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INQUIRY INTO THE EFFECT OF RED TAPE ON THE ECONOMY AND THE COMMUNITY: ENVIRONMENTAL ASSESSMENT AND APPROVALS

SUBMISSION FROM THE KIMBERLEY PILBARA CATTLEMEN'S ASSOCIATION

1.0 Background

The Kimberley Pilbara Cattlemen's Association (KPCA) represents over 350,000 head of cattle and a number of related businesses across the Kimberley, Pilbara and Gascoyne regions of WA who are actively seeking to develop a sustainable economy for communities across the region.

The purpose of this submission is to alert the Red Tape Committee to the direct and indirect impacts environmental assessments and approvals processes have had on our State, and the nation more broadly. There is approximately \$500 million (*1) (32,000ha at an estimated development cost of \$15,000/ha) in investment waiting to be realised for the WA and Australian economies. This submission aims to provide an insight into the issues that pastoralists have had in realising this country's potential.

We appreciate the Red Tape Committee's remit is focused at a federal level. KPCA's submission concentrates on State issues in order to alert the Federal Government to the sovereign risk that WA is posing to Australia more broadly through archaic processes and a lack of accountability across a number of the State's Departments. We are also aware of the fact that most of this submission refers to practices that happened under the last Coalition Government; we are hopeful that with a new government in this State, some of the processes outlined herein will become more streamlined, provide clearer lines of accountability and will deliver on the Federal Government's mandate to Develop the North. A copy of this submission will be distributed to relevant WA politicians, The Office of Northern Australia, Austrade and KPCA members for their reference also.

This submission addresses the following terms of reference for the Red Tape Committee inquiry, namely -

*1 Note this \$500,000,000 does not include GDP produced from the development of these assets; this figure represents the development costs only.

- a. *The effects on compliance costs (in hours and money), economic output, employment and government revenue;*
- b. *Any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;*

2.0 History

There have been many reports written and committees formed to decrease red tape and streamline processes in government, however *prima facie* little change has transpired as a result of all this work to improve and progress the States development agenda. Some of these attempts are articulated below;

- 1994 - A review of Pastoral Lease Tenure as part of a review of the Land Administration Act.
- 2003 - Gascoyne Muster working group report I and II- Alternative models of land tenure.
- 2007 - The Green Paper process to introduce rolling tenure on pastoral leases as a result of the Gascoyne Muster process in 2003.
- 2007 - Review of the Lands Administration Act.
- 2009 - A review of the process to permit diversification on pastoral leasehold land in Western Australia, DAFWA.
- 2009 - The Red Tape Reduction Committee produced the report 'Reducing the burden'
- 2011 - Rangelands reform process discussion paper produced by the Department of Lands
- 2011 - Interagency diversification working group formed to support the tenure reform process.
- 2012 - Sustainable land use and economic development opportunities in the Western Australian Rangelands report.
- 2013-2014 -Parliamentary inquiry into Pastoral Leases in Western Australia
- 2016 - Rangelands tenure reform process, which was again unsuccessful.
- 2016 – Senior Officers Group formed to expedite clearing permits and relevant approvals required and stimulate sustainable development.

Despite the number and breadth of these reviews, evidence would suggest that little (if any) difference has been made in progressing the WA's development agenda. While a number of the reports outlined above have looked at Tenure Reform, the impediments they have identified, remain largely unchanged. Importantly, this appears to be a result of a lack of helpful and supportive policies, rather than specific legislation.

These policies are primarily driven by the wording and resultant staff culture derived from "Managing the Rangelands – Government Policy on the Western Australian Rangelands", March 1999.

That report states that the policy objective is to support the "sustainable management of the Rangelands", through a commitment to:

- Conserving native flora and fauna, establishing and maintaining a comprehensive, adequate and representative nature conservation reserve system and developing environmental objectives for broad-scale land use;
- Ensuring that economic and social development opportunities are realised while conserving the rangelands; and
- Maintaining viable communities throughout the rangelands
- Developing and maintaining commercial activities in accordance with the principles of Ecologically Sustainable Development (ESD).

It is the first words in the first point, "Conserving native flora and fauna" that Government is pushing

hard, there is little evidence of Department of Environmental Regulation (DER), Department of Water (DoW) or Department of Parks and Wildlife (DPAW) working towards the later 3 points. It lays heed to the conflicting messages and behaviours pastoralists are faced with, on one hand, Government is spending money on mitigating the risk of development, and on the other hand, Government is busy working towards “Sustainable Development”.

