PUBLIC

THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON COMMONWEALTH DECISIONS ON AGRICULTURAL LAND MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON FRIDAY 6 NOVEMBER 2026.

Gresham House

The committee met at 12.00 p.m.

CHAIR (Mr Ferguson) **-** Good afternoon. Thank you for appearing, Mr Craven and Mr Gardner, on behalf of TNAT (Tasmania Natural Asset Trust) and Gresham House. I ask each of you, please, to state your name and the capacity in which you're appearing before the committee.

Mr CRAVEN - I, Jonathan Craven -

CHAIR - Mr Craven, I'm sorry, just if you could introduce yourself by name and your capacity.

Mr CRAVEN - Sorry. Jonathan Craven, I'm the Tasmanian Asset Manager for the Tasmania Natural Asset Trust, employed by Gresham House.

Mr GARDNER - David Gardner, Chief Investment Officer, Gresham House.

CHAIR - Thank you. Again, welcome. I will also introduce you to my colleagues at the table. We have Dr Shane Broad, who's the Deputy Chair; we have Mr Di Falco, member for Lyons electorate; we have Ms Rosol, member for the Bass electorate; and myself, Michael Ferguson as the Chair and member for Bass.

Can I also ask each of you to confirm that you've received and read the guide sent to you by the Committee Secretary?

Mr CRAVEN - Yes, I have.

Mr GARDNER - Yes, I have.

CHAIR - Gentlemen, 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 if statements that may be defamatory are repeated or referred to by you outside the parliamentary proceedings. This hearing today is public; the public and the media may be present. Should you wish any aspects of your evidence to be heard in private, you can do that, but you must make this request to the committee at the time.

Mr JONATHAN CRAVEN, TASMANIAN ASSET MANAGER, TASMANIA NATURAL ASSET TRUST, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Mr Gardner, I won't be asking you to make the same declaration. I invite either of you to make a short opening statement before we go to questions.

Mr GARDNER - Thank you very much. I would like to do that. So, Gresham House is the world's third-largest forest management company, managing approximately $11.5 billion of forestry assets around the world, including more than 41,000 hectares of forests in Australia.

The investment made in Tasmania's 22,000 hectare Rushy Lagoon property aims to combine commercial forestry, continued agriculture, and environmental restoration to deliver long-term economic benefits to the region. The strategy, informed by extensive due diligence and independent expert assessments, proposes approximately 10,000 hectares of radiata pine and environmental plantings. Agriculture remains part of the property's operations, with around 3000 cattle continuing to graze and potatoes recently planted under contract with a local farmer. Importantly, the project seeks to match land use to land capability and contribute to Australia's construction timber supply and support nature repair.

Independent modelling, reviewed by BDO, projects an average of 249 full-time jobs annually over the investment's 32-year life, including downstream processing and 45 full-time jobs on the property itself. Plantation establishment is expected to start in 2027, with different project phases supporting sustained employment, and that is significantly higher than at any other point of the property's history.

The property was acquired through an open market process in compliance with regulatory requirements. Independent valuations commissioned by the vendor and by Gresham House were both based on agricultural use. The agreed price was at or below independently assessed agricultural value, supporting Gresham House's position that forestry plans, potential carbon credits, and funding sources did not inflate the purchase price.

Gresham House recognises community expectations for local jobs and economic returns. It considers the investment an important opportunity to revitalise an under-invested property and support north-east Tasmania's economy. After a prolonged period of under-investment in Rushy Lagoon, we genuinely believe that this project represents a positive development for the region that aligns with Tasmania government's own economic development plans.

We strongly urge the committee to focus on facts and evidence, not on emotion and opinions, as it continues its deliberations and finalises its recommendations.

With that, we'd be happy to answer any questions you might have.

CHAIR - Thank you, and briefly, Mr Craven, did you want to add anything briefly as an opening statement?

Mr CRAVEN - No.

CHAIR - Alright, we will go straight to questions. There's been significant interest around this, as you would both be so well aware. We're aware that the Commonwealth, through the CEFC (Clean Energy Finance Corporation), has committed $69 million in equity to the organisation TNAT. Would Gresham House and Aviva have proceeded with the acquisition of Rushy Lagoon without that Commonwealth investment?

Mr GARDNER - Maybe I can take that question. When we started to look at this property, we were with Aviva Investments. They were very interested in looking at the

opportunity. Gresham House, unfortunately at that time, did not have an international fund in position to invest, and Aviva, at that time, were not in a position where they could invest for the full amount. So, we did look at both international and Australian investors to join in that investment. We found quite a lot of interest, but actually no-one being able to move quick enough that could have completed this investment. Therefore, we turned to CEFC to see, and they were, at that point, able to commit to the investment, and so it moved forward.

CHAIR - So, gentlemen, or Mr Gardner, could the transaction not have been completed with private capital alone? I'm just trying to understand in what way, given that the CEFC, who are going to be with us later, have stated this is a fully commercial arrangement.

Mr GARDNER - Correct.

CHAIR - In that case, why was it necessary to be completed with the Commonwealth and not with private investors and private capital?

Mr GARDNER - Private capital was available, but not in the time that was required for this investment to proceed. It was an open-market sale with fairly tight deadlines on it being able to have the capital in a position to make the investment.

CHAIR - In what timeframe are you referring to, Mr Gardner? In respect of the timeframe necessary, between what approximate dates was the Commonwealth, through CEFC, able to do this commercial arrangement with your organisation? How many months, for example?

Mr GARDNER - We started looking at this property in November '24, when the sale process had started. And we, at that time, were looking at a UK investor, who subsequently withdrew from the process. The vendor then went with another potential buyer through February '25, and they offered a bid of 45 days exclusivity. In March/April, that exclusivity of that third party lapsed and we joined back into the process with Aviva. Around that same time, around April '25, we also engaged with CEFC, as we had not found anybody who could move fast enough outside in the private sector. In May '25, we signed the conditional contract for sale. So, there was some urgency in being able to find the funding here.

CHAIR - Thank you very much for that. That's helpful to know. Did you just indicate that there was a period from March until approximately May where you didn't have exclusivity - a contract with exclusivity with the vendor?

Mr GARDNER - We did not. Another party had exclusivity, and when that exclusivity ended and they hadn't completed the deal, we entered into exclusivity with the vendor.

Dr BROAD - So, we're trying to get a bit of a handle on, at what timeframe did you start your consultations with the Tasmanian government, with the council, with TasFarmers? Who did you attempt to consult with and how did that go?

Mr GARDNER - We went all the way through to the FIRB application lodged. Up to that point, we were under strict confidentiality arrangements not to disclose this investment going forward until the FIRB application was lodged. And in November '25 the sale contract between TNAT and the vendor was signed. In November '25 initial stakeholder briefings were

conducted with the Tasmanian government, specifically Gavin Pearce, the FPA, Dorset Council, TasFarmers, Tasmanian Forest Products Association.

Dr BROAD - To be clear, that was November 2025 when you had those consultations?

Mr GARDNER - Correct.

Dr BROAD - Were those consultations extensive? Were they repeated? Or, like, how much engagement did you get from the other end?

Mr GARDNER - We had relatively little. We had stakeholder briefings at that point. We then had it under FIRB positioning, and so we expected the FIRB application to proceed fairly smoothly, and so we were really withholding further engagement until the FIRB application had been completed - which we had have thought of as being happening around December. Unfortunately, we had 14 requested extensions to the FIRB application between February to May 2026.

Dr BROAD - In terms of that confidentiality, what was the form of that confidentiality, and who was enforcing that on Gresham?

Mr GARDNER - We were under confidentiality with the vendor, and Gresham House was under confidentiality with the investors.

Dr BROAD - Okay.

CHAIR - Before I go to Mr Di Falco, just a follow-up question, Mr Gardner or Mr Craven: you've mentioned just now, Mr Gardner, you had 14, I think you said 'unfortunately we had 14 extensions' in relation to the FIRB process. Would you please just explain to the committee so we understand - what happened? Who was seeking the extensions and why?

Mr GARDNER - Well, obviously as an international investor investing in Australia, we would like to see a clear process, particularly in regulatory approvals. So, we did that in good faith in November - sorry. In December 2025, FIRB's statutory decision period ended. And FIRB are able to make a further extension to the FIRB process while they deliberate with their decision, and they give a continued period, and when that period is coming to around about one week to the end of it, they give you either the clearance or they give you another extension.

Dr BROAD - Michael, just on that, were there any reasons given for the extensions, or you were just informed that it would be extended again?

Mr GARDNER - No reasons were given, only that it would be extended again.

CHAIR - That's helpful, because I might have asked you, Mr Gardner, was it your organisation that sought the 14 extensions, but you're actually making it very clear that you were frustrated by those.

Mr GARDNER - We were very frustrated by the process.

CHAIR - I've never known one. There may be examples, but I've not known of one that suffered 14 extension requests. Is it the Department of Treasury, is it the Treasurer of Australia or is it the FIRB board that sought the extensions, or put in place the extensions?

Mr GARDNER - I'm not in a position to be able to tell you that.

CHAIR - But nonetheless you were on the receiving end of the advice that it's been extended, and I think you may be expressing that your organisation was actually frustrated by those extensions? You would have liked a decision?

Mr GARDNER - Correct.

Mr Di FALCO - Your submission states that you have 3000 cattle still on the property. How much grazing will continue into the future, and how do you calculate how much employment that will continue to generate for the community?

Mr GARDNER - So, on the cattle front, we obviously require the cattle to keep the grass under control, particularly for fire prevention, and we see that continuing on as the plantation development happens. Also, there'll be fairly extensive grazing still with the fire breaks that obviously need to be grazed. Jonno is probably in a better position to answer that question.

CHAIR - Feel free.

Mr CRAVEN - As Dave mentioned, the forestry development takes a period of four or five years, so the land needs to be managed during that period and beyond.

So as David said, so fire breaks, all the setbacks and areas that are unforested and whether the entire pastured area is planted out to forestry as well. So, livestock will continue in that landscape. The numbers will be determined by the carrying capacity at the time, Carlo.

Mr Di FALCO - Chair?

CHAIR - If it's to follow up on that. I just want to stay on themes, if I can, without getting too stuck.

Mr Di FALCO - So is that ongoing once the plantation's established or is just while the -

Mr GARDNER - Yes.

Mr CRAVEN - I believe there's a place for livestock in the system moving forward, through the forestry development and beyond.

CHAIR - May I ask, is that sort of a refined approach since the July announcement? Because, of course, since July - look, I think, potentially back in July, the statement was made that you'd be phasing out livestock. I may be inaccurate about that, and you may like to correct me now. But since then, you've had the change with the ACEN project, the wind project. I think it's publicly been announced that there will be turbines now above and incorporated with the forestry operation at Rushy, and that you've previously explained to us on a site visit - and we appreciated that visit, thank you very much - you explained to us that there need to be some clearances around the turbines, and that may be part of a future livestock grazing program.

Have I represented it correctly in what I've said? And is that the plan post-establishment?

Mr CRAVEN - So you're correct about - there'll need to be clear areas around turbines, and they'll need to be managed. Correct.

CHAIR - And would those be the locations of future livestock grazing where farmhands would be employed on an ongoing basis to -

Mr CRAVEN - That would be part of it, the turbine area, and there would be other areas. As you said, the setbacks, fire breaks and any land that wasn't utilised in forestry or other uses.

CHAIR - So to Mr Di Falco's question, could you answer what would be the headcount of livestock at that point?

Mr CRAVEN - Well, that's completely determined by seasonality and available land area, and there's a long time to go. So, as we mentioned, forest practice plans are something that also we have to work to, and they will determine the final areas of land that will be planted or not planted.

Mr Di FALCO - So, it would still be viable as a grazing property?

Mr CRAVEN - It's primarily a forestry project, but we're looking at multiple uses for the property, and livestock are a management tool.

Dr BROAD - Just going back to the consultations you had in November 2025, so you spoke with Gavin Pearce, Dorset Council, TasFarmers and others. Were there any red flags raised by the people you were consulting with? If so, what were those issues that they were raising?

