PUBLIC

THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON COMMONWEALTH DECISIONS ON AGRICULTURAL LAND MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON FRIDAY 30 OCTOBER 2026.

The committee met at 9.11 a.m.

Minister for Primary Industries and Water – Mr Pearce

CHAIR (Mr Ferguson) - Good morning to my Committee colleagues and good morning to you, Minister Pearce, and your advisor, Laura Richardson. Welcome to people who are joining us on the broadcast to today's hearing of the House of Assembly Select Committee on Commonwealth Decisions on Agricultural Land. Thank you, first of all, for your attendance. I'd like to introduce my colleagues at the table: Dr Shane Broad, who the Committee has elected as Deputy Chair of the Committee and the inquiry. Joining us on teams is my colleague, member for Lyons, Mr Di Falco, who's a member of the Committee. If you could please each state your name and the capacity in which you're appearing before the Committee.

Mr PEARCE - Thanks, Chair. Gavin Bruce Pearce, Minister for Primary Industries and Water, and Minister for Veterans' Affairs.

CHAIR - Thank you, Minister. And to your advisor, Laura, could I please ask you to state your name and the capacity in which you're appearing before the Committee?

Ms RICHARDSON - Laura Richardson, acting chief of staff to the Minister for Primary Industries.

CHAIR - Thank you. Can I confirm that you've received and read the guide sent to you by the Committee Secretary?

Witnesses - Yes.

CHAIR - This hearing is covered by parliamentary privilege, allowing individuals to speak with freedom, without fear of being sued or questioned in any court or place out of parliament. This protection is not accorded to you of statements that may be defamatory are repeated or referred to by you outside the parliamentary proceedings. This hearing is public. The public and media may be present should you wish aspects of your evidence to be heard in private you must make this request to the Committee at this time. Laura, could you please take the statutory declaration?

Ms LAURA RICHARDSON, ACTING CHIEF OF STAFF, OFFICE OF THE MINISTER FOR PRIMARY INDUSTRIES AND WATER WAS CALLED, MADE THE STATUTORY DECLRATION AND WAS EXAMINED.

CHAIR - Minister, welcome, would you like to make a short opening statement?

Mr PEARCE - Thank you Chair, and I thank you for all members of your Committee and the great work that you're doing. I appreciate the opportunity to appear before this important Committee to discuss the Tasmanian government's submission to this inquiry. The Tasmanian Government welcomes this inquiry. The government actively called for greater scrutiny of Commonwealth decision-making relating to strategically significant agricultural

land and supported the establishment of this Committee to examine these issues in a transparent and evidence-based manner. We consider this inquiry an important opportunity to assess whether the existing processes appropriately balance agricultural, economic, environmental and community considerations.

Tasmania's agricultural land is one of the state's most valuable strategic assets. It supports food and fibre production. It supports regional employment, exports, value adding, processing and long-term prosperity of our rural communities. The agricultural sector remains a key driver of Tasmania's economy and regional development.

Now, at the outset, I want to make very clear that the Tasmanian government supports productive agriculture, forestry, climate action, environmental stewardship, carbon sequestration and responsible domestic and international investment. We do not see these activities as mutually exclusive and Tasmania has demonstrated that a strong environmental outcome can coexist with productive and growing agricultural sectors. Noting this, our submission raises questions around whether the Commonwealth decision-making process is adequate, considered the broader agricultural, economic and community impacts associated with a proposed land use changing, involving strategic significant agricultural land.

The issues considered by this Committee are particularly relevant to the north-east of Tasmania and the Rushy Lagoon property. This region is among Tasmania's most productive agricultural areas, supporting dairy, livestock, cropping, seed production and irrigated farming enterprises that make significant contributions to the state's food and fibre economy. Importantly, successive Commonwealth and Tasmanian governments have invested more than $700 million in irrigation infrastructure throughout Tasmania through Tasmanian Irrigation (TI). These investments were made to increase agricultural production and to strengthen regional economies to create long-term opportunities for farming communities.

Against that backdrop, the Tasmanian Government considers that there is merit in examining whether existing assessment frameworks give sufficient weight to agricultural production, to food security, regional employment, supply chain resilience, value-added processing and the significant public investment that has supported that agricultural development. We also believe that there is value in considering the cumulative impacts of large-scale land use changes and whether that consultation with affected jurisdictions can be strengthened. It is equally important to note that concerns raised by industry and the broader community should not be interpreted as opposition to climate action, carbon markets, forestry investment, or foreign investment for that matter. Rather, they reflect a desire to ensure that decisions with potentially significant impacts on agricultural production and regional communities are informed by a comprehensive assessment of all relevant factors.

The Tasmanian government sought the establishment of this inquiry because we believe Tasmanians deserve confidence that decisions affecting strategically significant agricultural land are being made with full consideration of their impacts on agricultural production, on rural and regional communities and public investment and long-term economic outcomes. The Tasmanian government supports a balanced approach that recognises the importance of climate and environmental objectives, whilst ensuring that impacts on agriculture, regional economies and local communities are fully understood and carefully considered. We believe future Commonwealth decisions involving strategic significant agricultural land should provide confidence that agricultural, economic, environmental and community interests have been

appropriately weighed and balanced. Thank you, Chair, and I welcome the Committee's questions.

CHAIR - Well, thank you for your statement, thank you for your submission. So, we're going to ask the questions around the Committee. I'll open with a broad one, Minister, which is - I think we understand the community response and the tension, particularly from the farming community and the Dorset community locally around the sale process. A lot of the narrative, I feel, has focused on the foreign investment dimension of this purchase and, while that's certainly within our terms of reference, it's not my personal focus because where I'm coming from as a member of the Committee and as chair is that I could see the same potentially adverse scenario, if there is an agricultural reduction in output and economic output, could have happened with an Australian investment house making the same purchase. So, I'm happy to explore the Foreign Investment Review Board (FIRB) process, but I want to zero in more on a scenario looking to the future. How do we ensure that we don't make the same - how do we make sure that, in future, any approvals around the allocation of carbon credits and Commonwealth equity into future farm purchases, how we don't, again, run foul of community confidence in those? My question then is about what should the Commonwealth be doing to assess potential loss of agricultural production and regional employment before approving carbon credit eligibility for a plantation project? Which, as I'm sure you know, has a specific role for the federal government's Agriculture Minister, as I steer somewhat away from the FIRB process.

Mr PEARCE - I appreciate the question. I appreciate the breadth of that question also. And there are a number of layers. I mentioned in my submission, I mentioned in my opening statement, about the balance and getting the balance right and that balance will come from good process. Now, if you look at the Australian Carbon Credit Unit (ACCU) process, the clear delineation of that process and that governance around the assessment of such schemes that you speak of, Chair, then that is very clear on when and where the agricultural Minister can have a say, can assess, as part of that process, whether or not the agricultural Minister's decision would have a detrimental effect on the agricultural production of that piece of land. It is not within, as you rightly point out, the foreign investment aspect. We welcome foreign investment, we welcome schemes that involve the abatement of carbon, we welcome forestry. In fact, I've said many times that forestry and agriculture can coexist, in fact, they are sometimes mutually inclusive. I'm on the record as saying that often. However, we must consider that these processes, this entire scheme, has been designed, is formulated around the balance and protecting the agricultural production of that piece of land in a balance, and it is that process which I have objection to.

CHAIR - Minister, the rule, I should have been more specific. It's the Carbon Credits (Carbon Farming Initiative) Rules. Within that, section 20B requires the Agriculture Minister to be assured that the application of an ACCU isn't going to have an adverse impact on the region. That's something that we have explored with other witnesses and hope to explore with the federal Agriculture Minister in the future, but does the Tasmanian government get consulted as part of that process, recognising that it's a federal one? Does the state get consulted or asked questions about applications that come in under that rule, are you aware?

Mr PEARCE - Not directly. They'll obviously have technical questions that will come from departments on sourcing information. However, in this case, no.

CHAIR - Do you think that's something that the Committee should show an interest in?

Mr PEARCE - Yeah, no, it is.

CHAIR - Sorry, what I mean is do you -

Mr PEARCE - I think it's the adherence to the process. So, the rules that you speak of, and I'm quoting from those rules now:

> The Australian Government Minister for Agriculture, Fisheries and Forestry -

and in parentheses it talks about the agricultural Minister,

> … has a role to assess whether proposed projects would lead to an undesirable impact on agricultural production in the region where the project would be located.

Black and white. What we're saying, what I am saying, what the Tasmanian Government is saying is adherence to this protocol, to this procedure, to this form of governance that is written in black and white, in our opinion, hasn't been followed and there is, in fact, I will quote again: 'an undesirable impact on agriculture production in the region where the project is located.' We're also not aware that Tasmania was consulted during this phase re: the support plantation establishment grants and that funding.

Dr BROAD - When did you first become aware of the proposal for Gresham House and others to buy Rushy Lagoon and convert it to a plantation establishment?

Mr PEARCE - Thanks for the question. I'll just talk you through the timeline.