KPCA recommends changing the policy objective from ‘sustainable management of the Rangelands’ to ‘economic development of the rangelands in a sustainable manner’, thereby putting more emphasis on a better-balanced approach to achieving the four dot points previously mentioned.

While cultural change is going to be slow in departmental staff, a language change such as this in their policy documents, along with better definition of accountabilities, will significantly improve this situation before it is too late. (Noting that investors are already looking to leave WA due to these policy imposts.)

As mentioned, the current issues can be solved with a closer look at policy in the first instance. Then as time permits, look at legislative change which is expensive, time consuming and arduous. The WA Lands Administration Act was written to give pastoralists freedom to operate their pastoral businesses in a way that allows their business to grow and be profitable. Yet there are a number of policies, not written in the Act, that are now holding up development and expansion.

Take for example

Part 7, Division 1, Section 93 states

Pastoral purposes means the purposes of –

- (a) The commercial grazing of authorised stock; and*
- (b) Agricultural, horticultural or other supplementary uses of land inseparable from, essential to, or normally carried out in conjunction with the grazing of authorised stock, including the production of stock feed; and*
- (c) Activities ancillary to the activities mentioned in paragraphs (a) and (b);*

In reading the above, a pastoralist shouldn’t need a permit of any kind to progress a pivot for irrigation, a new set of yards or anything else to do with “Pastoral Purposes”. The lack of clarity, and accountability from staff, coupled with decreasing staff capacity is posing a significant risk to our industry, region, state and nation. As this stage, the KPCA is aware of three major investors, looking for Stations elsewhere, including overseas, as WA has proven too difficult to realise investment initiatives.

3.0 Regional Context

The development opportunities in northern WA are arguably unprecedented, as evidenced by:

1. The amount of money being spent by the State and Federal government on de-risking development; and,
2. The growth in WA’s markets, and the region’s proximity to the growing populations, affluence and desire for clean, green, quality food within Asia.

Through 2015-16, our industry experienced a relatively rare period, where high beef prices, proof-of-concept irrigation projects run through the Government, and well-capitalised and enthusiastic leasees combined to provide substantial interest, and in some cases significant capital investment in, irrigated

agriculture. Importantly, if there is insufficient clarity and/or consistency in the approvals process, this investment capital will be withheld, not only impacting individual businesses and local communities, but also the state and nation more broadly. This impact will be felt through lost opportunities or suppressed growth in jobs, GDP, knowledge, connectivity, future investment and international trade.

Over the past 10 years, in excess of \$40M has been invested into land and water research initiatives in the West Kimberley and Pilbara regions to mitigate risk agricultural investment and development. This is in addition to an extra \$200M spent across the whole northern half of Australia on additional projects in the same time frame. (Refer to table 1 in Appendix)

The money spent on this research is good at delivering “outputs” which sadly aren’t linked with delivering “outcomes” to improve efficiencies and stimulate economies and jobs in the region. There is a big difference here –

- “Outputs” refer to spending money and writing a report, whereby there are few, if any changes in practice as a result, and there are limited tangible benefits other than employment for the duration of the project and reports.
- “Outcomes” refer to spending money to mitigate investment risk by creating changes that will ultimately make more money for businesses, communities, WA and Australia more broadly. There is a much larger accountability piece tied to this.

There has not been a single improvement in the environmental regulatory assessments process or an increase in water allocations as a result of all the aforementioned funds being injected into the region. There have been many “outputs” delivered, but very “outcomes”.

The current round of Commonwealth funding initiatives, such as the CSIRO-led *Northern Australian Water Resource Assessment*, the National Environmental Science Program’s *Northern Research Hub* and Geoscience Australia *Exploring for the Future* initiative, *prima facie* show little signs of changing past approaches. These projects in isolation, without policy change, create a cyclical pattern where research is being done for research’s sake, with the intended beneficiaries being left to navigate archaic permit processes.

The Federal Government’s desire is to spend money to stimulate the economy, increase job opportunities and decrease, particularly for this region, reliance on welfare. However even with all the investment in research, reports and committees, little change has been felt. From a social perspective, northern WA has some of the worst social statistics in the world for domestic violence, joblessness, attendance at school and preventable health disorders. There is a large opportunity to capitalise on the research that has been done to change policy processes and streamline approvals. We need to turn “outputs” into “outcomes” for the benefit of the people of northern WA and Australia more broadly.

There is currently a national focus on developing the north as articulated in *Our North, Our Future: White Paper on Developing Northern Australia* (Australian Government, 2015). With the vastly underutilised resources we currently have sitting in the state of WA, our members seek faster, more consistent and more transparent processes to capitalise on and deliver the Federal Government’s mandate to develop the north.