Mr GARDNER - So, some of the issues that they raised were some concerns around the level of employment on those properties if the agriculture, particularly the dairies, were discontinued. One dairy had already been discontinued long before we came on the scene, about three years before. The Cinderella Dairy had already closed. Two dairies were in operation. They subsequently closed while we were in our due diligence period prior to closing the deal. So there was some concern around the level of employment on that property, and we expressed that we were confident that forestry would provide more jobs than were being provided by the dairy at that time.

Dr BROAD - So in your evidence you've given just in your introduction, I think you spoke about 45 FTEs on the property. How would you break those down? Have you got a breakdown of the 45?

Mr GARDNER - That's actually just on forestry. Anything to do with cattle or any other use would be separate to that and additional.

Mr CRAVEN - And that is estimated in our BDO review at 15 FTEs across the life of the project.

Dr BROAD - Fifteen, okay.

Mr CRAVEN - In addition to forestry.

Dr BROAD - In addition to forestry? Okay. So, you were just talking about the dairies themselves. So, in your due diligence process, obviously, you had consultants come in, give you advice. What was the performance of the two existing - the two continuing dairies? Do you have an idea of their performance against state benchmarks?

Mr CRAVEN - I can talk to that David, if you want to?

Mr GARDNER - Please.

Mr CRAVEN - So, we had an extensive financial and operational review of the property on an agricultural basis. Pinion Advisory undertook that work. The - sorry, I've just lost my train of thought completely. Sorry, Shane, can you just -

Dr BROAD - How was their performance against state benchmarks?

Mr CRAVEN - Against state benchmarks, the performance of the dairy on a five-year average were operating at 60 per cent of the state milk solids average.

Dr BROAD - For the area and the size of the operation?

Mr CRAVEN - On a per hectare basis.

Dr BROAD - On a per hectare basis.

Mr CRAVEN - So, they were operating at 60 per cent of state industry average.

Dr BROAD - What do you think was causing that reduction, I suppose, in the production there compared to other operations?

Mr CRAVEN - Look, I didn't see that dairy in operation prior and during due diligence. Dave, if you've got any comment there. But I would say multiple variables including inputs, management, the way they feed cattle, et cetera. That was their decision about how they ran those dairies.

CHAIR - Gentlemen, your submission forecasts - I'd like to just tease out the job numbers, please - your submission forecasts more than 190 jobs over the life of the project. I believe that's on the same hymn sheet as the Commonwealth agencies that have been talking about the justification for their decisions back in July and earlier. How do we interpret that 190? I'd like it if you could describe in such a way that makes sense to us over a 32-year rotation of a plantation intermingled with other sources of employment. For example, with managing livestock, managing turbines and any potential role with the sand operation. But I'm particularly focused on a breakdown of the 190. From the outset, I recognise nobody would interpret that - well, at this table, nobody would interpret that as 190 FTE on site every year for 32 years. With that understanding, could you help us understand what is going to be the employment scenario in, for example, each phase of the plantation establishment, management and harvest? I'd like a clear picture of it.

Mr CRAVEN - David, would you like to talk to the 190 number and how that came to be in the initial?

Mr GARDNER - Yes. The 190 was a high-level estimate in the best way we could with industry standards going forward. It was, in our view, a conservative number. We were confident that that was a correct number and maybe conservative. Subsequently we have had BDO look at our estimates and the methodologies we used there, and they have come up with all the detail that you're looking for. We're supporting the number of 249 full-time forestry-related employment supported in Tasmania from this project. I can give you that breakdown in the detail because that is a report that we would be happy to table to the commission if they so desire it.

CHAIR - Yes, we would welcome that. You're welcome to email that during or after the - preferably during - to our committee secretary.

Mr CRAVEN - That report will show you the breakdown of jobs from establishment phases, other major phases through the life of the project - thinning, clear fall, giving you jobs in each of those periods including years in between, then an average number of roles across the entire period of the project.

CHAIR - That would be very welcome and, again, looking forward to seeing that. But in our time here and now, without putting the black hat on, what would be the smallest number of full-time jobs on the property, for example, during the management phase of the plantation? Obviously, it's not going to be as high as establishment and harvest, so what would that number be?

Mr GARDNER - Direct on-property, full-time forestry positions, as we said, would average 45. At the lowest point it would be 20 on a typical operation period, when there wasn't a lot of activity. At its highest, it's around 66 during the establishment period, years one to three; in the thinning periods, 14 to 16, 58; in the clear-fell period, years 28 to 32, 133; typical operation years, 20; and an average of 45. And I'm talking about on-property positions. Obviously, the number down in forestry-related full-time employment, which would include processing, are much larger, and we have all the numbers for all of those breakdowns.

CHAIR - I'm very pleased to hear that you have that breakdown. I'm sure that I speak for the committee when I say that. What assurance are you able to put behind that? Is it the BDO brand that sits behind that, or is it other? How can you assure the committee that those numbers are robust, and we can rely on those numbers?

Mr GARDNER - These are fairly - we would see the same sort of multiplication effect in our operations in the UK, for example. So, the relationship between direct to a wider related full-time job position, when you include everything, including the transport and the processing of those logs into timber, et cetera, would be very similar to this. There are other studies showing very similar sort of arrangements and multiplication effects.

CHAIR - Yes, and again, please tolerate the line of inquiry. Is there any bulking up of the numbers around, for example, indirect contracting or downstream processing, or is it on-farm jobs?

Mr GARDNER - Well, I've given you the on-property, which, of course, is the direct positions of people on the property, and the bigger number is for all related full-time positions that are coming out of this property.

CHAIR - Okay. Do you mind explaining how that number is so different to - the 190 that is. By the way, do you stand by 190 or have you evolved that number?

Mr GARDNER - No, that number has been evolved. So, 190 was our initial estimates -

CHAIR - In July?

Mr GARDNER - In July, when we didn't have - we had done our own calculations, but we had not got that as a third-party verified number. When I talk about the 249, this is now with an independent verification.

CHAIR - So, 190 evolved to 249?

Mr GARDNER - Correct.

CHAIR - But isn't it true that 190 evolved from 70 in a document back in April which the CEFC were relying on?

Mr GARDNER - I'm not sure -

CHAIR - 70.

Mr GARDNER - And, of course, these numbers may be for different aspects. For example, total on-property forestry operations supported in Tasmania would be somewhere around 84. So, there are a number of different places you can put those numbers, and I can't actually tell you where that 70 comes from.

CHAIR - I'll tell you. I got it from a CEFC information brief which was released under an order of production of documents in the Australian parliament.

Mr GARDNER - Okay.

CHAIR - If you don't have that in front of you, I respect that. That's the information that's publicly available today: that, as of April this year, federal government agencies were preparing to tell the public that they can be so pleased because:

> Over 70 regional jobs will be created, which is the equivalent of three times more jobs than exist under the current operations and will deliver economic benefit to the region.

I appreciate you don't have that in front of you.

Mr GARDNER - I don’t.

CHAIR - I'd ask you to appreciate that we're seeing the number evolving and growing by a factor from 70 to 190 to 249. If you put yourself in our shoes, would you see the point that

this is a dramatic increase in projected employment on site and in the region just since April through to now, November?

Mr GARDNER - I can see your concern. I think it's - as you can see here, and if you look at when you see this report, there are one, two, three, four, five different numbers here for everything because one is for direct on-property. Then we have total on-property forestry operations supported in Tasmania, direct downstream supported in Tasmania, total downstream support in Tasmania and then total forestry-related. So, there are a number of numbers that can come out of any one of these, and you have to be very specific as to what does that mean to compare it.

CHAIR - Thank you. The document that we're anticipating, I think what you're indicating is it has a fairly granular breakdown of direct, indirect, on-site, off-site.

Mr GARDNER - Correct.

CHAIR - Okay, appreciate that.

Dr BROAD - Can you talk us through the process - the attempts that you made to sell the dairy properties? Which properties were you attempting to sell? Obviously, the outcome was that they didn't sell, but if you could just talk us through what happened there?

Mr GARDNER - Between June and July 2025, we were under exclusivity arrangements. We looked at the dairies. Actually, fundamentally we didn't want to buy the dairies to start with. But the vendor was insisting that the sale would be in one piece. Therefore, we were looking to see whether, in fact, we could sell the dairy pieces out as part of the sales process. We ran that process through a local real estate agency who specialise in farm - Jonno, maybe you'd like to perhaps even pick that up. So, a specialised real estate agency who run that process. It was distributed to a large number of people in both Tasmania and outside. Obviously, we had our valuation done and we also had the vendor's valuation in hand, and we did not get any sort of bids that actually were fitting for the purpose.

Dr BROAD - What you mean -

Mr GARDNER -No compliant bids were received.

Dr BROAD - Were people, in effect, lowballing, perhaps, or they couldn't complete in time? Or did they do an expression of interest and then due diligence, and dropped out? What was the sort of mix?

Mr GARDNER - It was a range. Some people wanted just parts of it, which wasn't what we were looking to do, to break it up even further. There were three dairies on the property. One was no longer in existence and so it was the two operating dairies and the land associated with that that was for sale in the process. We had some people who put bids in that were very far from the independent valuation, and some people just wanted pieces of it. Some people wanted other pieces outside of what we had offered to make it a larger operation. In other words, there were no compliant bids with what we had offered, which was the dairy and its associated landholding at a level where it was anywhere near the valuation of an independent valuation.

Dr BROAD - Talking of valuations, you've discussed in your submission that you received an independent valuation for the property as a going agricultural concern, but also the vendor had a valuation that was potentially higher. Did the vendor share that valuation with you, or was that just a part of the negotiation that the vendor was saying, 'Look, our valuation is higher'?

Mr GARDNER - The vendor did share the valuation with us.

Dr BROAD - What was the basis of the discrepancy between their valuation and your valuation, do you believe?

Mr GARDNER - There was a wide range of different pricing. On the different land types in the property, there was difference in the valuation numbers, and generally the vendor's valuation was higher overall. But it did vary from type of land to type of land.

Dr BROAD - We've heard a number of times people making submissions that you, in effect, bidded up the price of the land. The independent valuation that you received, is that the price that you paid, or thereabouts?

Mr GARDNER - Thereabouts, yes.

CHAIR - Well, Mr Gardner, it's a pretty important question. What was the independent valuation and what did the buyer pay?

Mr GARDNER - I'm not authorised to actually say what the price paid was by our investors.

CHAIR - By your investors? Well, your biggest investor is, of course, the Australian Government. Is it the Australian Government preventing your organisation from releasing the purchase price?

Mr GARDNER - It is the combined investors, not just CEFC.

Dr BROAD - Isn't it possible for us to get that anyway through the state government?

Mr GARDNER - It is absolutely possible to get that yourselves.

CHAIR - It begs the question: if you are so confident, why you can't just advise the committee without delay?

Mr GARDNER - Because we're under a non-disclose arrangement with our investors and I would need to get that authorised to get clearance.

CHAIR - Okay. Can you answer the earlier part of the question then? What was the independent valuation, and would you be good enough to provide it to the committee?

Mr GARDNER - I gather that's commercial-in-confidence. I'll also need to check with the valuer whether they were willing to make that a public document.

CHAIR - Okay. Will you take that on notice, please?

Mr GARDNER - I will.

CHAIR - Both of those questions, please, because I find that it's unsatisfactory to tell the committee that we can get the number ourselves but your investors are unwilling when we know that the biggest investor is the Australian taxpayer.

Mr GARDNER - I'm not saying they're unwilling, I'm just saying that Gresham House is not in the position to give you that number today.

CHAIR - Okay. Can I then go to a different but related question, Mr Craven or Mr Gardner? If we refer to the sale price as *x* for now, what is the amount in addition to *x* that is part of this transaction with the CEFC and Aviva, your shareholders or your investors - you may correct me on terminology. What's the amount above the sale price that is part of the overall transaction that must, therefore, include investment on-farm or other assets?