CHAIR - Mr Di Falco, I'll just ask you to either mute your microphone or to ask the staff in the next room to close the door, please.

Mr PEARCE - As noted in my disclosures, I had a meeting on 28 November 2025.

CHAIR - I beg your pardon. We are all in order. I am just asking everyone to wait a moment. Thank you Minister. To Dr Broad's question.

Mr PEARCE - Alright, I'll start again. In relation to Gresham House, I'm referring to now. As I noted this in my disclosures that I had a meeting on 28 November 2025.

Dr BROAD - We've discussed this in parliament. From what I understand of the conversation, you said you were familiar with the property having sold the previous operation water troughs. You also expressed your support for the plantation proposal and said that the landowner should be able to do what they want on their properties within the law and you offer to troubleshoot any pushback they encountered, even with the Labor Party, I think, and you even gave them your personal phone number in case issues popped up. When did you change your mind about Gresham House's plans for Rushy Lagoon?

Mr PEARCE - In relation to the premise of that phone call, I have lots of phone calls about proponents that want to do business in Tasmania, and we welcome those proponents with open arms. Investment is important and it's the role of all ministers, in fact all members of

parliament, to encourage that. We put out the hand of friendship and we support them. That's what we do. That's what our job is and I did that. I did just that. However, this - what you're not privy to, what you never mention, is the fact that during those initial conversations, it wasn't highlighted to me that this was going to be an ACCU-based, carbon-abatement scheme, whereby that agricultural land would be detrimentally affected.

Dr BROAD - So you're saying that they didn't mention they were going to plant trees? Isn't that the important bit? You're talking about land conversion, so in that conversation they must have described how they were going to plant trees?

Mr PEARCE - Of course.

Dr BROAD - So the planting of trees is not the problem. Is that what you're saying?

Mr PEARCE - I said that before; were you not listening during my opening statement when I said that we welcome forestry on farms? We see that as complementary. But I also mentioned that we need to get the balance right. The balance is important and it's that balance that I have objection to. Once that balance exceeds a certain culminating point where it unfairly, detrimentally affects agricultural production, then that is the trigger, and that's what you're getting at in the premise of your question, I think.

Dr BROAD - No, I'm not. I'm just trying to get clear what the problem is. So, you had the conversation with Gresham House. They explained to you that they were going to plant 9000 hectares of Rushy Lagoon.

Mr PEARCE - No, they didn't. You're verballing me there.

CHAIR - I'm very comfortable with the exchange, however, I'm going to ask, when a witness is giving the answer to listen to the answer and I'm going to ask when a Committee member is asking a question, we just allow the full question.

Dr BROAD - Thank you. Gresham House must have explained that they were going to plant trees on Rushy Lagoon and you expressed support for their project, but now what we're hearing is that it's going to have an 'undesirable impact' - that's your own words. When did you change from being supportive of the project to thinking that it's going to have an undesirable impact?

Mr PEARCE - In terms of what you're saying, I have objection with the process that this has gone through. I've already highlighted, in fact, I read verbatim the process that should have been followed, which in my opinion and the government's opinion, it was not. It's that that I have the problem with. It's that that I object to. And in terms of you trying to paint that in a 'I woke up one morning and suddenly didn't like the project' - it's not like that, Dr Broad. The fact that this process exists to maintain that balance from that federal scheme, written in black and white, having been the statute document that ministers should follow, was not followed. That is what I have the problem with.

Dr BROAD - So, you have to understand that you are the Minister, and that people take your words very seriously, and they need guidance on where your opinion's at and where policy is at. So, I'm trying to get a handle on what the actual problem with the planting of pine trees on Rushy Lagoon is. So, you're saying you didn't have a problem with the trees, you had a

problem with the process. So, if this was done in a different process, is the 9000 hectares going to be fine still, or is it an undesirable impact simply by planting trees on Rushy Lagoon?

Mr PEARCE - I'll take you back to the very document that the federal Minister should have followed, and I'll read it to you again, because it says in that - I'm going to read it again, because I don't think it's gotten through.

> The Minister's role is to assess whether the proposed projects would lead to an undesirable impact on agricultural production in the region where the project would be located.

That's the rules under the process that needs to be followed, and that is what I have a problem with.

Dr BROAD - Sorry, you didn't actually answer the question, though.

CHAIR - I will come back to you, Dr Broad. But my question, then, Minister, is: you've cited the rule, I've cited it as well. What level of information do you have, or could the Committee have, about establishing that the rule wasn't followed appropriately? How can we dive into that and understand what did or didn't occur in the Minister's or the Minister's delegates mind or advice that they received? I'm trying to establish, as well, as to whether or not that rule was appropriately followed.

Mr PEARCE - Again, I can't - from my position as the Tasmanian Minister for Agriculture, for Primary Industries - I cannot, nor would I, comment on what that Minister at the federal level did or did not do. I'm not privy to that process. The fact is, the result that came from the federal government in the awarding of the funding under the Clean Energy Finance Corporation, and other funding arrangements, was executed. Then you start going back to the legislation and the guidelines and the rules for making such a decision. We go back and we examine those rules and then we find statements, like I've already read twice now, clearly, beyond reasonable doubt, they could not have, nor could anybody reasonably expect them, to have been followed.

CHAIR - But that's the position of TasFarmers and the former president. They've made those points at our previous hearing. And each of those witnesses and a number of submitters, and certainly at the public meeting in Scottsdale in July, indicated a strong narrative around distortion of the market, distortion of the market for agricultural land, using carbon credits as a source of revenue that only carbon farming can do, but more importantly, the role of the Australian Government through the Clean Energy Finance Corporation to fund, through an equity injection of $69 million. The strong narrative that I have picked up, and has been widely reported, is around distortion of the market, and I would ask you to respond to that. Do you agree that it's a distortion of the market that's artificially inflated the price of a farm in a way that has distorted the market for other purchasers?

Mr PEARCE - Yes, and this is an important point and this has been clearly articulated to me by literally thousands of concerned Tasmanians that operate within the agricultural sector. They run on fairly fine margins, they really do, and they know what land is worth, they know the potential of that land. They know what they can get out of that land and they know what that return to their bottom line is.

What they are particularly aggrieved about is the fact that, as you rightly put, Chair, when a federally administered scheme puts, in one case $69 million, another case $8.8 million, into a particular proponent for a certain purpose, then that excludes those agricultural operators from being competitive in that marketplace. Because it is a competitive marketplace - basically the auction system, so the highest bidder wins. Now, you can't expect farmers, even if they pull money, even if they borrow money, you can't expect them to operate when you've got in excess of $70 million being injected into one particular proponent and not the other. It is unfair, it is unbalanced, and it flies in the face of exactly what rules should have been considered and how they have obviously not been followed.

Mr Di FALCO - What effect would the alienation of dairy land have on the supply chain? Because I'm assuming that a lot of the dairies there are fairly isolated, so if you close down a dairy, you're making the economic value of driving a tanker all the way up to Dorset to collect milk less viable. I don't know if I've made myself clear on what I meant, but -

Mr PEARCE - Thanks, Mr Di Falco, for the question, and you raise another good point. I mean, it could be considered that that's a relatively isolated, geographically isolated - that's the premise of your question, yeah? I point out, too, the history, the facts, what is on the board. For a very long time, Rushy supported a very viable dairy industry - in excess of six million litres. In fact, they were within the group of 200 top producers in the country when it comes to dairy production. It is -

CHAIR - At what point in time does that number go back to? Do you know?

Mr PEARCE - I can get you that.

CHAIR - Yeah. Maybe take it on notice. I wouldn't expect you to have it.

Mr PEARCE - Yeah, I'm happy to take that. But it is decades.

CHAIR - It hasn't been the recent years, has it? It's been maybe -

Mr PEARCE - They were producing milk right up until - again, I'll put that in that information, and we'll give you a timeline.

CHAIR - I'm sorry to interrupt you on that, but we've taken some other evidence, I believe, that suggested it had been wound back somewhat, but I'll leave it there and please continue where you were.

Mr PEARCE - Mr Di Falco raises a good point. It is not simply about one particular farm. He raises the very valid point that should have been considered, and it even mentions that in here and it talks about communities. And that is the feedback that you would have, obviously, no doubt been availed of during your proceedings, from other witnesses. It's the local shop, it's the schools, it's the tyre shop - it's all of these other accumulative support industries that are deeply affected. It also affects the investment into neighbouring towns and communities. Once you take a particular operation out of it - and I get the fact that you need a certain critical mass, Mr Di Falco, when it comes to milk tankers, for instance, when it comes to bringing in feed and supplies. I get all of that. But that was, and it existed for decades, in excess of six million litres of quality milk that was produced each year at Rushy. It really was.

