business should either improve practices or potentially close down in the face of increasingly prohibitive taxes on pollutants is not appropriate with reference to the agricultural industry, as:

- Technology is often unavailable to reduce pollutants below current emissions.
- When technology is available, it often requires considerable up-front investment to implement. Whilst such investment may reasonably be requested of large, multi-million or multi-billion dollar enterprises included in the LBL Scheme (such as mining companies), the majority of Australian farms are small, family-owned businesses, who simply do not have the available capital to invest.

- The global population explosion has led to ever-increasing concerns regarding food security. We must therefore do all that we can to support the financial viability of the agricultural industry, such that available arable land in the State may continue to be farmed.

It is therefore impractical, unrealistic and arguably unethical to increase financial pressures on primary producers, by taxing them for producing pollutants which cannot be reasonably avoided with current technology, whilst closure of farming enterprises is not a viable option for society.

In addition to these concerns, the agricultural industry is facing a unique suite of challenges which have strong potential to be exacerbated by continued implementation of the LBL Scheme. A review of regulation of the Australian agricultural industry was recently completed by the Productivity Commission (2016). Relevant draft findings of the review are as follows:

- The regulation of agricultural production has increased exponentially, such that the industry is now heavily regulated at all stages of the production process. The Consolidated Pastoral Company (one of Australia's largest beef producers) for example, estimated that it complies with, or takes account of, over 300 Acts, regulations and codes. The cumulative effect of so many regulations is that farmers are increasingly forced to invest more time and money in administration as opposed to on the land. This is resulting in real challenges to maintaining the industry's productivity and competitiveness.
- Farmers tend to have little regard for and trust in environmental regulators. This is resulting in difficulties with regards to implementing effective policies and garnering support for government initiatives in rural areas. The review therefore submitted the following recommendation (Figure 2):

**DRAFT RECOMMENDATION 3.3**

**The Australian, state and territory governments should review the way they engage with landholders about environmental regulations, and make necessary changes so that landholders are supported to understand the environmental regulations that affect them, and the actions required under those regulations. This would be facilitated by:**

- **recognising and recruiting the efforts and expertise of landholders and community-based natural resource management organisations**
- **building the capability of, and landholders' trust in, environmental regulators.**

Figure 2: Draft recommendation from the Productivity Commission's review into regulation of Australian agriculture (2016)

I contend that the LBL Scheme exacerbates the aforementioned issues raised by the Productivity Commission's review, by increasing the regulatory burden placed on primary producers, and by increasing producers' resentment of environmental regulators by implementing a tax for which producers must pay large compliance sums for small amounts of pollution, especially when the pollution often cannot be reduced in quantity and/or environmental toxicity.

I therefore argue strongly in favour of removing small pollutant emitters from the LBL Scheme. I commend the EPA's recognition of flaws in the current production capacity threshold system by which enterprises are included/excluded from the scheme, and support adoption of an emissions load threshold system. I argue strongly against the removal of the administration fee discount, and instead contend that producers whose

tax is below the administration fee threshold should not be included in the scheme due to their low emissions.

I submit that, even without the LBL Scheme, primary producers will continue to improve their environmental performance. There is increasing pressure upon the agricultural industry from consumers to 'go green' – a clear example of this is the emergence of the market for organic food. Indeed, the Issues Paper noted a number of respondents to the EPA's survey felt other drivers were more significant to reducing pollution than the LBL Scheme. I therefore submit that the LBL Scheme is unnecessary for driving pollution reduction in the NSW agricultural industry.

Regards,



**John Seery**

**WJ & A Seery Partnership**

ABN: 26 140 024 820

PO Box 406

MOREE NSW 2400

P. 02 6752 3251

F. 02 6752 5018

**References:**

NSW EPA (2016) *Review of the Load-based Licensing Scheme*, Issues Paper, Sydney

Productivity Commission (2016) *Regulation of Australian Agriculture*, Draft Report, Canberra