In the past there has been very little collaboration between the State and Federal Government; this has significantly increased the inefficiency in building the economy. There is a current opportunity with the *Developing Northern Australia CRC* and we believe there needs to be much closer

relationships between the State and Federal Governments in order to take advantage of these opportunities, align strategic spending and decrease regulatory duplication and red tape. For example, two environmental approvals are needed for the same area of land – both a Federal and State approval and audit is required for one clearing permit. There needs to be collaboration and acceptance of either one or the other. This involves more trust between the two agencies.

Our region has changed dramatically over the last five years with a number of large corporate operators, family owned enterprises, indigenous pastoral businesses and foreign investors seeing the growth and development potential in our region. The number of properties applying for diversification permits shows the industry has the funding, intent, desire, and passion to sustainably develop Northern Australia, if only there was a clear pathway to do this.

Several investors are actively looking at other states and countries to invest their money. They have invested in WA in good faith to develop our industry. They have the cash and desire to grow the regions economy, but have found it very difficult to move forward at anything other than snails pace, if at all.

4.0 Land development processes in the Kimberley and Pilbara Region

4.1 Land release

There is a significant opportunity to further increase State and Federal revenue while bringing more families into the Kimberley and Pilbara community by converting currently located Unallocated Crown Land (UCL) into pastoral leases. In Western Australia 92% of the land mass is Crown Land, with approximately 33% of the State in pastoral lease. To put this in context, in Queensland for example, 40% of the state is under pastoral lease, and in the NT nearly 42% of the state is run under pastoral lease.

With significant research currently being done on water and soil, WA has a real opportunity to expand current UCL into sustainably managed and monitored land, without any cost to the government, and while creating a further income stream through pastoral leases. Contrast this to the current situation where vast tracts of UCL are under-managed due to funding restrictions. Take for example the UCL of some 200,000ha between *Roebuck Plains*, *Yakka Munga* and *Thangoo Station*. This land poses a very real opportunity for sustainable development, with KPCA aware of at least three proponents interested that particular parcel of land. In its currently unallocated state, this land is prone to devastating hot fires (as evidenced through Fire and Emergency Service Authority analyses) causing neighbouring pastoralists untold amounts of financial, environmental and emotional trauma associated with managing huge fire fronts, while trying to protect their cattle and country.

4.2 Securing of tenure, approvals and correspondence time frames

Securing tenure is a fundamental component of commercial land development and attracting investment of any kind. Willingness and ability to invest in WA is inherently tied to the length and terms of tenure. There is little guidance for proponents to navigate the cross-departmental pathways for progressing approvals between unrelated agencies or regulators. This becomes a frustrating and time-consuming web, and is the main source of frustration for proponents directly and the community more broadly at the resultant lack of job opportunities.

There is no co-ordination across government on approvals for development on pastoral leases. Another issue is there no single case manager for leaseholders to assist in resolving issues across

government. This leads to inconsistent advice, uncertainty of timing of various approvals and no apparent accountability from some Department staff.

Too much focus has been on the need for legislative reform around Land Tenure rather than identifying the processes that can be improved and implemented immediately under the current legislation. These changes can proceed without triggering a “Futures Act”, a timely and expensive process that involves extinguishing or suppressing Native Title. Such a process is further complicated by the involvement of State and Federal Governments.

Independent of Land Tenure (Free hold, Lease hold), there are a number of approvals that are needed by a pastoralist, all of them requiring separate albeit interdependent approvals, with limited collaboration between Departments. For example, a pastoralist wishing to install a pivot irrigator as part of a herd or property development program would need to obtain the following permits and/or licenses:

- Water License – Department of Water
- License to construct a bore – Department of Water
- Clearing Permit – Department of Environment Regulation
 - Conduct a flora survey, a fauna survey and a vegetation survey
- Diversification Permit – Department of Lands through the PLB
- Development approval – Local Government
- Building License – Local Government
- Crown Land Access Licenses – Department of Lands
- General Purpose Leases and Development Leases over Crown Land – Department of Lands

Regardless of land tenure, the approvals process is lengthy and arduous, and provides no incentive to Department staff to provide timely support to applicants. An example is Kimberley Agricultural Investments (KAI) having to wait 177 days for a letter to be returned, as discussed later in this document.

It is not appropriate to expect applicants, who often rely on efficient government processes to underpin business growth, to wait for extended periods of time to receive return correspondence. No business that operates with commercial imperatives would get away with such inefficiency and a blatant disregard for fulfilling their *modus operandi*. In this case, Departments are responsible for supporting community and business development in a timely manner.