As well as that, there's the beef industry. So, the stores and replacements for the dairy industry, yeah, by all means, but there's also beef cattle. Now, those beef cattle would've gone into Longford, into JBS Swift, and supported their operation. I can tell you now that they're operating three days a week now. That is ideal place for the breeding of store cattle when it comes to the entire Tasmanian perspective. On my particular farm, on anyone's particular farm, there'll be certain places that are good for breeding cattle and putting calves on the ground. There are other places where -

Dr BROAD - We've got limited time - we don't want to hear about your farm.

CHAIR - I'll just ask you to bring that point to a conclusion.

Mr PEARCE - I'm getting to this question here. Mr Di Falco has hit the nail on the head when it comes to - and what I'm trying to explain to you, to the Committee, is maximising entire communities and enabling communities - when you take those enablers out of those communities, then you affect the entire community. It should've been considered during the process - it clearly wasn't. And those communities - you would have heard loud and clear, as have I - that they have been severely impacted.

CHAIR - Mr Di Falco, are you done there or do you have another follow-up question on that line?

Mr Di FALCO - No, no. I think the Minister's answered what I was wanting. Thank you.

CHAIR - Thank you, Mr Di Falco.

Dr BROAD - So, you're making the contention that the funding from the federal government has had a market distortion and that outcompeted other primary producers who were going to purchase the property. What evidence do you have that they outcompeted other potential buyers based on getting funding from other sources?

Mr PEARCE - Dr Broad, if I can't get you to see, that's in excess of $70 million provided by the federal government to one proponent and not the other, if you think that that in some way requires explanation, I think you need to think again. Of course it is going to distort the market. Of course it is going to unfairly advantage one proponent over another. It's in excess of $70 million. Goodness me.

Dr BROAD - I asked for evidence. What do you think the property was worth? What was the government valuation?

Mr PEARCE - What I think a property is worth shouldn't be even in question. That's not my job. I'm the Minister for Primary Industries -

Dr BROAD - No, no, exactly. You are the Minister. What evidence do you have? I don't want you to just throw it back at me and say, 'What evidence do I have?'. You're the Minister. What evidence do you have that there was a distortion in the market? What evidence?

CHAIR - Okay, and now we're going to listen to the answer.

Mr PEARCE - Okay. What evidence do I have that I think the market was distorted?

Dr BROAD - No, no. It's not a 'think'; this is not a think question. This is an evidence question.

Mr PEARCE - Well, that's what you said.

CHAIR - Okay, I'm going to protect my Committee members to ask the question and then I'm going to protect the witness to answer the question. Minister.

Mr PEARCE - In excess of $70 million from the federal government scheme is going to, without doubt, affect and distort a market. When you've got other proponents competing with that, they don't have $70 million injected into their funds, into their capital. Of course it's going to affect the market, of course it is going to affect it.

CHAIR - Have you had feedback or informal or formal advice about other competing offers that were non-competitive because of the role of the Commonwealth, with their equity injection and the role of carbon credits? Taken together, I'm putting forward the view that that is a significant compounding effect on distorting the market - between an equity injection from a Commonwealth-backed finance house and the carbon credits. I'm putting the view that both of those together - before we've even considered the plantation establishment grant, that's a third factor - but I'm focusing on the first two. Have you had any advice from your department, or informal in the community, to be aware of other proposals that just couldn't compete?

Mr PEARCE - I can take that on notice and provide that level of detail to you.

CHAIR - I would like you to. I mean, we've had that as the Committee, haven't we, Dr Broad and Mr Di Falco? We've had, in other witness evidence - which is on the record - there have been no specifics given to us, possibly for all the right reasons, they're probably commercial-in-confidence, but we've had that feedback that there were other offers, but we don't have the level of detail. It's possible that we will not see that detail, but you've taken it on notice -

Dr BROAD - Does that include the government valuation? I'm sure that's available.

CHAIR - You might be good enough to take that on notice. Is that your department?

Ms RICHARDSON - Through you, Minister, I think we can take that on notice and get you the valuation. It's the Department of Natural Resources and Environment Tasmania (NRE), but it's not the Minister's portfolio responsibilities. But I'm sure we can -

Dr BROAD - No. Is - can go onto the LIST and get it.

Mr PEARCE - To answer your question and to clarify also, Chair, I have received literally countless phone calls and contacts, conversations with farmers that would be willing to purchase, but that they're just not in the race. How can they compete with that?

CHAIR - I want to share the questions around it, but I would love to wrap this line up before I move to a different subject, Dr Broad. Do you have anything on that line of inquiry?

Dr BROAD - Yes, I'd like to see evidence. We've heard a lot of anecdotes and we've heard a lot of, 'Wow, I would have liked to have bought it,' but the facts are that it was on the market from 2018 and we heard evidence from TasFarmers that there were a number of attempts and offers that didn't meet the vendor's requirements. So, again, what evidence do you have? You've taken stuff on notice, of course, so that's good, but what do you think the property was worth? If you're arguing that the price was inflated, then we need, I believe, evidence from the Minister as to what the property was worth and then we can work out what how much it was inflated?

Mr PEARCE - Market distortions don't always come in the form of valuations either Dr Broad, now do they?

Dr BROAD - What? Like, how -

Mr PEARCE - It is the ability for a purchaser to secure the winning bid is the issue here. When that purchaser, when that proponent - where that private investor, i.e. a farmer, has to compete with another proponent for the same property then that in itself is a market distortion.

Dr BROAD - That doesn't make any sense.

Mr PEARCE - That's in excess of $70 million of federal money that one has over the other. It's a pretty big difference in the chequebook, don't you think?

Dr BROAD - Yes, but it always comes back to the price that was paid, not where the funds came from. What was the price paid? You're arguing there was a market distortion. People had from 2018 to attempt to purchase the property and made a number of offers, and this is the evidence that we've heard from TasFarmers, and they didn't get to the vendor's requirements. and you're arguing that there's a market distortion, that somehow the government funding has driven up the price of the property. How much was it worth, do you think, and how much was the inflation?

Mr PEARCE - That really doesn't fall into my remit, what I think a property is worth.

Dr BROAD - But you're arguing inflation.

CHAIR - Okay, we're listening to the answer now.

Mr PEARCE - What I am saying to you, and I'm going to say it again, is that $70 million of federal money for one bidder and not another is the thing that I have the objection to; $70 million of advantage over a private farmer or a group of farmers that want to put in a bid. What I think a property is worth is not in my remit. That's not my job, that's not my role, nor should it be.

Dr BROAD - But you're arguing an inflation. So you -

Mr PEARCE - I'm arguing that $70 million of federal money distorts the market. Are you arguing that it's not? Is that what you're saying?

Dr BROAD - What I'm arguing is there was a price paid for the property and you're saying that that price was inflated. So, if you're saying it's inflated, you're saying the inflation

is here, then I'm trying to gather how much it was inflated. You're the one giving the evidence that the property value was inflated. That's your language. How much was it inflated?

CHAIR - Minister.

Dr BROAD - So how much could have the farmers afforded to have paid?

CHAIR - Alright Dr Broad. Minister?

Mr PEARCE - Thanks Chair. To directly answer your question, let's go back to 2018, the asking price publicly was $65-75 million. The 2026 number, sold for $142 million. I'm not going to give you the increase. It paints a fairly clear picture, doesn't it?

Dr BROAD - That's not the evidence that we've received either. The actual purchase price was significantly less than that, but we'll no doubt question Gresham. Are you arguing that between 2018 and when the purchase was carried out, when the contract came, I think it was October 2025 that there wasn't price inflation across agriculture altogether, that it's only Rushy Lagoon where there's been an increase in property values between 2018 and 2025?

Mr PEARCE - And again, $65 million to $142 million, it's more than the CPI, isn't it?

Dr BROAD - Yes, but property prices have gone up by more than CPI. Your farms are worth more than -

Mr PEARCE - Of course they have, but not that much.

Dr BROAD - Well, why didn't farmers buy if it was such a good deal?

Mr PEARCE - Again, I'm the Minister for Primary Industries, I'm not Nostradamus.

Dr BROAD - No, but you're arguing that the price was inflated.

Mr PEARCE - I'm arguing that it did. $70 million into any purchaser will distort markets. You would have heard that across the board from many that have given evidence in this Committee proceeding.

CHAIR - Minister, in view of the time, I'm going to ask you if you have any further capacity to respond to Dr Broad's questions on that. You might be willing to take that on notice and come back to the Committee?

Mr PEARCE - Sure.

CHAIR - Mr Di Falco, do you have a question?

Mr Di FALCO - Yeah, I do. As with property, as with anything else, something is only worth what somebody else is willing to pay for it. Now, from my - what I suspect happened here, is that the previous lower offers were a result of the fact that the farm had been run down but previously had, correct me if I'm wrong, but it had three dairies on it at one stage and it was just down to one that was barely operating, so - wouldn't the previous offers have reflected that?

Mr PEARCE - You raise a very valid point. Get back to that 2018 number versus the sale price, and with what you've just raised, Mr Di Falco, a very valid point, I agree.

CHAIR - Mr Di Falco, do you have a follow up?