Mr GARDNER - That comprises the investment in the forestry development.

CHAIR - Is there a number? If *x* is the sale price that you're at this particular moment unable to share, what's the separate amount that will be on-farm investment for the purchase of other properties, other farms, other land holdings?

Mr GARDNER - I think it has been stated that the total investment, I think, is $246. I just haven't got that number in front of me. That's including the sale price and the investment needed to continue the property development.

CHAIR - That's excellent information because I don't think I've ever seen that number before - $246.

Mr CRAVEN - Did you mean $142?

Mr GARDNER - Sorry, that is more like it.

Mr CRAVEN - Which is the publicly released figure.

Mr GARDNER - $142 is the publicly released figure. Sorry, excuse me, I didn't have the number in front of me.

CHAIR - Mr Gardner, would you then inform the committee what you meant by $246 million?

Mr GARDNER - No, no, that was my dyslexic nature.

CHAIR - Okay. That's a number that has no relevance at all in this transaction?

Mr GARDNER - It has no relevance at all.

CHAIR - Pretend we didn't hear it?

Mr GARDNER - Pretend you didn't hear it; $142 is the correct number and it has been disclosed.

CHAIR - Thank you again. To just persist with this, I'm not trying to find a back doorway of identifying the value of the property transaction, but I am trying to understand if the $142 million is the total deal that relates to Rushy Lagoon and East Wyambi. Is it just contained to that property holdings or is it for expansion into other farms and other holdings as well?

Mr GARDNER - No, it is just for those properties.

CHAIR - Okay. I think where I'll conclude this line is that the total amount, $142 million, is to purchase the property and to invest on the site and the future operations?

Mr GARDNER - Correct.

Mr Di FALCO - I don't know if I'm allowed to or not, but I just refer to another submission which said that -

CHAIR - You can do that because they're public documents.

Mr Di FALCO - In 2018, Rushy Lagoon was described as a large-scale, well-developed, irrigated agricultural asset with, well, it says four dairies - we now know it's three, approximately 1000 hectares of centre pivot irrigation, capacity to milk 4000 cows, apparently approximately 7000 beef cattle and 7000 sheep. Anyway, almost 7000 megalitres of water entitlements and 4200 megalitre on-farm water storage. With that in mind, wouldn't it have been better to have it valued at what it could potentially bring in, in relation to local employment and what its actual potential was, rather than the rundown state that we see it in at the moment?

Mr GARDNER - I think what you actually state there is probably almost on the sales description of the property when it went to sale. And the valuations that we are talking about were done on that property at that time. So, I think that the valuations probably reflect what you're talking about.

Mr Di FALCO - Right.

CHAIR - Before I pass around, earlier in the discussion, Mr Craven, you talked about the sale process of the dairies. I'm not sure that we're all fully aware of that. I'm not saying that others were not aware of it, but I wasn't aware of a specific public advertising process for the dairies. Of course, this was prior to Gresham and TNAT becoming the owner. So, was that a sort of a - what would you call it?

Dr BROAD - Targeted?

CHAIR - Well, no. Was that engaging of a local real estate firm and agricultural real estate firm, not by the estate of Allan Pye, but instead by an authorised potential buyer, yourselves? Is that how it was engaged before you had title?

Mr GARDNER - That is correct.

CHAIR - Okay, and who was the agent and can you describe or take on notice what was the effort and evidence of the advertising and the effort to seek a buyer? I don't remember seeing an ad.

Mr CRAVEN - So, Dave, are you happy for me to mention the real estate agent's name?

Mr GARDNER - Yes, please.

Mr CRAVEN - So, it was Elders, the Elders agribusiness team, and from what I've seen, it was before the time that I was engaged in the business, they put together an information memorandum. I've seen the information memorandum with all the information about the dairy; and they ran that through their network of clients, both in the state and on the mainland.

CHAIR - So, perhaps a targeted marketing process, not one that was advertised, that people would be aware that Rushy's dairies -

Mr CRAVEN - I'm not aware that it was advertised. David, do you know if it was advertised? But I believe it was targeted.

Mr GARDNER - It was targeted and not advertised, but it was widely targeted.

CHAIR - So, would you be good enough to take that on notice, please, and provide the committee with some evidence of what you are actually describing?

Mr CRAVEN - And by that, you're describing the sale document? The information memorandum?

CHAIR - Yeah, and the effort, is the word I'm using, some evidence of the lengths to which you and your agent went to - not you personally - but the efforts that the business and the agency went to seek buyers for that and also, in what timeframe they were given to provide a compliant bid, because if it was in June, it sounds like it was a pretty short campaign. Is that fair or unfair?

Mr GARDNER - No, I think it was. We had a range of people interested and they had - in fact, pretty well all the buyers that actually showed any interest had done their due diligence, if not more than once, as their sales process, as this property had been on the market for a number of times prior to this and people were very, very familiar with the property.

CHAIR - Okay. I think you hear where the question's coming from and I would ask you to provide a fulsome response on notice.

Dr BROAD - So, we've heard a lot of anecdotal evidence from locals and so on that there's some doubt about whether the property can actually grow pine trees of any quality. In fact, we heard in evidence that there was a small pine plantation on the property that was harvested and it was basically no good. So, what certainty do you have that the property can grow the pines and can accumulate the carbon that has been suggested? So, what sort of due diligence have you done, what sort of evidence or assurities did you seek, and what makes you certain that the property can grow pines of the quality that you've been discussing?

Mr GARDNER - Happy to take that. So, I am actually a forester by profession as well. So, we have a specialist forest manager who looks after our plantations both in Western Australia, and also here, but has operational experience over all of Australia. They have done extensive due diligence on this property, and their professional opinion is that this property will grow reasonable trees and that it will grow a commercial crop. We have evaluated it on the sort of yields and expectations that, from a professional point of view from our consultants and advisers.

Dr BROAD - So, there's been independent evaluation of the forestry potential of the property?

Mr GARDNER - There has.

CHAIR - From one reputable forestry adviser or more than one?

Mr GARDNER - From one reputable forestry adviser, but we have had our own people on the property as well looking at it, and we are very experienced in plantations.

CHAIR - Was that Delta, I presume?

Mr GARDNER - That was Delta Forestry, yes.

Mr CRAVEN - And our own internal foresters who have - particularly Brent Donaldson, who has had over 20 years' worth of forestry experience in Tasmania. He formed part of the team doing the DD as well.

Mr GARDNER - Correct.

Dr BROAD - We heard evidence about a pine plantation. So, a part of the word around the campfire is there was a plantation there and it was no good. Has there been a pine plantation on the property? If so, what was the quality of it? Just so that we can draw a line under that one.

Mr CRAVEN - I've asked this question specifically to Rodney Moore, the ex-manager of Rushy Lagoon, who's been on Rushy Lagoon for close to 40 years. Rodney said the biggest plantation that has ever been made on Rushy was in between two and three hectares and was around the shearing shed and the Six Mile cattle yard, and that's all that's happened with forestry plantation on the property.

Dr BROAD - Was that as a windbreak?

Mr CRAVEN - As windbreak, so not set up as commercial forestry, set up as windbreaks.

Ms ROSOL - I'd just be interested to hear what consultation you're undertaking with Aboriginal communities, who I know have an interest in what happens on the property.

Mr CRAVEN - Sure. Prior to my time starting, as David mentioned before, I think the timeline was November, engaged with MTWAC to inform them of what was happening. Then since my tenure and starting with this project, I've been in regular communication with Nick

Cameron and other members of MTWAC, including Nick putting me in a car and driving around country and explaining to me what country means to them and what they would like to see. I'm regularly talking with Nick about how we can continue to engage. I've offered to attend cultural awareness training with them for a couple of days, and in the last week I've renovated a house and they've taken up the offer and they're now renting two of our houses on property for their range of programs. We'll look to also engage with them further. See what employment opportunities we can offer them moving forward with environmental, animals, all those aspects of the property.

Ms ROSOL - Thank you for that. Can I just ask: if they gave feedback along the way around cultural values and landscape values that were important to them that didn't fit with plantation plans that you have, what process would you follow after that?

Mr CRAVEN - Sure. I've had this conversation with Nick and, ultimately, there needs to be some compromise, but we will sympathetically take on board their advice. We'll also consider all the Aboriginal heritage aspects through our forest practice planning as well. So, that covers aspects of that, but we'll continue to work entity to entity with them to see what result we can get that is mutually beneficial.

Mr Di FALCO - The submission that Dr Broad referred to stated that even though it was a small planting, it was still harvested, and apparently the quality was so poor that they couldn't even use it for pulp, so -

Mr GARDNER - Maybe as a forester I can answer that. If you grow trees in a firebreak, they will grow a lot of branches and very, very poor quality. So, you would never expect firebreak trees to enter into a commercial sawmill. At best, it would be pulp or firewood. It's just the way you manage those trees; if they're managed in a plantation, it would be a totally different thing from managing trees in a firebreak.

Mr Di FALCO - I'm assuming somebody thought that they were suitable quality to be harvested, so they obviously weren't used as firewood.

Mr GARDNER - Maybe they went for pulpwood.

Mr CRAVEN - A plantation of two or three hectares 40 years ago is probably not the best representation of what is possible on the property with good management and genetics.

CHAIR - Gentlemen, I wonder if we can now move to the broader strategy of the Tasmania Natural Asset Trust, Gresham, Aviva and the CEFC. How many other Tasmanian agricultural properties are you currently investigating for potential acquisition?

Mr GARDNER - We are not investigating any other properties.

CHAIR - Thank you. That's a pretty clear answer. What would then be the intended scale of the Tasmanian portfolio in future years, accounting, potentially, for other properties that you may not be wishing to purchase but, nonetheless, enter into some synergistic arrangements with and putting plantations on other people's properties, and gaining carbon credits for doing so?

Mr GARDNER - The amount of funding that has been raised is purely for this project, and so that is sort of where we are, at this stage in our deliberations.

CHAIR - I hear what you're saying, 'at this stage'. But are you hinting that the vehicle that you've established in partnership with the commonwealth CEFC and Aviva is capable of undertaking acquisitions or new plantings on other properties in Tasmania or Australia?

Mr GARDNER - Well, like any investment it is set up to expand if that's what the investors require and wish. But at this stage the investors are quite content with looking after this property and developing it, and that's what the funding relates to.

CHAIR - I'm concerned about the use of those words 'at this stage' because the committee's examining -

Mr GARDNER - I -

CHAIR - Please go ahead.

Mr GARDNER - I really can't say whether this would ever expand into something further. Like every business, one doesn't know what the future holds, and I wouldn't say that we would say 'never'. But at this stage, there's no consideration of moving this forward into other properties.

CHAIR - Thank you. So, to be very clear, Gresham, Aviva, CEFC and/or this entity, the Tasmania Natural Asset Trust, is not looking at other Tasmanian properties for potential acquisition or establishment of plantations?

Mr GARDNER - It is currently not looking at any other properties.

Dr BROAD - Just on this, has this process and the community commentary and, I suppose, parliamentary commentary impacted your view on investments in Australia? I suppose to put it bluntly, has this put you off?

Mr GARDNER - It certainly has not made it an easier investment decision.

Dr BROAD - You're dealing with $11.5 billion worth of global capital. You are the third largest forestry investor worldwide. Do you have a different view of the investability in Tasmania than you did prior to undertaking this project?

Mr GARDNER - I would say that's true.

Dr BROAD - You better be clear: up or down, better or worse?

Mr GARDNER - It has obviously made our view of investing in Tasmania worse.

CHAIR - Mr Gardner, I appreciate the political observation because it has been political, and different political parties have had their say on this. I'd ask you to understand, as well, and respect that there's been a lot of negotiating, deal-making that's been going back, I think, since November 2024. Lots of speculation, occasional whispers in the community, but nothing was confirmed or denied for so very long. Your own frustration that you had 14 extensions by the third process, and the Tasmanian community received a very surprising announcement in July of this year, 2026. I ask you to hear me on that and respect that that is a widespread expression

of community confidence has been shaken by all of the foregoing. I may not be laying all the blame at your organisation's feet, but this inquiry is looking at Commonwealth decisions. I think I can assert confidently that many people have had their confidence seriously shaken because of those events. Would it surprise you if I said that there's speculation in the state, that people believe that TNAT has been looking at other properties for acquisition? Is it possible that has happened but you've not continued with those investigations? Or is it unfair speculation in the community?