The following examples highlight cases of inefficient and inhibiting bureaucratic processes that ultimately disincentivise investment and new business here in WA.

Pardoo Station –

Pardoo Beef Corporation (PBC) Chairman, and sole investor, is questioning his decision to invest major capital into agriculture in Australia and more specifically, Western Australia. The effect red tape and broader regulatory inefficiencies can have on the viability and economics of such a project are deemed prohibitive, which has been witnessed first-hand on Pardoo Station.

On 21 January 2016, PBC applied for a clearing permit for the second stage of its irrigation development. This stage involved the installation of a further six centre pivot irrigators on a 450-hectare envelope. On 30 June 2016, DER refused the permit on the grounds that the application may be at odds with certain clearing principles. On 6 October 2016, PBC resubmitted the application after

undertaking the required Flora and Fauna Reports, Ramsar Management and Irrigation Management Plans.

On 20 December 2016, PBC received the permit to clear Stage Two, whereby PBC ordered and paid for pivot infrastructure that had a considerable lead-time from the offshore supplier. On 16 January 2017, the Appeals Convener notified PBC that two appeals had been received after the issue of the Stage Two clearing permit, and the permit was subsequently withdrawn. The appellants are aware that if they appeal after the permit is issued, they can have maximum impact with regards to enforcing delays in the process. In addition, the appellants did not enter into any correspondence in the 30-day window provided for public comment prior to issuing any permits. Any vexatious appeal, even if groundless, still ensures maximum delay to any project. On 19 January 2017, PBC provided its responses to all the appellant's questions, while the DER response was only sent to the Appeals Convener on 24 April 2017, some four months after it was received.

During February 2017, the WA State Government entered caretaker mode. Since the new State Government has been operational, relevant Departmental Secretaries and Ministers have been informed of the situation in-person and in writing (letters dated 26/03/2017, 23/05/2017, and meetings of 12 May 2017 and 1- 2 June 2017).

A 10 gigalitre (GL) water licence was issued to PBC on 20 June 2016, and the additional 4.8 GL on 25 January 2017. The long delay in approval for clearing Stage Two has impacted PBC's ability to use and monitor water usage and this has caused a subsequent reduction in the company's water allocation. These matters were raised by PBC at a meeting with the WA Premier on 2 June 2017.

Currently, PBC has just on \$4 million of infrastructure (bores, pipelines, head-works and irrigation machinery) sitting idle on Pardoo Station, awaiting the re-issue of the permit to clear the relevant development area. This area (450 hectares) equates to 0.22% of Pardoo Station (200,000 hectares). A total of 18 months has passed since the first application was made with no clear pathway for PBC to proceed as at 11 June 2017.

Furthermore, PBC's CEO, Brett Blanchett, has suggested he is available for further comment or clarification on any of the points above.

Wallal Station

Wallal Downs Station, owned by Grenleigh Pty Ltd is a station situated 350 kms south of Broome. It sits on top of the artesian Wallal aquifer in the West Canning Basin, where they currently have 6 pivots covering 285 ha. Wallal Downs Station is a total of 200,000 ha, so the total irrigated land, as a percentage of that station is 0.01%.

In September 2015, Wallal Station applied for a permit to clear native vegetation and asked for additional water license to further irrigate 600 ha of land, this would take their total irrigated land to 0.3% of Wallal Downs Station land area, not a large percentage. DER returned correspondence in December 2015, saying that a bilby and rare flora survey would need to be addressed, and later requested withdrawal of the application until surveys and a license to take water could be provided. Bilby and rare flora surveys were conducted over the proposed development area in July 2016. Wallal Downs was advised that the license to take water (issued by DoW) was holding up the progression of the clearing permit (issued by DoL).

During a meeting with the DoW seeking issue of a license to take water, Wallal Downs was informed that an important meeting had meant a change in venue. That important meeting was a staff

member's birthday party, which shows the lack of respect for development applicants. Once the increased license to take water had been issued and provided to DER, they then advised on 24 February 2017 that potential impacts on bilbies remained a concern.

Wallal Station wrote straight back to DER and asked if the Bilby Management Plan used on Pardoo Station (some 50km away) would be suitable for Wallal (for the same environmental issue in the same landscape). DER refused to provide guidance, and a separate Bilby Management Plan was issued on 13 March 2017. Wallal Downs still awaits feedback from DER three months after submitting the plan.