Mr Di FALCO - Well, the fact of the matter is, it previously did have three dairies on it. It had the capacity to reinstate those two other dairies. So, from my standpoint, it could have, with further investment, it could have been a going concern and benefited a far greater number of people in the community. So, this - alienating that land to the possibility of being improved to get it back up to standard - it's starting to sound like a statement - would it be possible to get that property back up to the standard that would have produced the record levels of milk that came off that bit of land?

CHAIR - And Minister, as you answer Mr Di Falco's question I'd love to hear you speak about job output on that as well, would that be alright?

Mr PEARCE - I'm sorry?

CHAIR - When you are answering Mr Di Falco's question I'd love you to refer to jobs in milk versus jobs on carbon farming.

Mr PEARCE - Yeah, yep. And, with any dairy operation you would have seen that 50 years ago, anecdotally, 40-50 cows, now we're seeing 500 minimum. That critical mass has certainly come into to the dairy industry, as it has many other facets of agriculture. Once that critical mass is eroded, then it has a detrimental effect both ways, positively or negatively. Once the concentration or the balance between pine trees, for instance, and agricultural land, then it doesn't give that ability for scale. It doesn't give that ability for primary industry scale. Again, I put it to you that with today's technology, with the money that we've spent as a government, as a state, on hundreds upon hundreds of millions of dollars' worth of irrigation. Once we apply irrigation water, once we apply farming methodologies - we are getting more out of our land now than ever before. So, the point that you raise in the potential of that property is absolutely enormous.

Chair, you raise the point of jobs. It's hard enough as it is to get young people started in the industry. They too need scale and with scale comes the opportunity for jobs. But it's not just the jobs that they do on the farm. Their spouse may have, or might be looking for the ability for, community jobs. You want to know what the school's going to be like. You want to know whether the goods and services are there, if you're moving to that job. So, it does affect jobs, it does affect families, and it has. And you would have heard that loud and clear.

Dr BROAD - Throughout your document and even in your opening statement, you mentioned strategically significant land. So, where is 'strategically significant agricultural land' defined or where is it used in any agricultural policy document?

Mr PEARCE - Rushy Lagoon has long been recognised as -

Dr BROAD - Sorry, we're running out of time. I just want a simple answer.

CHAIR - Do you want to clarify your question?

Dr BROAD - Well, that is my question. Where is 'strategically significant agricultural land' defined or used in any agricultural policy document? That is a very simple question. This is not about Rushy Lagoon. This is about 'strategically significant agricultural land,' where is it defined?

Mr PEARCE - During the correspondence that you speak of, that you referred to in your question, I was -

Dr BROAD - And your opening -

Mr PEARCE - Do you want me to say it again or?

CHAIR - Okay. We're going to listen to the answer.

Mr PEARCE - Right. During your question you referred to me talking about 'strategically significant land'. Nowhere in that statement, nowhere in that document, nowhere in my submission did I talk about any policy, any nomenclature. I talked about -

Dr BROAD - Oh, well, that's okay. So, if it's not defined just say it's not defined.

Mr PEARCE - It's a descriptive word.

Dr BROAD - Okay. Thank you. So, you are the Agriculture Minister, so if people want to know about - if somebody's coming to invest in Tasmania and this issue of strategically significant agricultural land has arisen, and that is being used in a way to question an investment or a process, then somebody who wants to invest in Tasmania now has to consider, it appears, whether the property that they're looking to purchase and maybe put a pine plantation on is strategically significant. If it's not defined, how can people have surety that, if they are proposing a purchase in Tasmania, that it won't come under - it won't be determined or talked about as being strategically significant agricultural land?

Mr PEARCE - The property represents 2 per cent of Tasmania's agricultural land. 2 per cent.

Dr BROAD - I'm not talking about Rushy. I'm talking about people who would need some certainty around what strategically significant agricultural land is. So, if it's not defined, if there's not a list, if there's not a series of properties that they can look at and say is that strategically significant or isn't it, then are they going to have certainty to invest? You can talk about Rushy Lagoon, but I'm talking about this issue that it seems like, if it can be claimed that land is strategically significant, then there will be some other sort of process being considered.

Mr PEARCE - That's a valid point. I agree that that is a significant question that needs to be answered and it should have been answered in the ACCU Scheme plantation forestry method rules and regulations - in the guidelines. The fact that I've read it now twice that if there is 'an undesirable impact on agricultural production in the region where that project would be located, then the agricultural Minister should have assessed it.'

Dr BROAD - It's about you. It's not about that, Minister. This is about you.

Mr PEARCE - No, this is about the federal scheme, Dr Broad.

Dr BROAD - I'm asking you the question.

Mr PEARCE - And I'm giving you an answer.

Dr BROAD - Well, you're not. You're deflecting.

Mr PEARCE - It is about the federal scheme which is where the money come from. It didn't come from me, didn't come from the Tasmanian government; it came from the federal government.

CHAIR - Minister, thank you for that. I'm going to ask you to take on notice what role the state could possibly take, given what is widely described as a failure of that federal process, what role - could the state government or a state government play a greater role in the application of that rule? I'll ask you to take that on notice. I want to move to -

Mr PEARCE - I appreciate the opportunity, I really do.

CHAIR - Yeah, I think it's an important opportunity because the Committee is interested in solutions and process improvement.

I wanted to go to land classification. I'm sure you're aware that this has been a regular theme. I really noticed in the documentation, such a reliance by the purchases and those federal agencies on the land classification that applied to Rushy Lagoon, East Wyambie. It felt to me, like the constant references to the land being classified 1 and 6 out of a 1-7 scale, it felt like it was being overused. I want move to that subject in the time we've got, briefly. I ask for a brief answer, please, so we can move to other questions. Is that agricultural land classification system that we have in Tasmania - is it old, as it was said to us last week? Is it in need of updating, at least in the way that people are interpreting it, given changes in pasture inputs and, of course, irrigation? And what would be your views on how that can be, perhaps, updated, or the interpretation of it being matured?

Mr PEARCE - And this is something that has been loosely clung to throughout many - when they're arguing and prosecuting for or against. This is an informational guide only. This is a Land Capability Classification scheme - that's the heading of the thing, it's what it's called, it's what it's designed around. It's not a 'this is what the land is doing, is producing' - it is a Land Capability Classification scheme - an informational guide, and an informational guide only. And there's certain flexibility within that classification. It could be irrigation, could be farming methodology, it could be the certain types of crops, and the list goes on and on - I haven't got time. What I am saying is that it's an informational guide, not a mandatory, set-in-stone, 'this is what that land is for'.

CHAIR - My question was: is it being misused in the way it's being publicly described, and could the system itself be matured so that it doesn't leave itself open to that kind of misinterpretation? Brief answer, please.

Mr PEARCE - Again, when you start talking about the entire capability classification of Tasmania, then 70 per cent of Tasmania's agricultural land is, in fact, 5 and 6.

CHAIR - Same as Rushy.

Mr PEARCE - Same as Rushy.

CHAIR - Alright. Would you be prepared to take my question on notice and give that some further thought?

Mr PEARCE - Clarify what you want me to take on notice.

CHAIR - Would you be prepared to take on notice my question about: can that system be matured in such a way that the public interpretation of it is better applied? And when you take it on notice, you might have a look at what some of our witnesses last week had to say about that. Thank you for that. Dr Broad?

Dr BROAD - Just on land classification, you say that the *Land Capability Handbook* is just a guide, however, it is referenced in other policies, such as the State Policy on the Protection of Agricultural Land, which does have an impact. The State Policy for Protection of Agricultural Land determines that, for example, you can't put plantations on Class 1, 2 or 3 land. It does actually have legal implications, so it is more than a guide. So, why are you saying that it's 'just a guide' when the information that was, no doubt, handed to the federal government was the land classification was classifications 5, 6, and parts 7. That is the policy - the enforceable policy is that plantations can be established on that land.

Mr PEARCE - And it's not just the land classification system, Dr Broad; it is the Land Capacity Classification scheme. And it's the land capacity that those premises around 1, 2 and 3 are placed in the document that you referenced.

Dr BROAD - Sorry, I'm referring to your planning policy. The state policy for protection of agricultural land references the *Land Capability Handbook*. You're basically saying that the *Land Capability Handbook* is just a guide. It is not. It is referenced in other policy, which means it has legal force -

CHAIR - Under the planning laws.

Dr BROAD - Under LUPA. The PAL policy determines what can go on certain types of land. So, when the federal government asks Tasmania: what is the classification of that piece of land that there's a proposal to put plantations on, they look at the protection of agricultural land policy, and then from there, they look at the *Land Capability Handbook*. Are you disagreeing that that is the case?

Mr PEARCE - No, what I'm saying is that we have a holistic way of looking at particularly 1, 2 and 3 that you mentioned. That is obviously sacrosanct when it comes to preservation of 1, 2 and 3 for agriculture. We're not going to plant trees on it. But there may be parts of that land where we do plant a shelterbelt.