Mr GARDNER - I would say that before this property came to the market, we were already exploring investing in Tasmania and so we have been looking at some other properties prior to this transaction.

CHAIR - But not continuing with those at the moment? Your focus now is on Rushy and East Wyambi?

Mr GARDNER - Our focus is now in developing this property. Correct.

Dr BROAD - You deal with $11.5 billion of investment around the world. What are we potentially missing out on if we're seen as an area where it's a little bit more difficult to invest than probably you first thought? What is the global capacity or the global appetite, I suppose we could say, for these types of investments?

Mr GARDNER - I think if you look at institutional investment in forestry, the bulk of it is in the US, probably more than 80 per cent of institutional capital investment in forestry in the US. But obviously, Australia has a large potential for institutional capital coming in for forestry and natural capital. New Zealand, of course, is also another home for a lot of institutional capital. I can't say exactly how much would still be able to come into Australia, but it would be extensive. We are doing afforestation projects in other parts of Australia as well as managing, and other pine plantations in South Australia and Victoria.

Dr BROAD - So, could you comfortably say billions or hundreds of millions? How would you just roughly scale it?

Mr GARDNER - I would say it's in the billions.

Mr Di FALCO - An environmental question more than anything else: when we're going around, the issue of waterlogging came up. The potential remedy to that was deep ripping. Just wondering, how that will affect the carbon credits if you're potentially breaking up the soil profile and releasing any carbon that's already stored in the soil?

Mr CRAVEN - So, are you referring to -

Mr GARDNER - I think that the difference -

Mr CRAVEN - Sorry, David. You go.

Mr GARDNER - The difference in forestry is that you disturb the soil once every 32 years. It’s very different from agriculture. So yes, while you actually do the operation to start with, it may look like it's fairly impactful. But actually, because it's done only once every sort of 30 years, it is actually a very low emission level that comes out from that operation.

Mr Di FALCO - Yeah, but you're deep ripping, you're not tilling the soil. You're ripping down the subsoil into the bedrock as well.

Mr GARDNER - Yes, but it's usually the oxidisation of the organic material at the surface really which impacts. So that's why full tillage is perhaps much, much more drastic than deep ripping, for example. Jonno, maybe you have something to say from an agricultural -

Mr CRAVEN - I was just going to mention that is one of the management tools for land preparation. There are many, depending on the soil type, topography, et cetera. So, yes, it is part of it. In an agricultural sense, that land can be cultivated today for management of agricultural crops. As David said, once for a 32-year cycle.

CHAIR - Before we close, can I ask you to take on notice, provide the committee with some additional information, in particular the forestry yield model that you referred to and the MAI assumptions that you've relied upon, which have been contested by other witnesses? And I would absolutely welcome and invite you to be aware of statements by Senator Richard Colbeck to assist you in providing us with your opinion or position on those matters. If you're happy to take that on notice, please?

Mr GARDNER - Yes.

CHAIR - Thank you for that. And is there anything that you haven't been able to say that you wanted to add to the record before we close the hearing?

Dr BROAD - How about some of the investments you've made since the purchase?

CHAIR - Well, Dr Broad, we're out of time for questions, but I'm offering our witnesses the opportunity to add anything to the record that they feel they needed to say.

Mr CRAVEN - David, do you have a closing statement?

Mr GARDNER - No, I do not. Maybe you want to just say something about the current operations that you have there and the community development?

Mr CRAVEN - Sure. Since we've taken possession of the property and commenced operations, we're seeing lots of positive engagement and feedback from the local community. We have people onsite, many contractors, well over 20 on a regular basis. And this is before forestry starts. We have a number of contractors who have never worked on the property from the Gladstone area who are now working and are happy. We continue to run it as a multi-use site, and we feel well supported by the community, particularly the local community, who are the most affected and engaged.

CHAIR - Thank you. My purpose in doing that was to give you some right of reply, if you felt, or with the benefit of hindsight, you would have liked to have expressed something differently. Thank you for your evidence and thank you both for your appearance, in particular, Mr Gardner in the middle of the night from the United Kingdom. That's especially appreciated.

Gentlemen, what you've said to us here today is protected by parliamentary privilege. Once you leave the meeting today, you need to be aware that privilege does not attach to

comments you may make to anyone, including the media, even if you're just repeating what you've said to us, do you understand?

Mr CRAVEN - I understand.

Mr GARDNER - I understand.

The witnesses withdrew.

The committee suspended from 1.01 p.m. to 1.07 p.m.

Clean Energy Finance Corporation

CHAIR - Welcome to our guests from the CEFC. Welcome to today's hearing of the House of Assembly Select Committee on Commonwealth Decisions on Agricultural Land. We thank you both for your attendance. I'd invite you to state your names and the capacity in which you're appearing before the committee today.

Ms SUNG - My name is Heechung Sung, and I am the Chief Strategy and Capital Officer for the Clean Energy Finance Corporation. Prior to that role, I was the head of the natural capital investment team and led the Rushy Lagoon transaction into TNAT.

CHAIR - Thank you.

Mr EVERY - My name is Simon Every. I'm the Chief Corporate Affairs Officer for the CEFC.

CHAIR - Thank you. I'm Michael Ferguson, the Chair of this committee; Dr Broad, member for Braddon, the deputy Chair of this committee; my colleague Mr Di Falco, who's the member for the Lyons electorate; and Ms Cecily Rosol, who is the member for Bass electorate, which we share. Best electorate in Australia.

Dr BROAD - Second best.

CHAIR - Could you confirm that you've received and read the guide sent to you by the committee secretary? The hearing is covered by parliamentary privilege, allowing individuals like yourselves 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 can do that. However, you must make that request to the committee at the time.

Ms HEECHUNG SUNG, CHIEF STRATEGY AND CAPITAL OFFICER, and **Mr SIMON EVERY**, CHIEF CORPORATE AFFAIRS OFFICER, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you both. Do you wish to make a short opening statement?

Ms SUNG - I do, thank you, Mr Ferguson. Just a brief statement - I'd like to first thank the committee members for the opportunity to appear today and to speak about CEFC's investment strategy in the Tasmania Natural Asset Trust, referred to as TNAT in our submission; and also TNAT's desire to restore Rushy to its full potential through mixed land use. There has been a great deal of concern expressed, and we acknowledge that, partly due to some misinformation and misunderstanding about the CEFC's investment and the acquisition of Rushy Lagoon and East Wyambi. We welcome this opportunity to clarify the purpose of our investment and the intended outcomes.

As our submission outlines, the CEFC's investment in Rushy Lagoon transforms currently underutilised and marginal country to its highest and best land use. The investment into Rushy Lagoon creates jobs and economic activity in the north-east corner of Tasmania. It will produce five million tonnes of sawlog-grade radiata pine for Tasmanian sawmills, bolstering Tasmania's important softwood plantation sector and supplying construction timber to help build Australian homes. This is because we are a net importer of softwood logs into construction. Importantly, also it returns degraded land to sustainable, productive use while delivering significant environmental benefits by protecting the ecologically sensitive Flood Plain Lower Ringarooma River wetland.

The CEFC is known as Australia's green bank. It is not a government department; it is an independent statutory body established under the *Clean Energy Finance Corporation Act 2012* and governed by its own independent board. It invests on a commercial basis to deliver a return for Australian taxpayers. The CEFC also has a strong record of investing in the production of food, fibre and timber for Australia to reduce emissions, build resilience to climate change and to keep Australia globally competitive. The CEFC's decision to invest in TNAT and Rushy Lagoon followed its own rigorous due diligence and that of the investment manager, Gresham House. That decision to invest was independent of other government processes and agencies.

Thank you again for the opportunity to discuss this transaction, and we welcome questions from the committee.

CHAIR - Thank you very much. The CEFC maintains that its investment was on equal commercial terms with its private investor partners. Would you accept that that doesn't necessarily mean the same as competing on equal terms with other potential purchasers, given the role of the Commonwealth in standing behind the CEFC and the consequence that the investment vehicle is in a significantly advantaged position when a vendor is considering all offers?

Ms SUNG - Perhaps I would express it this way, Mr Ferguson, in responding to your answer - and it's not to avoid answering your question. The CEFC is an investor in a trust and just to correct, for the record, we are not the majority investor in this trust. And so, as a unit holder in this trust, collective decisions of the investment trust is made by Gresham House, and they are the investment manager for all activities including dealing with market and all sale processes, engagement with the community. We are an investor in this trust. So, I would categorise our role in this as a financial investor who also conducts its own investment due diligence to see whether the investment rationale, the strategy, the mandate operating model, stands up.

Mr EVERY - I might be able to add to Ms Sung's answer, for the benefit of the committee. There is no concession associated with this investment, or subsidy. Under section 9,

I believe it is, of the *Clean Energy Finance Corporation Investment Mandate Direction 2023*, we're required to cap the amount of concession that we've given out to the market in any given year. That forces us to calculate, on each individual transaction, the value of any subsidy that's offered as concession.

There was no concession associated with this transaction. It was, as Ms Sung said, on equal terms with the other investors in the trust. And by the evidence of Mr Calman, who suggests that perhaps the valuation of the property, by his estimation, was somewhere between $80 and $100 million and he was aware, through his submission, that there was a potential bidder for $100 million, and by the evidence that the price paid for the property was $103 million, under Mr Calman's suggestion, the value of any sort of subsidy offered by the entire grant, any participation of the Commonwealth in this, would have to be less than 3 per cent. So, it's not the case that there was unequal participation by the CEFC in this investment. It was not concessional. There was no subsidy.

CHAIR - Thank you for that, Mr Every. You're confirming the sale value of $103 million?

Mr EVERY - We can't confirm the sale value, but I'm citing the evidence that was provided to the committee by Mr Calman.

CHAIR - Jokes aside, it sounded like you were confirming that when you then assessed the Commonwealth's equivalent subsidy at 3 per cent.

Mr EVERY - I was taking the figures that were cited by Mr Calman, who has claimed, through the submission, that there was a subsidy.

CHAIR - This is not a trick; it's not a political strategy to force you to say something you don't mean to, but that's what it sounded like, and it's not fair on the committee to hear evidence like that if it's not robust on your part.

Mr EVERY - And fair enough. So, that is why I would suggest to the committee, firstly, that they should question the evidence that was offered by Mr Calman. Secondly, as was advised by Gresham, we are under obligations of confidence with not only the other investors in the trust but also with the vendor, and we would need to take on notice whether or not we could provide a firm price. But also, as was stated by Gresham, the Tasmanian government would be in possession of the sale price, and the committee could direct that question to the Tasmanian government.

CHAIR - We certainly will. I'd be grateful, Ms Sung, if you would take on notice - I wonder if you might have heard our previous witness saying that they would need to get the clearance from their investors before they confirmed the sale price.

Ms SUNG - Yes, Mr Ferguson, we will take that on notice. The explicit written consent is needed under our contractual obligations. We obviously take those obligations very seriously. There is another investor in this fund, as you know, but as Mr Every said, we also have to seek the consent of the vendor. That can often be a process, given it is a deceased estate, but we will go through that and take that on notice.

CHAIR - I'd be grateful. Just a final part to my theme, and then we'll move around to other members' questions. Can you, given that Australian - and you may have a different form of words, because you've emphasised your statutory authority status - but Australian taxpayers do stand behind your organisation and the investment decisions that are being made by it. Therefore, Australian taxpayers have a substantial financial interest in Tasmania Natural Asset Trust now. However, would you agree that the detailed investment breakdown has not been made public, and can you do that for us and this committee as we seek out these answers?