Although Wallal haven't heard from DER regarding their Bilby Management Plan, they received a letter from the DER on 7 June 2017 accusing them of illegal clearing. The letter referred to a track that was installed three days prior as a firebreak - a common and necessary practice to aid fire management on pastoral stations. DER indicated that the issue of the firebreak had been referred to the State Compliance Committee. The approvals for the project have subsequently stalled the project, therefore leaving over \$3M of capital expenditure not generating any income.

Kimberley Agriculture Investment (KAI)

Although not directly related to pastoralism, the management of Ord Stage 2 provides an alternative land tenure scenario that is equally relevant. KAI was named the preferred proponent in 2012 and to this date, although this land was released and approved by the WA Government, KAI still do not have a lease. They have been forced to operate instead under licenses that give absolutely no security over the investment made. These licenses have to be applied for and approved on an annual basis through the State Government.

Since December last year, as a form of protest, KAI have refused to sign a license, as they were promised a long-term lease. Security of tenure is important for future investment into the region, so KAI are currently technically squatting on the largest working 'crown land' irrigated farm in the country. This alone should raise alarm bells as to the level of frustration facing this investor.

The fact that this wasn't resolved by the previous Barnett government as an urgent priority is disgraceful. KAI have spent more than \$200 million in the region, providing employment for contractors across a number of skill sets, from business consultants, engineers, hydrologists, farm workers and employ over 70 full time staff from Kununurra, a town of 6000 people. Yet concerning, the company still hasn't received security of tenure, which poses a huge risk to their investment, not to mention the flow on effects for those 70 people in a small town if the company can no longer operate.

On the 16th of December 2016 KAI applied for a clearing permit on Carlton Hill Plain to develop 12,000 ha of irrigated farm land, this was declined because they must go through a referral process run by the EPA that will take up to 2 years to complete and cost \$5-10 million to implement. This response took 177 days to be delivered and was only delivered on the 12th of June this year.

Delays as significant as this are fundamentally impeding employment and economic growth, negatively impacting the people in the East Kimberley. This is exactly what prevents jobs and growth in the regions and business growth in WA. This decision puts at risk KAI's objective to increase from 70 to 300 employees (with a total of 700 jobs including indirect employment) over the next 5-10 years. Instead, they are trying to maintain the existing workforce, while desperately trying to resurrect the project.

KAI were hoping to commence on the ground development in September this year with required machinery already purchased. Now, they will potentially have at least another two years wait due to the myriad of statutory processes over parcels of land that have already been earmarked for development for over 50 years. Such delays further impact contractors, potential employees and shop owners in Kununurra, as money is not being made in the town. This obstruction of process and the lack of a timely response from Government send a distressing signal to international and national investors looking for a place to do business. At best, this process is holding up \$1 billion of investment into the East Kimberley for developing scaled, integrated agriculture; at worst, it has destroyed the project proposed by KAI.

Nita Downs Station

Nita Downs, owned and operated by the Forshaw family, originally acquired a clearing permit in 2009 that covered 350ha for the installation of 5 pivots to grow feed for and value add their cattle enterprise. At the time the permit was granted, there was no specification required as to where the pivots would go in that space. The Forshaw's installed 1 pivot as stage 1 on their business plan in 2016. They were then informed their clearing permit had expired and they needed to reapply, leaving them essentially with a large piece of capital infrastructure and no license to use it.

In order to put in a pivot, DER announced they had to complete a flora and fauna survey. The Forshaw's waited over 6 months for a response to their application and were then referred back and forward between DER and DPAW for no less than 2 years now. The Forshaw family received from DER correspondence requiring them to complete a "Flora and Fauna Survey within 28 days from the date of their letter. This is an impossible feat living in remote Australia.

In that particular 28 days, the Forshaw's had to submit their consultants methodology to DPAW for approval, however when requested guidance as to formatting and requirements from DPAW, they received no guidance in the 28 days. This time frame gives insights into the impractical nature of the Department. In order to perform an accurate Flora and Fauna Survey, certain plants need to be flowering to accurately recognise and count them. They were told they must look for a plant with a purple flower (That has been introduced) but this plant wasn't flowering during the time requested for the Survey.

This process involves two Departments, who both take at least 28 days to get back to you and there is no accountable process from either of them. This led to more delays, all on a piece of land that had previously been approved to be cleared and irrigated. The Forshaw's story emphasizes the absolute need to have one office with accountability and oversight situated regionally.

On top of this, once you have all the clearing permits, you need a water license. This involved putting down a test bore at a cost of \$100,000, which is an expensive outlay, if the bore proves not suitable and you can't use it. There is no guidance as to if a bore will be approved for se or not ahead of the capital outlay. In order to put in a test bore, you need local shire approval, delving into the realm of Local Government in a State Government project, which also takes time.