Dr BROAD - Sorry, we have to get - Like, this is not just farmer talk across the table. You are the Minister who applies the PAL policy, who enforces the PAL policy - as does LUPA. And the PAL policy references the guidebook. So, are you proposing a new policy on land classification? Because if you're saying that the Rushy Lagoon process, which relied on the land classification of 5, 6 and 7, are you proposing now a new policy to bring in - you've talked about irrigation, you've talked about potential, you've talked about jobs - are you saying

now that you are proposing a new policy that doesn't reference the *Land Capability Handbook* and doesn't look at the State Policy for the Protection of Agricultural Land?

Mr PEARCE - Not at all. We consider that and make those considerations in providing any planning, any strategic application of a decision.

Dr BROAD - You don't consider - you have to follow the law. Are you proposing to change the policy?

Mr PEARCE - What I am saying is the Land Capability Classification scheme aids in a decision. It doesn't mandate.

Dr BROAD - It does.

Mr PEARCE - It doesn't.

Dr BROAD - What does LUPA do, then? If it doesn't mandate it, what's LUPA for?

Mr PEARCE - It doesn't place the decision purely on exactly what you're saying, and that is the Land Capability Classification.

Dr BROAD - Oh, my God. It does. You don't understand your own policy.

CHAIR - Let's keep it really professional and friendly. Dr Broad, you had one quick follow-up question, yes?

Dr BROAD - The simple question is: are you going to change the Protection of Agricultural Land policy?

Mr PEARCE - I think it needs to be looked at because people are misinterpreting it, Dr Broad. How's that?

CHAIR - In fact, my earlier question, I was looking at a different document, and you were kind enough to take on notice whether we might mature the *Land Classification Guide*, which is obviously a different document. Thank you for that, Dr Broad.

Mr Di FALCO - With the proliferation of irrigation schemes and the like, perhaps the rating there is now outdated because technology has moved on. So, my view is, do we need to revisit the rating of agricultural land?

CHAIR - That's a question on rating, which is perhaps more within the scope of the local government or the Treasurer, but happy for you to answer it.

Mr PEARCE - I didn't hear the first part of the question, I'm sorry.

CHAIR - Can we just allow Mr Di Falco to ask it again then, please? Can you ask that question in short for me, please?

Mr PEARCE - It was just on mute, that was all.

Mr Di FALCO - With the proliferation of irrigation schemes, would it be reasonable to assume that how they've rated agricultural capacity in the past is no longer valid? So, yeah, obviously maturing the rating system.

Mr PEARCE - It needs to be considered, like I said before, in the terms of which it is intended, and that is to provide information so that people can plan, make strategic decisions, around that piece of land. Now, it is flexible and inputs can be applied to an agricultural property, or piece of that property, which will improve it. Likewise, if you took that away, it would probably decrease. What I am saying is there needs to be a degree of flexibility given into the changes of that capacity within that system.

CHAIR - Briefly, Dr Broad. One last question.

Dr BROAD - Do you believe that there should be some sort of new veto process on land sales if that land sale will actually reduce the workforce on that property? That seems to be one of the arguments being put to us is there is going to be a reduction in workforce. We can argue about that, whether it's true or not, but are you saying there should be some sort of veto on land sales depending on what the owner is prepared to do on that property?

CHAIR - If you don't mind, I would just appreciate a brief answer as well, please.

Mr PEARCE - You raised a good point. In terms of that consideration, again, your federal colleagues should have considered the fact -

Dr BROAD - We've only got a few seconds. Can you just direct him to answer the question, please?

Mr PEARCE - If any undesirable impact on agricultural land is apparent during this process, the Minister should have intervened.

Dr BROAD - And what are you going to do? Are you proposing -

Mr PEARCE - The federal Minister's scheme, and she should have intervened. It says it in black and white.

Dr BROAD - I've asked a very specific question: do you believe that there should be some form of veto on land sales depending on what the owner is going to do on that property?

Mr PEARCE - And there is, and it's in the federal guidelines and regulations for the issue of ACCUs, and I've read it out now five or six times.

CHAIR - I've probably cut myself out of asking a question because we've run out of time, but I'll ask you to take on notice, Minister, about process improvements because of the real tension that sits between the Commonwealth role as an investor in plantation forestry and its responsibilities for agricultural policy and regional economic development.

We've run out of time. I thank you for your evidence today and for your attendance to the Committee, and I appreciate if you feel that you can add to any of the answers you provided today, that you might get back to the Committee when you provide those questions on notice.

Mr PEARCE - Thanks, Committee.

The witnesses withdrew.

The Committee suspended from 10.11 a.m. to 10.17 a.m.

Private Forests Tasmania

CHAIR - Welcome to today's hearing of the House of Assembly Select Committee on Commonwealth Decisions on Agricultural Land. I'd like to thank the team from Private Forests Tasmania for their attendance. If you could please state your name and the capacity in which you're appearing before the Committee, Ms Pietrzykowski and Mr Root.

Dr PIETRZYKOWSKI - Elizabeth Pietrzykowski, chief executive officer of Private Forests Tasmania.

Mr ROOT - Murray Root, I'm the senior policy officer at Private Forests Tasmania.

CHAIR - Thank you. Can I confirm that you've received and read the guide sent to you by the Committee Secretary?

WITNESSES - Yes.

CHAIR - The hearing is covered by parliamentary privilege, allowing individuals to speak with freedom without fear of being sued or questioned in any court or place out of parliament. This protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the parliamentary proceedings. This hearing is public; the public and media may be present. Should you wish aspects of your evidence to be heard in private, you must make this request to the Committee at the time. Please take the statutory declaration.

Dr ELIZABETH PIETRZYKOWSKI, CHIEF EXECUTIVE OFFICER, and **Mr MURRAY JAMES ROOT**, SENIOR POLICY AND DATA ANALYST, PRIVATE FORESTS TASMANIA WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you. I'm Michael Ferguson, the Chair of the Committee; Dr Broad is the deputy chair; Mr Di Falco is a member for Lyons, member of the Committee and joining us on Teams. We would like to hear from you an opening statement and tell us about your organisation and the submission that you've made to us. Then we'll go to questions.

Dr PIETRZYKOWSKI - Sure, thank you. Private Forests Tasmania is an independent statutory authority established under the *Private Forests Act 1994*. We work to facilitate and expand the private forest sector and forest resource in Tasmania in a manner that's consistent with sound forest and land management practices. This includes advising and assisting private landowners in the management of native forests and the establishment and management of plantations on private land. These activities involve working closely with private landowners and land managers, along with other major stakeholders, to develop and deliver a wide range of service to support sustainable forest use. Private forestry is an important part of our

agricultural sector. It's a cornerstone of the Tasmanian economy, providing vital domestic and export commodities while supporting local businesses and creating regional jobs. The diversification of existing agricultural ventures to include private forestry plantations will provide landowners with increased long-term resilience in a changing climate and challenging global trade environment. We welcome any questions with regard to our submission.

CHAIR - Thank you. Thank you for your submission. Thank you for your work in this space. I appreciate it from the outset, the language and the policy descriptions around the coexistence of different forms of agriculture. I suspect the Committee members won't be challenged by that in any way. But I'd like to ask you about how you can assist the Committee in understanding the way in which the land classification system may or may not be the best way for policy decisions being made in another jurisdiction, that is in Canberra, around decisions including carbon credits allocations and equity investments into particular investment vehicles, which other witnesses are arguing have distorted the market here. Do you have some guidance for the Committee on that? Because land classification system has been predominantly about state decisions.

Dr BROAD - If I can maybe provide some guidance, how about instead of going to that question first, if Dr Pietrzykowski could actually run us through the laws and the planning and the way that the policies work, so that we can then question how that related to Canberra. That's maybe an easier in.

CHAIR - I'm happy for you to tackle it. How would you like to respond to both of those lines of inquiry because I'm happy with what Dr Broad has said, but what we're all trying to do is understand -

Dr PIETRZYKOWSKI - Understand the classification?

CHAIR - and how we can make improvements for the future. So where do you want to start?

Mr ROOT - So by the land classification system, you mean the -

CHAIR - Tasmanian land capability.

Dr BROAD - And the protection of agricultural land policy and the way that interacts with the LUPA act. Or another way of saying it is, where can I plant trees and where can't I plant trees? And what are the rules and policies behind that?

Mr ROOT - Well, the protection of agricultural land policy is a high-level state policy of Tasmania. There's only three in the state, so it has a high status within our planning framework. It stipulates that you can plant trees, plantation forests, on anything but class 1, 2 or 3 in that land classification system. That is implemented through the Tasmanian planning system, so each of the different municipalities implement that state policy through their planning schemes. So, there are certain areas that are no-go for plantation forestry, but you can still plant trees on farms, small -

Dr BROAD - Shelter belts?

Mr ROOT - Shelter belts and what have you, on that class 1, 2 and 3 land. It's only the big commercial plantations that are excluded from that. So, that's a system that's been in place for many years and it seems to have been working, I guess. In this case, Rushy Lagoon, as I understand it, the protection of agricultural land policy doesn't necessarily apply because the land on that property is class 5 and 6 land. So, I don't think there were any prohibitions within that policy for the establishment of a plantation. Does that answer your question?