Ms SUNG - Mr Ferguson, could I clarify what detailed breakdown you might be seeking?

CHAIR - Yes, I can. As you may or may not have heard when I was asking our previous witnesses, I'm interested in knowing, in your case, representing CEFC, what the $69 million equity component is doing, even if it's a 49 per cent share of the whole, in relation to land acquisition, plantation establishment, environmental restoration, or any other project expenditure? Part (b) of that, if I may, is future acquisitions.

Ms SUNG - Of course I'd be happy to answer that question. Our $69 million contribution into the $142 million trust supports this project. So, Rushy Lagoon - the acquisition of Rushy Lagoon and East Wyambi - together with the capital program and the operational expenditure needed to implement the 10,000 hectare radiata pine plantation establishment, plus environmental planting projects, plus ecological restoration and, of course, the capital works of the very degraded 24-odd dwellings that currently sit on the property. That capital is actually, quite frankly, insufficient, without revenue streams from this particular project, to be able to support the entire program. As a result, I can say that the $69 million contribution to this trust only supports this project as planned.

CHAIR - Thank you, Ms Sung. That's a good answer and it certainly addresses part (b) of my question. Is the breakdown available?

Ms SUNG - The breakdown of the project?

CHAIR - Yes.

Ms SUNG - There's obviously the breakdown of the $142 million trust in terms of land price plus operational expenditure. Those are currently being deployed, and we would have to actually seek Gresham to provide that breakdown, as they are the investment manager. As you can appreciate, the project has just kicked off and commenced, so those numbers will move, but I can say that most of that capital has been deployed already because of the land acquisition and the initial capital works that have been implemented on the farm.

CHAIR - Thank you. Just to be clear, I'd be grateful if you would take that on notice, then, and provide the committee with that answer that you say you would require some confirmation from Gresham or TNAT.

Ms SUNG - We'd need confirmation from Gresham and TNAT, and it's a complicated - the legal structure is we would officially need confirmation from the trust - so, TNAT, who are the investors - so we would need confirmation from the other investor plus the investment manager themselves.

CHAIR - And you will take that for us on notice?

Ms SUNG - I will take that on notice.

CHAIR - Thank you. I appreciate that.

Dr BROAD - One of the issues that has been suggested is that the property can't grow pines in the quantity and it can't accumulate the ACCUs - we heard evidence, indeed, in the hearing yesterday. You've calculated, I think, in your submission 3.2 million ACCUs. So, what due diligence was done and how did you arrive at that figure?

Ms SUNG - Thank you, Dr Broad. The ACCU estimation is based on the Clean Energy Regulator's model. So, the plantation model, the particular schedule that this falls under in the methodology, has a modelled projection of what the ACCU generation profile looks like on a plantation program such as this. The process is - I'm going to bore you a little bit - but you put in a plan of the plantation strategy and the number of years you'd plan to, you know, plant certain hectares. That gets submitted to the regulator. The regulator has a very tried-and-tested method which models the likely growth trajectory of that particular plantation and the trees, and based on that modelling, it estimates how many ACCUs it will deliver. So, that number of 3.2 million ACCUs, Dr Broad, is not our estimation - it is based on the Clean Energy Regulator's modelled forecast of what a project like this would deliver. And that estimation is also based on, obviously, the plantation project and the program, which will be managed by Delta Forestry, who are experienced in submitting applications for ACCU registration.

Dr BROAD - Does the model you use have a name, and what's the scientific rigour behind that model?

Ms SUNG - Yes, it does have a name. I'll have to take on notice to give you the exact name, but it is a plantation method, but there are a number of schedules to that method. I believe this is Schedule 1, but I will have to confirm that, Dr Broad.

Dr BROAD - What about the scientific rigour behind it?

Ms SUNG - The scientific rigour is - this has been modelled by, I guess, the Clean Energy Regulator's modelling for many years. And in fact, this particular method was remade maybe a couple of years ago, or most recently - because a lot of these methods have expired. A lot of the methods expire after 10 years. What happens is the regulator extends that methodology after a period of review at the end of its, I guess, cycle, and so this was remade not so long ago. So, this is a robust method. It is scientifically backed. It is based on FullCAM modelling, and updated FullCAM modelling as well. And the beauty about the plantation forestry method under the ACCU Scheme compared to other methods is that it is modelled very precisely. So, it is not often - the difficulty of going out there and, you know, getting a soil probe and measuring the growth rates, these are very well-known species; there's multiple of species that have been modelled by the scientists in coming up with the ACCU generation profile. So, as long as we stick to the plan and that gets audited periodically, then the ACCU generation profile is pretty robust.

CHAIR - To that line of questioning, Ms Sung, I'm sure that you might've heard speculation, or opinion, informed or otherwise, that the growth rates at that particular property won't yield what the application for ACCUs stated that it would, or that the model predicted.

I don't know if anybody at this table is able to - on this side of the table - be more qualified than anyone else on that matter. I studied forestry at university; I don't know about you, Dr Broad?

Dr BROAD - I've done all sorts of modelling. Not for my looks, though.

CHAIR - I wouldn't try to gainsay, but we are in receipt of evidence where the MAI of the property is contested. Are you able to tell the committee what forestry growth rates your organisation have relied upon in relation - an MAI feels like a good index to be using. Do you have a number?

Ms SUNG - I can't - I don't know that number, Mr Ferguson. I would have to go and review the model myself. But I will say that, in addition to the Delta Forestry modelling, the CEFC also engaged its own independent advisers, forestry advisers, to test some of those growth assumptions. And I can say that I can recall that we took a fairly conservative position in relation to that modelling. And as you would appreciate with a lot of these commercial investments - in particular in trusts, where you're working with institutional investors - investment managers, you know, sometimes can be optimistic about the future curve of revenues, because it impacts the returns you get on your investment. The investors in the vehicle often do their own due diligence and model testing and sensitising the very, you know, key assumptions that go into delivering the returns. The CEFC's approach is always to look at downside, you know, looking at the base case, but also the downside sensitivities of our investments.

So, we don't enter these investments based on one person's position. We look at all the advisers that we rely on. And Mr Ferguson, I am not a forester, and I definitely do not profess to be, but we rely on a lot of the forestry experts to provide us with their various estimations, and then we will sensitise those and place discount rates based on where we think, you know, the market could be.

It's not just growth rates, it's pricing. It is a 30-year project. I mean, I don't know what the pricing of logs will look like in 30 years, so we have to do a lot of sensitive testing on the pricing of some of our long-dated investments. But all of those considerations have been tested by us, in addition to Gresham House.

CHAIR - Thank you for saying that, because our earlier witness, Gresham, indicated that they'd engaged Delta Forestry for their advice, and CEFC have engaged their own third party -

Ms SUNG - That's correct.

CHAIR - or independent to Delta. Are you able to say who it was that you engaged to peer review that work?

Ms SUNG - I can disclose their name - it was Indufor, who are an expert forestry adviser and consultant. But if the next question is, 'Can I table that report?', I would have to seek their consent, because a lot of these advisers have proprietary information, based on years of working on various assets, which they do not wish to share commercially. There's only a number of these advisers/experts in the market, so it is highly sensitive. So, I daresay that they would be very sensitive to sharing their full report, but I will certainly check with them to see what their appetite is in sharing parts of their report that may not be so commercially sensitive to them.

CHAIR - Thank you for the offer. It was going to be my next question. It may have been somebody else's next question, but that's an indication of your organisation's willingness to release it, should you be able to get that IP release or a redacted form that might protect some commercial sensitive information. But I would ask you to commit to at least giving us what the organisation CEFC have relied upon in terms of the mean annual increment (MAI) measure, that you've relied on with your investment decision. Is that agreeable?

Ms SUNG - We'll take that on notice, Mr Ferguson.

Mr Di FALCO - You stated earlier that Australia is a net importer of timber. Was it a good use of taxpayers' money in light of potential competition from the new electric furnace in Newcastle to provide framing materials for construction?

Ms SUNG - Yes, thank you for that question, Mr Di Falco. The net importer - it is not an insignificant net deficit we have in Australia - I would like to first say that. These are, you know, ABARES' forecasts, independent forestry forecasts, in relation to our net deficit to, you know, 2050.

We are significantly behind in establishing new trees to meet the forecast demand for construction timber in addition to what is happening in Newcastle. And, Mr Di Falco, I will put my hand up to say I don't know exactly what's going on in Newcastle in the furnaces you mentioned, but the data we're looking at, in terms of the net deficit, is a Commonwealth number that is supported by the Forestry Association in relation to the demand that is needed and the decline in the establishment of new plantation forests. So, it is significant and, as a result, we are very happy to support the establishment of new sustainable plantation forests.

Dr BROAD - Just in terms of the auditing process for the ACCUs, is there - like, you'll go and have a look at the growth rates, they'll be audited, is there potential upside or downside, depending on growth rates that you actually achieve?

Ms SUNG - There are potential upside and downsides, but the modelled method under the ACCU scheme, for the plantation methodology in particular, is fairly steady because you are essentially planting one species for the establishment of that plantation. So, the radiata pine species is well known in terms of its growth rate. So, the regulator will look at your detailed planning, how many trees you're going to plant, in what proximity to each other, and it will estimate based on that a volume of ACCUs and it will then discount, depending on the duration of the project. So if it's a 25-year registered project or longer, they will discount the number of ACCUs that they will forecast to deliver to you as a project proponent.

So, they have discounted for that. They also discount in the model - the model's quite complicated, as I understand it - to take into consideration natural climate events that may occur. We often get asked, how does it deal with potential fire, potential drought and all of that. There is a discount number that's placed into the model, so you are not ever getting paid for 100 per cent of the growth; it's usually discounted by a measure of 20 per cent. And on that basis, it's already discounted and then we will sensitise with that number a further test of what happens with various natural climate events that might be detrimental to the growth of the trees.

The question around how do you audit it: the plantation method requires you to submit your plantation program periodically - I believe it's every five years, Dr Broad, I would have to check that - and if there are any changes to your plantation program or project because of

various operational hazards or climate events, you have to resubmit your plan and an adjustment then is made to the forecast of your ACCUs.

Mr EVERY - And I believe there's a - to Ms Sung's earlier answer - the science behind this, there's an Emissions Reduction Assurance Committee, which is populated by technical experts. This is administered by the department, DCCEEW (Climate Change, Energy, Environment and Water); and they are responsible for setting out the methods and the scientific validity of those methods. Then, as Ms Sung answered, through the life of the project, there's the regular reports and the audits that are conducted, I believe by the Clean Energy Regulator.

CHAIR - Just a follow up to Dr Broad's question, Ms Sung. So, what happens - I mean, I would like to think that the growth rates exceed the expectation, but we don't know if they will do that. What happens - can you explain to the committee how it works with the regulator? What happens if it overproduces or underproduces, according to the measure that was accredited by the CER, the regulator at the point of the ACCUs being accredited? So, if it's 3.2 million ACCUs, which I believe it is - first of all, you might just let us know if they've already been accredited, I think they might have been - but if the growth is not meeting that level of carbon capture, what happens?

Ms SUNG - So there are a number of -

CHAIR - And please correct anything incorrect or inelegantly expressed.

Ms SUNG - I am not a carbon project developer, but I can share with you, as to the best of my knowledge, how this works. The plantation method, as I mentioned earlier, and the methodology around the issuance of ACCUs, or the carbon credits, is different to other methods. I just want to say that. Not every methodology assurance program by the regulator is the same; it just depends on the method. The plantation methodology has the unique method in which, because of decades of data around this, you know around certain tree species, the regulator can provide with quite confident certainty what the growth rate is within certain regions in Australia. So, it's not just the tree growth, it's where it's grown, the rain forecast et cetera, and the soil condition. If, for example - so, if you follow your plantation plan to the letter, you should be issued those units without any scale back. If there is an intervening event that causes that plantation project to change, for example, if there is a fire event, you will need to notify the regulator of that event and, obviously, the growth rate of certain trees will have diminished. What happens in that scenario is that the ACCUs that have ever already been issued remain. Once they are issued by the regulator, you hold the ACCUs, so you hold -

CHAIR - They're in the market.