Mowanjum Station

The Mowanjum Aboriginal Community, located 20km south of Derby, is yet another example. The community is seeking to reduce their reliance on Government funding and culture of welfare dependency though diversifying then activities on its pastoral stations and forming commercial partnerships. They are seeking to building upon the high successful irrigation trial to increase cattle production and carrying capacity by growing irrigated fodder for beef production and have entered

into a joint venture to be able to do this. There is currently one 38ha pivot operational as part of the \$3.6 million WA State Government “Water for Food” irrigation trial. They have applied for another clearing permit to put in an additional two 38ha pivots and the day after they won the “Premiers Award for Improving Aboriginal Outcomes”, their application was knocked back due to the requirement for regional flora and fauna surveys. To paint a picture, the size of their proposed development is the equivalent of 2 wheelie bins parked in the middle of the MCG. (0.16% of the land mass). Mowanjum have appealed the result and at the time of this submission still has not received that approval (10 months since the initial application was lodged).

If the additional clearing were granted, approximately 0.16% of the grazing Lease area would be under irrigated management. The reason that clearing has been refused, despite the WA Government investment of \$3.6million and the “Premiers Award” is because regulators take the view that the habitat “might” be suitable for Bilbies. The aboriginal people who own this land haven’t sited a bilby in the years they have lived there, however frustratingly, a desk top audit done from over 2500kms away has decided they are a possibility, without setting foot on the property or looking the people in the eye to share their decision and proof behind it. Aboriginal people are therefore impeded in their efforts to be more self-reliant, and welfare dependency is perpetuated. Yet another example of conflicting interests within Government, which negatively impact economic and community development in this state and Nation.

5.0 Other issues.

Loss of technical staff in Departments

Retirements or retrenchments, and lack of any related recruitment is continuing to further erode the technical capacity of several Departments involved in supporting environmental approvals. For example, the DoW has lost a significant portion of their senior staff over the last decade, with remaining junior staff having limited experience in irrigation development, particularly in remote Australia. The threat of being seen as surplus to requirements in the labour cost-cutting environment means they are obliged to seek out potential negative impacts, overplay the risk and then investigate them to retain meaningful employment. This is a systemic issue within Government and further increases a prohibitive culture and increases regulatory burden and red tape.

A lack of accountability and timeframes to approve permits – Senior Officers Group

Recently there was a complaint made by a number of northern pastoral applicants who wrote to then Premier, Mr. Colin Barnett, outlining to him the impediments they were experiencing in trying to progress growth in their own businesses, and the subsequent impacts on the broader agenda of developing northern Australia. This particular correspondence highlighted the significant and overly negative impacts of red tape and environmental approvals processes on growth in the region.

As a result of this letter, a “Senior Offices Group” was formed to expedite processes. Since its inception eight months ago, not one hectare of land has been approved for development. The fact that even senior public servants are unable to navigate the cross-departmental quagmire of approval requirements further highlights the oppressive nature and significant challenges bought about as a result of the environmental approvals process.

6.0 Terms of Reference specifically

This submission to the *Inquiry into the effect of red tape on the economy and the community: Environmental assessment and approvals* has sought to provide a situational analysis and supporting examples in relation to the experiences of KPCA members and the broader pastoral and agricultural industry in obtaining development approvals in northern Western Australia.

A. The effects on compliance costs (in hours and money), economic output, employment and government revenue;

As discussed in this paper, the compliance costs, not to mention the emotional costs, have been significant. The economic cost to WA is huge, with the state currently holding up \$500 million dollars in investment, not including costs associated with lost production.

In northern WA, cattle will normally take 3 -4 years to reach sale weight for domestic slaughter or two years to reach specification for a smaller market for live export or restocking. Having the capacity to utilise pivot irrigation decreases those timeframes significantly, typically resulting in cattle being ready for slaughter in 2-3 years, and live export-restocker markets in 18 months. The cost of carrying cattle over an extra 12 months is significant - labour, lease payments, costs of running the station, not to mention the inefficiencies of land utilisation. For country that is holding all those cattle that are “growing out” they forgo the opportunity to run breeders, and therefore the production of more calves.

We conservatively estimate that - with sustainable grazing management practices - pivot irrigation could double the turn-off of cattle in the Kimberley and Pilbara regions in Australia. It would give producers an opportunity to sell heavier cattle – this is a key business tactic which well-known farm consultant Phil Holmes notes as being one of most important factors impacting profitability in northern Australia. The lost income to producers over the last 10 years due to inefficient processes is in excess of \$1Bn in lost cattle sale opportunities alone; this doesn't include the horticulture side that is also significant, or the resultant jobs and economic stimulus through lost spending in communities and decreasing reliance on welfare.