Dr BROAD - Just to be clear, the land capability, as described in the *Land Capability Handbook* that Chris Grose produced back in 1999, is legally enforced through local planning provisions. So, it tells you where you can and can't plant, based on these land classifications as described in the *Land Capability Handbook*?

Mr ROOT - I think there's exceptions to that. It's up to the councils to implement that. I don't know whether 'legally enforced' are the right words, but certainly the planning system is responsible for implementing that state policy.

Dr BROAD - If one of your clients, or would you call them clients, is that the right word?

Dr PIETRZYKOWSKI - Stakeholders?

Dr BROAD - Stakeholders, was seeking to plant plantation on class 1, 2 and 3 land that would be against - councils would not be able to approve that?

Mr ROOT - If they didn't have a private timber reserve, they'd need to go to the council, I believe, depending on the planning scheme, and seek approval to do that. I think that would be the stage where the State Policy on the Protection of Agricultural Land would kick in. If they had a private timber reserve, then they wouldn't need to go to the council, but in order to establish a private timber reserve, the land classification system is consulted and if it was on class 1, 2 or 3 land, it would be a red flag for granting permission to establish a private timber reserve on that land, I would think so. Private Forest Tasmania is not the regulator as far as the private timber reserve system is concerned, it's the Forest Practices Authority, but we would provide advice to the Forest Practices Authority on that, and the local council also provides advice to the regulator when it comes to decisions about whether a private timber reserve is established or not.

Dr BROAD - Are you aware of any circumstances where it would be prohibited to establish a plantation on class 5 and 6 land?

Mr ROOT - No, we couldn't see any other prohibitions or impediments to doing that. Again, you'd have to consult the individual planning schemes.

Dr PIETRZYKOWSKI - And then go through the Forest Practices Authority and their requirement for applying for a forest practices plan, so anything that's triggered by that.

Dr BROAD - The land classification is not prohibiting, but the Forest Practices planning process may have an impact on whether or not a plantation can be established or not?

Dr PIETRZYKOWSKI - Yes, so as with anyone going to undertake forest practices, whether it's establishing a plantation or undertaking other forestry operations, that needs to be sought for approval.

CHAIR - Thank you for your answers and I'd just like to come back to perhaps where I started because in your submission you described the carbon credit scheme and the CEFC itself and its remit to be more or less operating as intended, and you describe them as 'voluntary national programs' and skipping along, you say, they're not designed or intended to disadvantage or threaten any particular group or industry sector. If I keep going,

> The ACCU scheme and the CEFC were designed to initiate change, and change is what is being observed across Australia, including Tasmania. The Rushy Lagoon property is just one example. This is an intended public policy outcome.

Now I respect what you're saying, but that will be, I think, contested in the local community and it certainly has been hotly contested by TasFarmers in evidence that we received last week. One of the comments that they made, which led to my opening question, was around the reliance of this rhetoric of, 'Well, this is only class 5 and 6 land.' It seems to me, and others that Canberra have heavily relied upon that rhetoric because it's almost like it's downplaying the agricultural productivity, or I should say downplaying the agricultural capability of that land. I wonder if, with the benefit of this discussion, whether you'd reconsider any of the ways that you've expressed yourselves in that submission, because maybe the role of the Commonwealth in putting a very large equity investment behind one potential purchaser has distorted the market. Would you see the fairness in that comment, and did you have any response to that? Because many people wouldn't see this as an intended policy outcome to advantage one buyer over the others.

Mr ROOT - The federal processes are their processes. We're not necessarily saying they're good or bad. I mean, those schemes have been in place over several years. We're not supporting the technical details about particular decisions with regard to Rushy. I think what we're saying in our submission is that those schemes are getting trees planted across the landscape, which is what our statutory responsibility is in Tasmania, to try and encourage the development of the plantation estate within Tasmania. In any decision with regard to Rushy, we're not familiar with the particulars of that decision and how it went through the different federal processes, so it's not a comment on that.

CHAIR - Fair enough.

Mr ROOT - It's a comment on just generally trying to encourage the establishment of plantation trees across our landscapes.

CHAIR - Look, I totally respect the way you've answered that, because I think that was quite a challenging question. One of the things that perhaps most people are more conventionally aware of is the role of carbon credits in their farm enterprise, and the role that they may play as a business decision for a farm operator, which might assist the refinement or an entirely new business case. But one thing that surprised many people is the role of a direct equity stake into a particular vehicle, which other witnesses have felt has distorted the market. Do you think that it's reasonable that, for the purposes of your organisation and the work that you do - you're probably very comfortable with the *Land Capability Handbook* and the land classification system - but did you have a comment on what Canberra should be doing with our documents on these matters? Because it seems to me that they've heavily relied upon language and assessments that Rushy is only class 5 or 6.

Mr ROOT - I wouldn't have thought we'd have any comment on the federal processes themselves and the internal workings of the federal processes. I don't know whether they relied on our land classification system in making that decision. I haven't read the background of that decision.

Dr PIETRZYKOWSKI - We haven't been involved in those, no.

CHAIR - That's fair. I have, and they are saying that. I won't engage you further on that because it's clearly outside your remit. Dr Broad?

Dr BROAD - In your submission, you state that growing the plantation estate is also a government policy. Can you just extrapolate on that - where that policy comes from, where can we find that policy, and so on?

Dr PIETRZYKOWSKI - I can answer that one. Again, with Private Forests Tasmania and our ongoing support since the establishment of the *Private Forests Act 1994*, the government has supported - both governments have supported - I guess, the mandate and objective of PFT. And our key objective, which is legislated and written in the act, is to continually grow and support the establishment of the private forest sector, and that includes supporting, you know, whether it's encouragement for competitive markets, diversification on farms and trees on farms - so, again, the statement 'the right tree in the right place'. I feel that the government, through the support of PFT, is supportive of, again, the growth of the private forest sector in Tassie.

Dr BROAD - Just explain to us, for the benefit of the Committee, how you are funded - where the funding for PFT comes from. Yes, maybe that will assist as well.

Dr PIETRZYKOWSKI - Of course. There's a few sources of funding. Our core funding is received from an appropriation from the state government. We also receive a levy from the private forest stakeholders who have got operations on their properties. We also look to leverage grant opportunities, when possible, to make sure that we're not fully relying on our appropriation, to make sure that we're as efficient and leveraging what we can. That both comes from support from industry but also support from the federal government.

Dr BROAD - So, there's been no change in your mandate or your remit or any policy? Your job is still to promote plantation establishment on agricultural land as part of your remit?

Dr PIETRZYKOWSKI - As a part of our remit.

Dr BROAD - And there's been no change? There's been no signalling of a change? You are still maintaining that mandate?

Dr PIETRZYKOWSKI - Well, we maintain the mandate of having the right tree in the right place. And again, we will always advise and provide information to private landowners about diversification on their farms. Again, it's up to the landowner who decides what they plant on their properties. A lot of landowners see their property as real estate, and they will plant whatever will give them the best economic return for their land. We have a diverse range of landowners. Some are quite motivated by environmental plantings, others by plantation, others by actively managing their native forests. So, there is a whole range of, I guess, opportunities and what agroforestry trees on agricultural landscapes look like.

CHAIR - I'll just come back, if I may, Dr Broad as well. Going back to the submission, where we discussed - or your submission describes it as 'the intended public policy outcome', does that mean that PFT considers that the large-scale conversion of productive agricultural land to plantations is desirable - a desirable consequence of these carbon initiatives? Or - I'm not trying to put a word in your mouth - but is it desirable, or is it intended, or is it both?

Dr PIETRYZKOWSKI - So, when you talk about carbon initiatives, trees and planting trees aren't the only way that carbon initiatives are implemented. There is also the possibility for agriculture to be undertaken on land where there's also soil carbon projects. So, again, ACCUs can be generated from soil carbon projects and agriculture in hand can also be ongoing, and you can have a plantation and some native forest around the back, too. So, again, it's not a one cookie-cutter situation. There's a lot of cookie-cutters that can cut the cookie.

CHAIR - The question was more around that conversion of significant tracts of land that's been agricultural for non-forestry purposes, and in another discussion with other witnesses, we've talked about the employment and economic multipliers that apply to different land uses, but do you see the conversion of agricultural land for the purpose of forestry as desirable? Is that part of the remit of Private Forests Tasmania?

Dr PIETRYZKOWSKI - We endorse the growth of the private forest sector in Tasmania and actively and sustainably managing forestry, and we also work alongside agriculture. We are a key stakeholder of TasFarmers. And, again, if there are opportunities where a private landowner has decided that their motivation for their land is to put trees on their land or manage their native forest in a way where they're obtaining commercial forest products, then PFT's role is to support, provide and advise. But we're not here to decide what a private landowner - how they should, I guess, plant out their land.