Ms SUNG - they're in the market. They will then, if - depending on the remediation of the fire, they may decide to hold back the issuance of new ACCUs until such time that the growth rates commence and they will reassess your program at that time.

So, there is a periodic assessment by the Clean Energy Regulator that you are required to submit your plantation program to make sure it is in line with the initial program. Then there is a requirement to submit to the regulator any changes to that program based on your own activity or a climate event. And so that's how it works. So, there's no, I would say, Mr Ferguson, it's not like a true-up situation at the end. There's just a modelled issuance of ACCUs based on that particular project and species other than the intervening moments.

CHAIR - So, if there is a risk of under-sequestration - not achieving what was hoped for whatever reason - in that scenario, who carries the risk? Is it the regulator that says, 'Oh well, we believed that we had an accurate assessment at the beginning. It hasn't lived up to that, but the ACCUs are already in the market, too late to intervene, somebody's bought those ACCUs,' or is it that they are regularly reviewed and the ACCUs are actually issued in accordance with the growth of the trees themselves and issued in accordance with the amount of carbon captured and, therefore, the risk would sit with the investors?

Ms SUNG - That is a good question, so thank you for that. It depends on when, obviously, the carbon credits were issued. If they have been issued by the regulator, the holder of the ACCUs is no longer at risk of not receiving any ACCUs. If, for example, through - for whatever reason, when we've - through the planting in, say years seven or eight, the growth rates aren't as well as we thought they would be, we would notify the regulator of that and then an adjustment would need to be made. But because it is a modelled method, it will be a discussion around forward-looking ACCUs from that point because obviously it would mean that the plantation program would need to be resubmitted.

CHAIR – Yes, I think, if I may say, I'd love a short answer. It sounds like the issuance of ACCUs occurs with the growth of the product?

Ms SUNG - Yes.

CHAIR - Okay, not at the beginning?

Ms SUNG - No, we have not, we have not been issued a carbon credit.

CHAIR - That's a very helpful answer.

Dr BROAD - On that, how often are the ACCUs actually handed over? Is it a bit like an income stream to the -

Ms SUNG - It is. So, they start - depending on the model, they generally start to be issued from about year three, small amounts because of the growth rates being -

Dr BROAD - Growth curve, yep?

Ms SUNG - Yep. And then they get issued annually thereafter based on the growth, the trajectory of the growth and the program.

Dr BROAD - So it's not a lump sum, it's a payment over the life of the plantation depending on the growth.

Ms SUNG – Yes. It is a revenue stream to pay for - and it is one of the reasons why a lot of the smaller landholders that we finance through our banking program, for example, plant trees - environmental plantings on their farms to not only help create better resilience on their farm, but to receive a periodic income from the regulator that is not necessarily conditioned upon seasonal commodity markets or seasonal conditions. So, yes, it is a revenue stream that starts small in about year three, and the curve from about year seven to 15 is probably where the greatest volume is received and then it trails back down.

Mr EVERY - That's the plantation method, but just for the committee, to add, there's a second method involved as well, and my colleague might want to elucidate on that. There are some environmental planting methods, ACCUs, associated with this investment as well.

Ms SUNG - I think about a thousand hectares is planned for environmental planting. That is a different methodology. That is not a modelled methodology. It is modelled and measured in the sense that you physically have to measure the growth and have to cite the canopy cover and the species and the species varieties - there is a minimum variety you have to plant. In my experience and in the other investments we've made, we always ask our investment managers to plant more than the minimum diversity of species that's required by the regulator, but that is a measured approach. The forward curve of that is obviously going to be different because there's different species and, therefore, it's modelled as an indicator, but it is measured.

CHAIR - Just clarifying, is the revenue for ACCUs coming from the regulator or from the marketplace from a buyer, following CER accrediting the legitimacy of the ACCUs?

Ms SUNG - Yeah. So, the issuance -

CHAIR - Or does the regulator potentially sort of serve a brokering purpose as well?

Ms SUNG - No, the issuance comes from the regulator. The market purchases the ACCUs, but they're - under the safeguard legislation, there is a potential to purchase ACCUs from the regulator, but the regulator is holding the ACCUs themselves in their own right.

Mr Di FALCO - How do you factor in how it affects local employment, seeing as Rushy Lagoon now is run-down compared to what it was in 2018? How do you factor any benefit as one use compared to another?

CHAIR - We had evidence from TasFarmers that suggested that the agricultural potential of the property was under-recognised at the point of sale because it had been run down somewhat.

Ms SUNG - Perhaps I can start with how we thought about this investment, to give you a sort of a colour of why we were excited about this investment, to be honest, Mr Di Falco. Our screening of this asset - and we understand the significance of this asset to the local community; it is a large farm for Tasmania. I have participated in sales of much larger farms in Australia, so I understand that this particular one is quite significant for Tasmania and this part of Tasmania. When we screened this investment, the first question we asked Gresham House was, what is the highest use of this land? Is it prime agricultural land that you wish to convert into plantation? What is the strategy of this and why? We were very comforted by the fact that the Tasmanian regulator had classified this - and it's a large piece of land, so you're going to get different parts of the country in different classifications - but in no way did they classify any of this country above classified for 4, so - sorry, 5, so 5, 6 and 7 was the classification, so we felt very comfortable. That was a classification that has been in existence since way before we came into this transaction.

Look, I know many farmers in other parts of the country who are happy to farm in tough areas, but they often face significant yield problems over time. They might have one good

season and five really bad seasons. So, if you want to farm on a classified 5, 6, 7 country, no-one is going to stop you. But the - what we really liked about this transaction, Mr Di Falco, was that we could restore Rushy to do a few things on this large asset. You can still farm it, sustainably, you could - we can restore the ecological wetlands, which is significant for Tasmania, actually. It is a Ramsar, it is internationally recognised and it had been under-invested, in terms of ensuring protections for the wetlands. The plantation program pays for all of that. It pays for sustainable grazing, it pays for sustainable ecological restoration and, importantly, it pays to establish new logs. We did this for the economic benefits for the logs, the sustainable agriculture practices and ecological restoration. Much of this country, you would have seen, is really unsuitable for plantation or grazing, or cropping. It is ripe for ecological restoration.

Dr BROAD - Yes, right.

Mr Di FALCO - Just a follow-up on that, probably, about my understanding, is around about 70 per cent of Tasmania is in a similar category. With appropriate inputs and - if you've driven around Tasmania there are pivot irrigators all over the place - so, with appropriate inputs would not this be in the same scale as everywhere else in Tasmania that is producing crops and the like?

Ms SUNG - Well, perhaps my observation is this, Mr Di Falco. Mr Allan Pye, his estate, had held this asset for approximately 30 years and in that time, he - it's obviously been rundown. There's probably a number of reasons for that, but a big one is capital investment. It requires a lot of capital - poor soil quality land requires a lot of capital to invest year on year. I know this because we've got assets that we've invested in Western Australia in the wheat belt; we see how much lime is needed to get sandy soils up to scratch. It is very expensive.

So, that capital that's needed to continue investing in really, really tough country is significant. There may be that smaller pockets of land that might be okay to farm, but a land of the size of this scale - and this is a single asset plus East Wyambi - would be very, very hard to farm in a high-productive way. But I think the Tasmanian regulator has recognised that fact by classifying this as 5, 6 and 7.

CHAIR - I'm going to ask if we can move along, and that's a highly contested statement by the way, Ms Sung, and TasFarmers would remind you that 70 per cent of Tasmania's land, productive land, is equivalent classes and, therefore, shouldn't just be written off or rhetorically written off as worthless land only good for growing trees.

Ms SUNG - I don't - yeah -

CHAIR - That will be hotly contested, and I'm not trying to put words in your mouth, but that is the paradigm that exists in the narrative in Tasmania.

Ms SUNG - Perhaps if I could respond to that, Mr Ferguson. I'm not saying that this is a hopeless piece of country because if it was, we wouldn't be an investor. This piece of country requires capital, it requires investment and it requires rethinking of how you utilise such diverse country, so that's why we are excited by this. If other farmers have different perspectives, that is not something I can comment, but what I can comment is, we've had expert advisers advise us, we've been on ground, and I can assure you that we did not enter into this transaction on

the basis that we would easily convert this because we thought this was an awful piece of country.

CHAIR - Okay, we're moving along, thank you for that. Ms Sung, I wonder if I can take you to the documents that were released to the Senate and publicly released. It describes in this - the document is branded with CEFC - it talks about Tasmania has been identified as the target region, given its high suitability to forestry, favourable climate, reliable rainfall and strong history of plantation management. It then goes on to describe Rushy Lagoon in a very interesting way, and I'd ask you to be very direct with me when I ask you about this. It describes Rushy Lagoon as the 'seed asset'. It describes it as:

> A unique opportunity to deliver on the mandate's highest and best land use strategy at scale, with Rushy's 21,745 ha property being the largest farm in Tasmania.

What should the committee take from that as to what is referred to as the 'seed asset'? Is this a seed that will grow and the TNAT enterprise that your organisation has invested in will purchase more properties and do more applications of plantation forestry such as this? Am I putting words in your mouth, or am I misunderstanding this language of 'seed asset' and Tasmania as a target region?

Ms SUNG - No, Mr Ferguson, you are not misinterpreting that word of 'seed'. But maybe I can explain to you why that was categorised that way in that investment paper. When this investment was presented to us by Gresham House, they had quite big ambitions for Tasmania. The idea of the Tasmania Natural Asset Trust was a strategy that Gresham was very excited to explore because of the longstanding forestry, I guess, industry in this part of Australia. The reason why we coined the term 'seed' in the investment paper is, at the time the investment paper went through, there was no absolute certainty of a sale. This Rushy Lagoon could have fallen over. It had fallen over a number of times. We were aware of that. So, there was no certainty. So, we described this as a seed asset because we really liked the strategy as a whole for TNAT, and if this sale fell over, we may have needed to consider another asset that Gresham may have explored. It was early days in terms of articulating the strategy, and so that was the appropriate categorisation at the time that investment paper was submitted.

CHAIR - Thank you, Ms Sung. Can the committee take it from that answer that, similar to the answer given to us earlier by Gresham and TNAT, there isn't an appetite to make the enterprise larger than the one that you've described to us at Rushy Lagoon and East Wyambi?

Ms SUNG - We do not have any plans to commit more than the amount of money that we've committed to this trust.

CHAIR - No plan, but does the vehicle allow that? I mean, in five years' time, when this committee is just a book on a shelf, can the vehicle assertively start buying up property, or even in less time, and make the same kind of conversions of agricultural pastures to plantation?

Ms SUNG - The vehicle legal structure - I'm going to be up-front with you - allows for that and permits that. That is not unusual to this Rushy Lagoon transaction. That is the way in which those contractual structures are arranged. That is normal for any kind of trust structure. It requires an open kind of opportunity for potential capital that might be needed to restore a

program that didn't work. That is the categorisation of the structure. But the intent of our money is for Rushy Lagoon and East Wyambi, and this particular project only.

CHAIR - Thank you, that's a satisfactory answer. I'm mindful of time. I want to take you now to -

Dr BROAD - Sorry, I've just got a related question.

CHAIR - I'll come to you in a moment. Ms Sung, I want to take you to the release of documents that was also made. It's an email from your organisation to somebody in DAFF and it relates to the, if you like, political and public relations process that was underway. The recipient of this email advised that there's a FIRB process underway. Mr Every, in fact, it's your email. No doubt you have that on your iPad there. It says that from a conversation with an official in Treasury:

> From both this conversation and a subsequent discussion with our FIRB transaction lawyer, I understand the public, media and political interest is a contributing factor to the multiple process extensions to date.

You will have heard earlier that Gresham was annoyed and found that it was unfortunate that there had been 14 - somebody said 15 - extensions to the FIRB process delay. What's your understanding and what's behind that discussion, Ms Sung or Mr Every? If you could speak to that, because this committee is trying to understand in what way the Commonwealth made the decisions that led to the July announcement?