On top of the opportunity cost to producers, we also have the immense legal fees and travel costs that producers are bearing for the sake of a Government that is supposed to be supporting investment and growth in the region. Two development applicants (who wish to remain nameless) have spent over \$1,000,000 and \$150,000 (a larger company and a small family businesses, respectively) in legal fees and meetings. This is an (unnecessary and) emotional strain, and a financial disincentive to any business.

The inefficient processes have been well documented throughout this submission. However, another example worth mentioning (and of relevance to the rest of Australia) relates to the process to receive a clearing permit in WA. For such a permit, applicants need a WA environmental approval for clearing as well as a national approval through the Environmental Protection and Biodiversity Conservation Act. One environmental layer of approvals should be enough – as it stands, permit applicants have to pay for two separate audits, a practice that is akin to asking drivers to have a State and a Federal driving license.

B. Any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;

This submission details a number of burdensome, complex and redundant issues, exacerbated by the

bureaucracy of Departments typically located 2500-3000km away. The decisions and power they have are dramatically impacting the business environment for pastoralists; a substantial cultural shift is needed to foster an environment that is genuinely conducive to regional development, and the benefits that it brings to the WA economy.

It is KPCA's hope that the WA Government's recent amalgamation of regulatory agencies will streamline departmental processes; we would be pleased to be engaged in helping to achieve such an outcome.

7.0 Conclusion and Recommendations

The complexities and inefficiencies of development applications are underpinning higher-level disincentives for investment in Western Australia. This confers a substantial sovereign risk to investment in Australia more broadly, with business entrepreneurs citing a lack of timeliness and clarity as major impediments to their continuing engagement in this country.

The issues outlined in this submission are well understood, however related solutions are more elusive. The underlying cause is paradoxically simple: development is being promoted and occurring within a policy setting predominantly designed to 'conserve and manage' the Rangelands. The policy settings and resulting processes and practices are therefore not well placed to manage the emerging phase of pastoralism and other regional development.

Our recommendations are outlined below.

Recommendation 1 – Establish a team of accountable, cross-departmental people specifically for managing the approvals process.

Establish a team of cross-departmental staff whose responsibility is to help applicants navigate the complexities of Department requirements, and to act as one point of contact for all applications. This will increase ownership of – and drive accountability for – the application process, help drive more improved turnaround times, and ultimately underpin a higher success rate in applications.

This team must have a Case Manager for each application. The Case Manager will be assigned to support an applicant's development initiative, and must have the seniority – or be adequately empowered – to take responsibility for the integrity of the process, inter-departmental discussions, responses, assessment timeframes and approvals. This could be done by means of a staff secondment.

Recommendation 2 - Regional decision making

Base the approvals processes in the region so applicants can meet with appropriate staff directly, and talk through issues, understand processes and build a sense of collective goodwill and co-operation.

Existing structures make it far too easy to not answer a letter or respond to a request in a timely fashion; in KPCA's experience, this problem is magnified when those responsible for reviewing applications are located in capital cities. Whatever additional costs "regionalising" the application process may incur, we firmly believe the benefits to WA in the long-run will far outweigh the costs of having staff in the region.

Recommendation 3 – Transparency and accountability

Red tape has enabled anonymity to thrive in Government Departments with no real reason for concern about the over-riding objectives for creating jobs and growth. There is no apparent urgency to bring approvals to finality, as demonstrated time and time again through this document.

KPCA would like to see timeframes enforced for return correspondence. If a pastoralist sends in an application, they should - as a minimum - receive a response within 21 days. This should significantly enhance overall responsiveness, and build a level of accountability into departmental processes.

Recommendation 4 – Stem the flow of technically astute staff leaving Departments.

The loss of technical staff in the regions has proven to be a real threat to the state and nation – this issue obviously extends beyond the issue of development applications. Technical staff must be rewarded for supporting economic development, not just identifying risk in order to keep their positions relevant in the eyes of a risk-averse government. The risk should sit with the applicant.

Recommendation 5 – Establish an “Approvals Integrity Unit”

This will consist of three or four people whose role it could be to provide independent oversight of the approvals processes, including ensuring the cross-departmental team in Recommendation 1 are delivering on their responsibilities. In addition, they could maintain a database on approvals and report this to industry and other stakeholders. Such accountabilities will ensure processes are clear and adhered to, notes will be recorded on correspondence timelines, recommendations and next steps. This will in-turn underpin greater levels of responsiveness, transparency and efficiency across any number of Government activities.