CHAIR - Other witnesses have said very similar comments, and I think it might even be a view of many members of this Committee. Would you accept that the financial incentives, including not just the carbon credits and the plantation establishment grants, but also the role of the Commonwealth of actually becoming an investor, an equity partner with a new operation, will influence the price that investors or other potential purchasers are prepared to pay?

Dr PIETRYZKOWSKI - I don't think it's PFT's position to really comment on that.

Mr ROOT - But just to comment, if I may, on the conversion of agricultural land to forestry - it goes the other way as well. There are forestry plantations being converted back to agriculture all the time, so some of our-

CHAIR - At the end of a rotation, say, or -

Mr ROOT - At the end of a rotation, sometimes mid-rotation, depending on the individual forest owner or manager. Some of our agricultural landscapes are permanently in traditional agricultural production, some are permanently in plantations, but there's some in the middle that sort of move between traditional agriculture and forestry and back again, depending on market conditions, government incentives, whatever the landowners' objectives are. So, there's a continual flow back and forth between those two types of industries or sectors, if you like, and that's been the case forever, I guess. It's not an unusual thing, and it's something that we should not necessarily discourage, because different landowners have different objectives

for their land at different times. So, land moves between the two, traditional agriculture and forestry, all the time.

Dr BROAD - That was actually where I was heading to. In your evidence, you've said over the last 10 to 15 years the net area of plantation in Tasmania has declined by about 40,000 hectares, and this is not only evident in Tasmania but nationwide. So, you're talking about that balance between agriculture and plantation forestry. It seems like in the current circumstances, instead of landscapes being planted out and forestry taking over, it's actually heading in the opposite direction.

Mr ROOT - Over the last couple of decades, yes, that's been the case. There's been a general trend of plantations going back to traditional agricultural land.

Dr BROAD - That 40,000 hectares - would you have any idea of what land classification that would be?

Mr ROOT - No, I don't think we've done an assessment of that.

Dr BROAD - Is it possible to do that assessment? How much effort would it be? Like, could we ask for that on notice or is that too much work?

CHAIR - While you're thinking about that, I'd like to add to that. So, when you assert the - was it 40,000?

Dr BROAD – 40,000 hectares, yes.

CHAIR - Is that because you've got an overlay that can demonstrate places where plantations previously were and are now not, and you've got a net change of negative 40,000? Is that the systems that you'd be referring to, or is it a different information source?

Mr ROOT - PFT keeps some spatial data layers on the private forest estate, and we can see that over that period of time, that's the amount of plantation that's gone out of plantation production.

Dr PIETRZYKOWSKI - And that's based on -

Dr BROAD - Aerial photography is where they get it from.

CHAIR - Oh, okay. Well, it seems like that might be available, then.

Dr PIETRZYKOWSKI - Apologies, Chair. The private timber reserve revocation processes is where we receive that information as well. We understand if a new landowner has purchased land and it's got a private timber reserve on it, they might be happy to keep the private timber reserve or, for whatever reason, they might remove the private timber reserve off their property. So, that's the data layer that we would use to look at that.

CHAIR - Is it also aerial photography?

Mr ROOT - Yes.

Dr PIETRZYKOWSKI - It's verified, yes.

CHAIR - Okay. So, Dr Broad asked if you could check your systems for whether that layer can be interrogated for land classification, which would be interesting if you're able to extract it. Do you think that might be possible?

Mr ROOT - It may be possible. We can investigate that.

Dr BROAD - Have you got someone with the GIS who can just clip the layers?

Mr ROOT - Yes.

CHAIR - We would like it if you did, but let us know if it's too much work, but I think that would be valuable.

Dr BROAD - In your evidence, you talked about plantation forestry as a form of agriculture. Could you just expand on that? Basically, are you saying that plantations are a crop but they just have a longer rotation - a longer growth phase?

Dr PIETRZYKOWSKI - That's right, and when we talk with our stakeholders, especially our small to medium independent, so non-institutional growers, when they look at their properties or their farms, they might have their cattle, they'll have their grains, they'll have their vegetable crops. They'll look at the best return on the real estate, and if it so happens that they have land that is conducive to growing trees, that they would put that into trees. So, in that case, it is considered another crop. It just happens to have a 15-, 20-, 25-year rotation.

Dr BROAD - Now, when people get to the end of the rotation and they remove the trees, what sort of other processes - like, there's been a bit of anecdotal evidence given - not evidence given but certainly public comment, that the trees themselves have a negative impact on the capability of the land once you remove the trees. Could you just talk us through that?

Dr PIETRZYKOWSKI - Yeah, absolutely. So, again, there's no single-bullet answer when it comes to forest health and the environment in which a forest has been growing, whether it's a plantation or native forest. Specifically for plantation, it would depend on the silvicultural practices that have been undergone. It depends on the, I guess, the land that it was planted in. Again, the silvicultural practices; the density in which a plantation has been planted; climatic factors during the growth of that plantation; again, natural processes, rainfall, soil, background nutrients; again also, harvesting, whether that harvesting process has included leaving some slash behind, does it include post-burning, and various other components of land management after the fact. So, again, there's no single answer to be able to say that it's left as this or that, there is a wide range.

Dr BROAD - There's another way of asking that question, too, I suppose. Let's just fast forward, 25, 30 years and the pine has been planted, grown and harvested at Rushy Lagoon. How difficult would it be to convert that back to agricultural use?

Dr PIETRZYKOWSKI - Well, I haven't specifically been to Rushy Lagoon, aside from flying over it on Google Earth. So, it'd be quite hard for me, without doing my own due diligence on the actual property and looking at the topography, soil, land classification -

basically everything to do with that property - it will be very hard for me to say what that would be like.

Dr BROAD - It is possible?

Dr PIETRZYKOWSKI - It is possible.

CHAIR - Thank you, Dr Broad, and thank you. Going back to my previous line of questioning, would you accept, at least, that external financial incentives like a direct equity investment on the basis of a climate change and carbon credit model, would you accept that those financial incentives can influence and potentially distort the market, though? The market for agricultural land.

Mr ROOT - It's possible. But, I guess - I mean, our comments on that were around - I guess those financial incentives are not necessarily directed just at agricultural land. I think the CEFC moves across all the different sectors and what have you -

CHAIR - That's very fair comment.

Mr ROOT - I guess governments sometimes do put money into what are otherwise private markets, for various different reasons, to achieve public policy objectives. They use public funds to leverage private investment funds themselves to achieve those objectives. Whether that's distorting the market or not, I don't know. I mean, I'm not an economist. But the point I think we were trying to make in our submission is governments sometimes do this. They do participate in markets or provide funding that is used in marketplaces to achieve certain policy outcomes. And I think that's what our submission was getting at and suggesting here. Whether it's distorting the agricultural land market in Tasmania, I don't know. I really don't know.

CHAIR - I appreciate that and respect that you have some limitations on how far you can go on that. Dr Broad, I have no further questions, do you?

Dr BROAD - Yes, the plantation establishment grants, were you - how aware were you of that process? Were you involved with your stakeholders in providing information for those grants or indeed helping people submit those grants? Did you have any visibility of it at all?

Dr PIETRZYKOWSKI - More broadly, since it was established, so we've been aware of that plantation establishment grant, since I think it was 2021 or 22 when it first started, I can't remember it. It was quite slow in the uptake to start with, but we are seeing more uptake of that. So, when it has been, the rounds open at certain times, we've obviously published that through our bulletin to again encourage - if landowners are looking at implementing a plantation, they've never thought of it before and it's a way of getting them, thinking about plantation forestry that that would assist them to do so.

CHAIR - Awareness-raising role that you may play?

Dr PIETRZYKOWSKI - In advocacy?

CHAIR - To Dr Broad's question, is there any other role around supporting people to write their applications or not?

Dr PIETRZYKOWSKI - No, we can't give specific, individual application advice. If, people come to us and seek advice, then we can say, it's always good to look at talking about this, this and this. If you just do a half-a-page submission, it might not fly.

Dr BROAD - So, you've had an active role in basically awareness-raising of the grants.

Dr PIETRZYKOWSKI - Promoting, correct.

Dr BROAD - Do you have any feedback from your stakeholders as to how that process worked? Was it an easy process? From what I understand, if you were suitable, then you got the grant. If you met the criteria, you got the grant. Is that the feedback you were getting or is there any feedback from how the grant was actually rolled out?

Dr PIETRZYKOWSKI - I don't have any feedback on directly how the grant process was run, but we definitely have advocated for landowners. We often get questions of PFT: do you know of any grants available? Is there something current, and we'll say yes, there is this avenue, click on the link and have a look at the process. That's about as far as we've got.

Dr BROAD - Nobody's keeping you up to date with the uptake - do you know how many people are using the grants or you don't?

Mr ROOT - Well, it's public information. I think there's about 20 projects that have been successful in seeking the support plantation establishment program grants in Tasmania, something like maybe $4 million, I think, might be the ballpark figure that's been received. We think that's a good thing. We think it helps Tasmania's case to try to grow the plantation estate which is PFT's remit. We're happy that it's heading in that direction, and it seems to have arrested the decline in the area of plantation estate in Tasmania that we talked about earlier.