Mr EVERY - How the FIRB arrangements work is actually well set out in the Treasury submission. To quote from that submission, it says:

> The Act imposes statutory obligations of confidentiality and generally all information obtained under, in accordance with, or for the purposes of, the Act is 'Protected Information'.

It goes on to say that:

> This limits what can be said -

CHAIR - It didn't seem to limit you.

Mr EVERY - and that applies to the -

CHAIR - Mr Every.

Mr EVERY - Yes?

CHAIR - I'm talking about your email, not the Treasury submission.

Mr EVERY - Yes?

CHAIR - It didn't seem to limit you in having an expression that the FIRB process was being delayed for certain reasons that are not confidential because I have it in front of me, and you've described it as 'because of public media and political interest'.

Mr EVERY - Yes.

CHAIR - Can you please speak to that?

Mr EVERY - I would suggest that as my speculation rather than firm knowledge. The reason why I say that is because we're in a position that we were not able to comment on or rebut some of the misinformation that was being spread about what this investment was and what the CEFC was doing at the time. The unfortunate fact of the matter is that, as a matter of fact, there was political commentary, there was media speculation, there was a number of errant reports and misinformation being distributed out to the community. We could only draw the supposition that what was going on was that as Treasury - and you will have, obviously, the ability to question Treasury on this - but as Treasury was undergoing its assessment process, it was taking seriously the information that it was getting: that there was local community concerns, that there were questions being raised in the community. And that was the cause of these, as you've heard, extraordinary number of extensions.

CHAIR - So, these are contributing factors for a decision by whomever in the FIRB process, whether it was the board itself or the Treasurer, I don't know.

Mr EVERY - Yes.

CHAIR - But they are described by you as 'contributing factors to the 14 process extensions to date'. And I've inserted the number '14' because it was confirmed earlier. But that must have come to you from either your transaction lawyer or somebody in Treasury. Is that correct?

Mr EVERY - It would have come to me from the transaction lawyer and discussions around that. But I think it's -

CHAIR - But you did say - I'm sorry to interrupt, but I want to get to the point. Your email says that it was from both the conversation with the Treasury official and the FIRB lawyer.

Mr EVERY - I don't think it's a mystery that Treasury takes into account the regional interest in these processes, but that matter is best referred to Treasury.

CHAIR - I will certainly do that.

Ms SUNG - Maybe, I might just add to the process around FIRB.

CHAIR - Ms Sung, I look forward to what you have to say. I'd ask you to be brief about it.

Ms SUNG - Yes.

CHAIR - I'm looking to go to my colleagues as well.

Ms SUNG - Of course.

CHAIR - And please go ahead.

Ms SUNG - The FIRB extension of 14 that you refer to is, in my experience, unusual. There was our property lawyer, who was also our FIRB lawyer for the TNAT, was very concerned with the extensions. They felt it was very unusual for a transaction of this nature. There were no initial inquiries in relation to ordinary FIRB Q&A. We supplied all of that information. So, the only conclusion we could find we could come to was that a lot of the unfortunate misinformation, such as us providing concessional financing, a grant and all of that misinformation, was contributing to the delay because that would, in our view -

CHAIR - That's odd, though, isn't it? Ms Sung, why would misinformation, if it was, contribute to a Foreign Investment Review Board decision on the acquisition?

Ms SUNG - The misinformation, perhaps not, Mr Ferguson. But it would delay the timeline. I'm assuming that they would have to investigate the transaction further. These are all our assumptions because, as I said, this was a very unusual delay and a length of time that I, in my professional career, have never seen.

Dr BROAD - Could you just talk about your history in Tasmania, because you have funded a number of projects. Are there other projects outside of the realm of this committee's purview that you are considering in Tasmania?

Ms SUNG - Yes, there are, and Mr Every has some really interesting statistics about that.

Mr EVERY - Yeah, I can recall the first project. Even before there was a CEFC, there was Low Carbon Australia which was merged into the CEFC. It was a small predecessor institution. It invested, I believe it was in 2010 or 2011, with the Kingborough Council, which was then novel technology in replacing halogen street lighting with LED lighting - sorry, council lights with LEDs. So, we've got a longstanding commitment to Tasmania. We have one of the largest investments - in fact, the largest investment the CEFC's ever done, partly with the state of Tasmania as well as with Victoria and the Commonwealth into the Marinus Link transaction. In addition to that transaction, we're also lenders into the North West Transmission Developments with TasNetworks. That's the on-island component that is required to make Marinus Link viable.

We've also got a number of agriculture programs which are available for finance at the size that's needed for the family farm, SME sort of level of finance, both for asset and equipment finance but also farm finance. We run a couple of programs like that. There's about $85 million of finance has made its way to small farmers and medium-enterprise farmers in Tasmania. In addition to that, we were early-stage investors in a wind farm in Tasmania.

Dr BROAD - Was this Granville Harbour?

Mr EVERY - That's the one. We weren't required to be there for a very long time, but we were initial supporters of that project. And -

CHAIR - I'm going to pause there.

Mr Di FALCO - You mentioned that you go in partnership with smaller farmers. How does that look like? What do you get out of that?

Ms SUNG - Perhaps I can answer that question. We currently have two programs that we partner with National Australia Bank and Rabobank, the two largest agri-lending banks in Australia. The way the program works, because we aren't designed to actually deal with small lending - we don't have the ability to do that - we have devised what we call the aggregation program. It is a financial product that we work with the bank that is unique to us in which case, we set the eligibility criteria of the loan. Say, for example, they want to buy a new low-emission tractor. They can apply to get financing and have 50 basis points taken off the headline interest rate from the bank. Or if they want to do a wholesale low-emission farming strategy which includes the planting of trees, they can have a 1.15 per cent discount to the headline rate. We pass that concession through to the bank by a mechanism where we buy the bonds of the bank and we get a discounted coupon, essentially, in our return, and that concession is fully passed to the borrower. So, it is a really neat and effective way to deliver low-emissions outcome and farming productivity practices for farmers and, for the Australian taxpayer, a reduced risk because we are not facing every single farmer; we are facing the bank. So, the Australian taxpayer has a reduced credit risk exposure through that program, but the outcome that we want to achieve is being delivered by the banking teams at NAB and Rabo.

Mr Di FALCO - The low-emission equipment you were talking about - how is that above and beyond Australian standards anyway, because it's all going that way in any case?

Ms SUNG - Yeah, there are some - you know, that's one example. If they wanted to put a solar array on their farm, they could borrow some money against it. There's kind of a list of low-emission equipment that has been put together by the banks themselves, their sustainability officers, on what they classify as low-emission equipment, and a lot of that equipment is expensive. I agree it is going that way but the adoption rate is really slow. What we have found through our financing program, Mr Di Falco, is merely putting out cheap financing does not create change. What creates change is, I guess, evidence of productivity improvements, evidence from other farmers that it's, what is working. We have learned that that kind of evidence is more powerful than, necessarily, concessional loans, but the concessional loan helps with accelerating those discussions. And then the bonus is a discounted loan to buy those very expensive kit at the moment.

CHAIR - Thank you, Ms Sung. We're nearly out of time and I just want to ask you briefly - and a brief answer would be perfect, unless you want to elaborate. In relation to the carbon farming initiative rule 2015, the Agriculture minister has a duty to assess whether a certain new plantation would have an 'undesirable impact on agricultural production'. And I understand that the minister and/or her delegate have handled that. Did your organisation play any role in that assessment?

Ms SUNG - No, it didn't.

CHAIR - Were you consulted, were you asked for information to help inform that process?

Ms SUNG - No. That's a matter for the minister.

CHAIR - Is there anything that you wanted to add to any of your answers before we close the hearing?

Ms SUNG - I don't believe so.

CHAIR - If you wanted to clarify anything?

Mr EVERY - Perhaps one matter, in relation to the FIRB handling. That is completely independent of the CEFC. They're operating under their own act and we don't have any particular insight into the processes, other than what was being communicated back to us via our lawyer through Gresham, who was making the application.

CHAIR - Are you excluding the Treasury official now from that informed basis?

Mr EVERY - What I'm saying to you is that in terms of the actual movement of the FIRB assessment and its application, that that process is handled completely independently of the CEFC -

CHAIR - So, why were you talking to Treasury and passing that on to a person in DAFF?

Mr EVERY - We were passing information to Treasury, and that information's been disclosed as part of these FOI requests as to what the nature of the CEFC's interest was in this transaction, so that they could make an informed decision. But we are not part of the decision-making process.

CHAIR - I'm very interested in those answers. Thank you 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 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.

CHAIR - Thank you very much for your attendance today.

The witnesses withdrew.

The committee suspended from 2.11 p.m. to 2.25 p.m.

Commonwealth Department of the Treasury

CHAIR - Good afternoon, Mr Tinning, and thank you for appearing at today's hearing. Could you please state your name and the capacity in which you're appearing before the committee?

Mr TINNING - Chris Tinning. I head the Foreign Investment Division in the Commonwealth Treasury, and I'm an executive member of the Foreign Investment Review Board.

CHAIR - Alright and thank you for your attendance today. I introduce to you our Deputy Chair, Dr Shane Broad; my colleague in Bass, Ms Cecily Rosol; and my colleague in Lyons, Mr Di Falco.

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

Mr TINNING - I have, thank you very much.

CHAIR - Mr Tinning, 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 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. Mr Tinning, should you wish aspects of your evidence to be heard in private, you can do that, but you would need to make that request to the committee at the time. I invite you now to provide an opening statement, and then we'll go to some questions.

Mr CHRIS TINNING, FIRST ASSISTANT SECRETARY, FOREIGN INVESTMENT DIVISION, COMMONWEALTH DEPARTMENT OF THE TREASURY, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

Mr TINNING - Thank you, Chair. I don't have an opening statement, but I did just want to point to my written submissions and particularly highlight the fact that I am constrained under the *Foreign Acquisitions and Takeovers Act* in terms of specifics around any assessment. But I'm very happy to talk to our policies and processes, and in a way that hopefully will enable the committee to understand how we assess all cases, including this one.

CHAIR - Thank you. Well, what I'll propose on behalf of our committee is that you would give us a high-level explanation for the FIRB process. We don't need you to go into too much detail around the process, but we'd like to understand the key elements that relate in terms of this inquiry's terms of reference. I would specifically invite you to share with the committee the areas where secrecy and confidentiality are areas that are important, and I'd also like you to explain what matters are not covered by secrecy and confidentiality, because we'll be wanting to explore those.

Mr TINNING - Yes, thank you very much. Our job is really to support the Treasurer in his role as the decision-maker on any application under the *Foreign Acquisitions and Takeovers Act.* The job is really the regulator for inbound foreign investment into Australia. We assess about 1500 cases a year, and we basically have one test, which is a proposal that we receive contrary to Australia's national interest. The assumption is all foreign investment into Australia is good. We are trying to identify any risks to Australia's national interest or national security, and attempt to mitigate those through conditions. So, for every one of those 1500-odd proposals, the Treasurer or his delegate has three decisions. He can either approve the proposal, can approve with conditions to mitigate any risks to Australia's national interest or national security, or to knock back the proposal because it is contrary to the national interest.

In doing that job, the Treasurer is advised by the Foreign Investment Review Board, and their role is an advisory body. They are not the decision-making body; the Treasurer or his delegate are the decision-makers. The board plays an important role in ensuring the robustness

of the advice that the Treasurer is getting and often provides specific views on particular proposals to ensure the Treasurer makes an informed decision.

The process is managed by my division in the Treasury, and as we consider each one of those proposals, we consult extensively across the Commonwealth Government and with state and territory governments, basically to identify any risks to Australia's national interest or national security, and to work through whether or not there are ways we can mitigate those risks through conditions.

I'd be happy to go into more detail, but that's a broad overview.