Recommendation 6- End duplication

There is too much duplication in environmental approval processes across Federal and State jurisdictions. This issue should be addressed in-line with broader efforts to streamline and harmonise cross-jurisdictional administration.

Recommendation - 7 - Automatic right to clear

Give every pastoralist a default right to clear an agreed percentage of land for development (Tasmania has recently approved clearing of 40ha every year). Such areas can be used by pastoralist to:

- Drought-proof their operations;
- Relieve pressure on rangelands;
- Improve their herd performance; and,
- Enable stock turnoff at non-peak times.

Recommendation 8 - Non Extinguishment principles for native title

Increase the support for the non-extinguishment principle in Native Title to encourage investors and Traditional Owners to collaborate and co-invest in agriculture, community development and natural resource management in order to deliver jobs and growth to the region.

Appendix

Figure 1

<u>Initiative</u>	<u>Time frame</u>	<u>Funding</u>	<u>Focus area</u>	<u>Lead agency</u>	<u>Links</u>
West Canning Water Groundwater Resource Assessment	2012-2017	\$12.5M (Royalties for Regions)	West Canning Basin	WA Department of Water	http://www.water.wa.gov.au/__data/assets/pdf_file/0013/7105/WCB-Aquifer-Test-Fact-Sheet.pdf
La Grange land and water assessment	2012-2016	\$5.1M (Royalties for Regions)	La Grange groundwater area	WA Department of Agriculture and Food	https://www.agric.wa.gov.au/r4r/la-grange-agriculture-opportunities
Fitzroy Valley groundwater assessment	2014-2018	\$6.1M (Royalties for Regions)	Lower Fitzroy Valley	WA Department of Water	http://www.waterforfood.wa.gov.au/Pprojects
Mowanjum irrigation trial	2014-2018	\$3.6M (Royalties for Regions)	Mowanjum Station (Derby)	WA Department of Water	http://www.waterforfood.wa.gov.au/Pprojects
Knowsley Agricultural Area water investigation	2014-2018	\$3.2M (Royalties for Regions)	Derby Peninsula and surrounding water supply options	WA Dep't of Water	http://www.waterforfood.wa.gov.au/Pprojects
La Grange - West Canning groundwater assessment	2014-2018	\$2.4M (Royalties for Regions)	Broome to Port Hedland	WA Dep't of Water	http://www.waterforfood.wa.gov.au/Pprojects

Dampier Peninsula groundwater resource assessment	2012-2016	\$2.9M (Royalties for Regions)	Dampier Peninsula (North of Broome)	WA Dep't of Water	http://www.water.wa.gov.au/planning-for-the-future/finding-water/groundwater-investigations/royalties-for-regions-groundwater-investigation-program
National Environmental Science Programs (NESP) Northern Australia Environmental Resources Hub	2015-2021	\$23M (though the Commonwealth Department of Environment)	Northern Australia with a focus on the Fitzroy Catchment in WA	Charles Darwin University	http://www.nesprothern.edu.au/nesp/
Northern Australian Water Resource Assessment (NAWRA)	2015 - 2018	\$5M (funding identified in the White Paper on Developing Northern Australia)	Northern Australia with a focus on the Fitzroy Catchment in WA	CSIRO	https://www.csiro.au/en/Research/Major-initiatives/Northern-Australia/Current-work/NAWRA
Cooperative Research Centre on Developing Northern Australia	2015-2025	\$75M (funding identified in the White Paper on Developing Northern Australia)	Northern Australia	Dep't of Industry, Innovation and Science	https://www.business.gov.au/assistance/cooperative-research-centres-programme/crc-for-developing-northern-australia

Tropical Rivers and Coastal Knowledge (TRaCK) Program	2005-2012	\$30M (Commonwealth Environment Research Facility, Land & Water Australia, National Water Commission, Fisheries R&D Corporation)	Northern Australia with a focus on the Fitzroy Catchment in WA	Charles Darwin University	http://www.nespnorthern.edu.au/track/
National Environmental Research Programs (NERP) Northern Australia	2012-2015	\$14.7M	Northern Australia with a focus on the Fitzroy Catchment in WA	Charles Darwin University	http://www.nespnorthern.edu.au/nerp/
Exploring for the Future (focus on mineral, energy and groundwater resources across Northern Australia)	2017-2021	\$100.5M	Northern Australia	Geoscience Australia	http://www.ga.gov.au/about/projects/priority-projects/exploring-for-the-future