CHAIR - Would a grant recipient ever receive a grant from that scheme and then come to PFT and say, 'Oh, I have this grant now, can you help me roll it out, implement' - or get other advice or support?

Mr ROOT - They could use our publicly available information and knowledge. We don't provide one-on-one advice to landowners about how they might establish. We give them general information and then they seek advice from forestry professionals.

Dr BROAD - From what I understand, the grant is actually paid after the establishment, isn't it - after the fact? Do you have to prove that you've already planted the trees before you get the money?

Dr PIETRZYKOWSKI - I haven't done it myself, so, unfortunately, I'm not aware but I believe that the grant money is dispersed based on some milestones.

Dr BROAD - You've probably seen the list of people who've been successful in getting the plantation establishment grants. Are any of those foreign owned or partly foreign owned?

Mr ROOT - Not that we're aware of, but that's not saying that there isn't.

CHAIR - I can think of one.

Dr BROAD - They actually don't have the money because they haven't planted the trees.

CHAIR - There's one that's been awarded a grant, but that we don't have the details of performance milestones.

Dr BROAD - We're probably backtracking a little bit, but in your submission, you talk about prime agricultural land is already protected and you make the statement that - I'm trying to find the bit where you actually spell out Rushy Lagoon. Sorry, here it is, 'The 21,745 hectare Rushy Lagoon property is not prime agricultural land and in fact is made up of classes 5 and 6 land.' I suppose we could. We've already got the evidence. Maybe there's no need to explore that.

CHAIR - Well, perhaps let's let our witnesses be aware. We've had other discussions with other witnesses who are questioning - not the PAL policy itself, I don't think anybody's questioned the PAL policy much. It did come up a little bit earlier today, but the broader evidence we had last week was around the use of the *Land Capability Handbook* and framework, and whether that is the best place to point to when federal agencies are trying to explain their decision to invest in a property like Rushy.

Mr ROOT - I guess that's the policy we have. That's our land classification system we have in Tasmania. It's been around for some years.

Dr PIETRZYKOWSKI - 2008 established, I think.

Mr ROOT - The PAL policy, yes, was established in 2008. I'm not aware that it's been reviewed in that time. I guess all government policies from time to time should be reviewed. That's across the board a general statement about government policy, just to make sure they're fit for purpose and contemporary. That's a decision for government about whether or not they decide they want to review that policy and the land classification system that sits behind it.

Dr BROAD - So since 2008, that's how you've been guided, that's how the state has implemented plantations around the state - is based on the PAL policy and the way that it's implemented through the Tasmanian planning scheme. So, 2008?

Mr ROOT - Yes.

CHAIR - In terms of a planning control over the prime land?

Mr ROOT - Over the prime land, yes.

Dr BROAD - And by default the allowances on the rest?

Dr PIETRZYKOWSKI - Notwithstanding the other approvals that are required by forest practices and other mechanisms as well.

Dr BROAD - So is there anything else apart from the local planning and the Forest Practices Authority? They are the two guidelines or processes, so there's not another layer after that?

Mr ROOT - No, there's only two layers of regulation when it comes to forestry regulation.

Dr BROAD - Two layers of regulation? The planning layer and the Forest Practices Authority layer?

Mr ROOT - Yes.

Dr PIETRZYKOWSKI - Correct.

CHAIR - Mr Di Falco, do you have any questions arising from our discussion?

Mr DI FALCO - You mentioned earlier that the amount of land that hosted plantations has decreased over the previous years. Do you suspect that might have been because the landowners found a more profitable way of using their land?

Dr PIETRZYKOWSKI - So, the general trend, and we often look at this as a part of the revocation process. There is a question that kind of asks for further information just so we can understand why. There are a few different reasons, whether it's a new a new landowner has decided that they will their objective is actually to put it back into agriculture, so they want to revoke the private timber reserve, or if they have other diversification ideas that they'd like to put in. Or if they're doing environmental covenant, or if a landowner has decided they actually want to remove it because it provides them with more opportunity for prospective buyers that they maybe don't want that layer on there. That's the trend in which we found the private timber reserves being removed.

Dr BROAD - What about other issues such as bushfire, for example? If a plantation gets wiped out by bushfire, does that happen? Or if there's poor establishment or disease, are they some of the reasons for going back to agriculture?

Dr PIETRZYKOWSKI - Like with any crop, there's always going to be different threats. So again, it's going to be up to individual's management techniques to be able to mitigate against threats, whether it is a fire, pest or disease. But I can't say, consequently, that's why you would pull out of doing that practice of plantation.

Mr ROOT - Yes, the plantation may not be doing particularly well, a different landowner moves in, decides to change direction a little bit and pull the plantation out, go back to agland. There's lots of different reasons why people are changing from one enterprise to another.

Dr BROAD - Do people seek information from you on how to actually go about that - to pull out a plantation?

Dr PIETRZYKOWSKI - We have become the trusted, you know, information broker. So, we will get enquiries. We have a couple of private foresters, and our team more broadly can point to general information on our website. We've got fact sheets on establishment, as well as other sources of information for people that are interested or also want to move out of forestry.

CHAIR - Before we wrap up, does the organisation have any new relationship now with the new owners of Rushy Lagoon, Tasmania Natural Asset Trust? Do you now have a professional working relationship with them as they seek to move to plantation estate?

Dr PIETRZYKOWSKI - The Rushy Lagoon manager in Tasmania did reach out. Again, they're a stakeholder. With their intention to manage forestry on the property, they're a stakeholder, so they've reached out to us and inquired about the services that Private Forests Tasmania provides. As well as, I guess, we have provided information, as we would with any landowner that's intending to do forestry, about the system and opportunities, you know, whether it's how a private timber reserve is applied for, as well as other various information.

CHAIR - Would you expect that they will be implementing a private timber reserve, based on what you know?

Dr PIETRZYKOWSKI - Based on what I know they may do, and they would put forward an application, just like any other person would.

CHAIR - And for our purposes today, that would be speculative at the moment, would it?

Dr PIETRZYKOWSKI - Yes.

CHAIR - Okay, and would that lead to a source of revenue for Private Forests Tasmania, under the future estate, that you are aware of? Would that lead to a levy source of funds?

Mr ROOT - There's an application fee they pay to apply for a private timber reserve, because there's a processing -

Dr PIETRZYKOWSKI - Application process.

Mr ROOT - Application process to go through -

CHAIR - A minor fee.

Mr ROOT - Yes, it's a minor fee.

CHAIR - Terrific. Do you have anything that you wanted to add to anything that you've said before we close?

Dr BROAD - Sorry, that just triggered a question, if that's okay. Why do you actually need a private timber reserve?

Dr PIETRZYKOWSKI - You don't have to have a private timber reserve. Generally, the intention of a private timber reserve is that, by having that layer on your property, it is basically signalling that you intend to manage the land for commercial forest products.

Dr BROAD - Does it have any implication on rates, for example, if you have a private timber reserve?

Mr ROOT - It exempts you from paying land tax. It becomes agricultural land, from as far as the rating system is concerned, so like all other agland, it is then exempt from land tax. It also means that if you have a private timber reserve and you're intending to undertake forestry operations on that reserve, so harvesting or thinning or whatever that might be, then you don't have to go to the local council to seek approval for that. The private timber reserve effectively cookie-cuts you out of the planning scheme for those purposes.

You still need a forest practices plan, so that's the layer of regulation that you still need to get through, but it cookie-cuts you out of the planning system. The intention of that is because tree crops tend to be a long period of time - 25, 30 years sometimes - and if you invest in establishing a plantation or a commercial forest in some way, the planning scheme then changes some time through that rotation. It protects you from those changes in the planning scheme. So, you may invest quite a lot of money, the planning scheme changes and then suddenly you can't harvest your trees, for one reason or another. So, the private timber reserve protects you from that eventuality. But it's not necessary to have a private timber reserve to have a commercial forest.

CHAIR - It sounds like it may be a smart decision. Really quickly, you mentioned land tax, and then I think you said the word 'rating'. Does it also give a -

Mr ROOT - No, not the -

CHAIR - Not the council rates? No.

Dr PIETRZYKOWSKI - No, no tax. If it's not already exempt -

Dr BROAD - It might do, though; there might be differential rating between agriculture and forestry.

CHAIR - So potentially may it be dealt with differently under the council rating system as well, or you're not sure?

Mr ROOT - Not sure.

CHAIR - Okay, respect that. Thank you very much. That was most informative. I thank you both for your appearance.

What you've said to us here today is protected by parliamentary privilege. Once you leave the table, you need to be aware that privilege does not attach to comments that you may make to anyone, including the media, even if you're just repeating what you've said to us. Do you understand that?

WITNESSES - Yes.

The witnesses withdrew.

The Committee adjourned at 11.06 p.m.