CHAIR - Thank you. I appreciate that you're very constrained, and with this committee, we'll respect that in relation to matters that are covered by the act as 'must be kept confidential'. So, no risk there, but you may need occasionally to say that 'that matter that you've asked about is confidential', and I would ask you, if that occurs, to explain why that particular question can't be answered.

Mr TINNING - Happy to do that.

CHAIR - I wonder if I could just open the batting and ask you if you could outline, in this particular application that came before the Treasurer and/or his delegate, in relation to this matter, can you speak to the process that occurred specifically with this application, without breaching any of those confidential matters? For example, the length of time that it took for this matter to be determined?

Mr TINNING - Yes. I think one of the ways in which we can release protected information is if there's been public statements. So, I know that the applicant has spoken about the length of time in relation to this application, so I can certainly talk to that. So, this submission was -

CHAIR - Mr Tinning, in fairness to you, are you aware of the evidence that was given today by the applicant?

Mr TINNING - I am not.

CHAIR - Okay. Well, I'm just letting you know that Gresham House has made comments about it, and I'm just making you aware of that.

Mr TINNING - No, thank you. And I'm happy to answer questions in relation to the issues they raised.

So, this proposal took approximately 11 months to assess from the time we received the application to the time - sorry, not 11, apologies. We received the application in October 2025, and a decision was made in July 2026. The time that we formally start the assessment process is when the correct fee is paid, and that was in late November 2026.

CHAIR - Are you able to advise the committee - I'm not seeking your opinion, I'm seeking a factual answer - how out-of-step is that period of time, from October 2025 to July 2026, how consistent or out-of-step is that with the usual considerations of an application?

Mr TINNING - The length of time very much depends on the risks that we identify with particular proposals. I mentioned we received 1500 applications. Our role is to get through the low-risk applications very quickly. So, the median case out of those 1500 cases takes about 34 days. But we explicitly take time where there are potential risks to Australia's national interest or national security. We take the time we need to ensure the decision-maker has all the information needed to make that decision. So, with some of the complex ones, this is not an unusual timeframe. Quite often, applications where there's a lot of complexity in relation to whether or not a particular proposal is consistent with Australia's national interest can take this long and potentially longer.

CHAIR - Thank you. If you could speak to that in a bit more clarity for us, and if you're unable to answer it specifically on the application, then I'd ask you to answer it in relation to the broad question of a foreign acquirer of Tasmanian or Australian agricultural land. What could be the matters of complexity or risk that might slow down and require extra consideration or even, in the end, a negative answer of a British-owned foreign investor looking to buy Australian agricultural land? What about that application could be risky or complex if you're unable to speak specifically to the Gresham purchase of Rushy?

Mr TINNING - So, some of the variables that we would consider are: is this an application who's coming from an investor we know? Have they been through our framework before? Those investors who have not been through our framework take longer to assess than those who have. That's because we don't need to just think about where they're from. We need to understand who they are in a high degree of detail - who's on their board, what associations they have, what's their track record of compliance in Australia and other jurisdictions? So, there's a lot of factors in relation to the who.

In terms of the 'what', our policy sets out sort of dimensions of the national interest we need to think about. One of them is the impact on the economy and the community. Where there are community concerns, that can take longer, to make sure we have a firm handle on what they are and whether there are national interest risks at play. Then there are various factors set out in our policy in relation to investments in the agriculture sector. Just to list those off:

- the quality and availability of Australia's agricultural resources, including water;
- land access and use;
- agriculture production and productivity;
- Australia's capacity to remain a supplier of agricultural production both to the Australian community and our trading partners;
- Biodiversity;
- Employment; prosperity; and Australia's local and regional communities.

So they're all factors. Where those issues are at play, then applications can take longer to assess.

Dr BROAD - As part of the process, confidentiality is a major issue, and that is certainly something that has been raised in terms of people didn't know what was going on. Can you explain, in this case, who reached out to you and who did you explain the confidentiality process to and when did you do that? For example, I've heard that TasFarmers contacted you

in November and was told that we can't discuss this because it's confidential. Is that accurate and were others given that same information?

Mr TINNING - So, under our Act - and this is section 120 of the *Foreign Acquisitions and Takeovers Act* - we can only engage with the applicant - unless we have the express written permission of the applicant to engage with third parties. We can engage with other parts of our government, I mentioned we engage with our state and territory government partners, we engage with other Commonwealth agencies, but the act explicitly prohibits us from engaging with third parties outside of government, unless we have the permission of the applicant.

Dr BROAD - So, can you discuss who the third parties were that contacted you and that was explained to, and when that occurred?

Mr TINNING - Well, if they have been explicit that they contacted us, I'm happy to confirm that. We can take unsolicited submissions from third parties, should they send those to us, and we consider those as part of the assessment process, but we are unable to engage with those third parties without the permission of the applicant.

Dr BROAD - Sorry, to be clear, you can confirm that TasFarmers did contact you in November, and you explained to them the confidentiality requirements and how you could not discuss this particular project?

Mr TINNING - Well, to confirm, I did not speak to TasFarmers, but I understand one of my team did. I'm not 100 per cent sure on what happened in that particular instance, but that would be normal practice that we would explain to the party contacting us that the only way we can talk to them is with the expressed written permission of the applicant.

Dr BROAD - Are you aware of any other third parties that also contacted your organisation and were also explained the confidentiality requirements that you operate under?

Mr TINNING - Not to my knowledge, but it could have happened.

Mr Di FALCO - You've mentioned the State Policy on the Protection of Agricultural Land. If you spoke to TasFarmers or other like-minded agricultural people, they would have explained to you that category 5, 6 and 7 is somewhat irrelevant considering, if you put sufficient inputs in, it's still productive land; I mean, 70 per cent of Tasmania is 5, 6 and 7.

Mr TINNING - Yeah, I mean, we very much rely on our state and territory government partners to give us advice on how land use works in their particular jurisdictions. So, certainly everything I've reflected in there reflects our understanding of the Tasmanian government's policies.

Dr BROAD - When you're assessing the capability and whether it's in the nation's best interests, you're reliant on information from the state, you're saying, so the Tasmanian government, in this instance, but also the Commonwealth department of Agriculture? Is that right?

Mr TINNING -Yeah, that's correct - relevant policy agencies from across our government. I think I listed in the submission the agencies we engaged, which included the department of Agriculture.

Dr BROAD - But you don't undertake any self-generated assessment of the land capability?

Mr TINNING - Not within the Treasury. We rely on the assessments by, what we call, our consultation partners to make those assessments.

CHAIR - Just on that theme, Mr Tinning, what specific assessment was undertaken of the agricultural production and regional economic activity that could be lost through the conversion of Rushy Lagoon?

Mr TINNING - I think that would be a good question to ask our Agriculture department colleagues who are, I understand, on after us. As I said before, we very much rely on advice from the relevant policy agencies on those matters and from the relevant state and territory governments.

CHAIR - By its description only, not by the detail of what was in it, would that specifically be of interest to the Department of Treasury in making its assessments or helping the board with its assessments?

Mr TINNING - Yes, absolutely. I mentioned those factors that we consider in the national interest test and that's - land use is very much front and centre.

CHAIR - Would it be of concern to you if any agencies were relying on language about land classification without the kind of balancing perspective that Mr Di Falco brought to his earlier question, where so much of Tasmania's productive land is, in fact, Class 5 and 6 land and not to be written off as poor ground. Nonetheless, it's a recognition of what's in the ground itself but not a fair reflection of what it's capable of if it has irrigation or other farm inputs? Would it concern you if more of that sort of advice came to you from agencies that focused on land Classification 5, 6 and 7?

Mr TINNING - Well, you've already mentioned this application took a long time to assess. I can assure you that was because there was a lot of work going into understanding these very issues that involved a lot of consultation with the partners I mentioned.

CHAIR - Thank you for that. If I might go to that point of time: it's a long time from the period of the application to when the application was approved. Was it by the Treasurer or by the Treasurer's delegate, please?

Mr TINNING - By the Treasurer.

CHAIR - It's a long period of time. Is it correct that the statutory time was extended on 14 occasions?

Mr TINNING - I believe that is correct. I mean, just to let you know, the statutory timeframe is 30 days. I mentioned the fact that that's part of our Act which is 51 years old. It's quite normal to extend the statutory deadline many times for complex proposals where we need further time to assess the national interest.

CHAIR - I understand exactly the point you're making. Were those 14 extensions all for a certain number of days, like, I don't know, seven or 14 days?

Mr TINNING - It very much depends. So, with the agreement of the applicant we can extend for an agreed period of time. So, quite often when the applicant's anxious for a decision, we will agree to extend it for a short period of time which probably leads to more extensions than would be the case. When you look at the number of months and the number of extensions, then clearly that's a function of short extensions rather than the standard 30-day extensions.

CHAIR - When the Commonwealth considers these matters through the board or through your department and the various other agencies from which you gather information, does this process take into account the combined effect or the cumulative effect of things such as a CEFC equity injection into a new investment vehicle, the application of carbon credits, together with an $8.8 million in plantation establishment funding that was awarded prior to the FIRB approval? Does your process examine all of those matters together? Because it sure looks like the Commonwealth did look at all of these matters together to arrive at an announcement in July that shared so much more than just a FIRB approval.

Mr TINNING - I mentioned we've just got one test, which is whether or not a particular application is contrary to Australia's national interest, so that's our sole focus. So, anything that impacts on the national interest is something that's subject to our assessment and anything that's outside of that is a matter for other departments.

CHAIR - Thank you. In relation to that, and it's clearly not about Rushy Lagoon and Gresham because they were approved, but if a similar application from a different investor was not approved after failing that test because of the high risk, what would that high risk potentially have included? What negative outcomes might have been assessed that led to a negative decision on an application for foreign investment of agriculture land?

Mr TINNING - I said before it's very much case by case. But if the assessment was that the proposal in front of us raised national interest risks in relation to some of the matters I talked about, so land access and use, agricultural production and productivity, et cetera, and the assessment was those risks could not be mitigated through conditions, then we would recommend that proposal be knocked back.

CHAIR - In the list of agencies, in page 2 of your submission, you list quite a number. Was the CEFC consulted as part of the assessment process?

Mr TINNING - No, we don't have them as a consultation partner.

Dr BROAD - In your submission, you said:

> Treasury seeks the views of the relevant State and Territory governments in relation to proposed acquisitions of agricultural land and includes these views in the assessment process. This consultation occurs regardless of the classification of land.

Are you able to inform the committee what was the Tasmanian government's view on the proposal?

Mr TINNING - No, that falls into our protected information provision so, unless the Tasmanian government were to agree to me discussing that, then I wouldn't be able to.

Dr BROAD - Also in your submission, you say that Treasury consulted with the Tasmanian government 'in the usual way'. Could you just explain that process? What is the usual way? In particular, who is typically responsible to notify the Tasmanian government that a FIRB process is underway?

Mr TINNING - As soon as we receive a proposal that is relevant to a state or territory, we send it to an agreed central contact point within that state or territory. They then decide who within their jurisdiction they share that proposal with.

Dr BROAD - Are you able to share when the Tasmanian government was informed of the proposal?

Mr TINNING - I don't have the exact date with me, but it would have been within a few weeks of the proposal being received. They would have received the proposal and we would have asked for comments on it.

Dr BROAD - What month? Would that have been November 2025, or earlier?

Mr TINNING - I would assume it would have been either November or December '25, but I will need to check.

CHAIR - Just back to the extensions, if I may, Mr Tinning, what was the applicant saying to Treasury each time, or increasingly, as it got closer to 14 extensions? What was the applicant's mood about the extensions of time? Was it by consent, or was it not by consent?

Mr TINNING - I would have to check if they have said anything to you on that. That, again, would go to protected information unless they spoke to the particular circumstances around those extensions.

CHAIR - That's a very fair answer. I would ask you to take it on notice after you've had the opportunity to look at their evidence that they gave to us today.

Mr TINNING - I would be happy to do that. As I mentioned before, our preference is to extend with the agreement of the investor. We, if you like, negotiate the amount of time for those extensions. We, under our Act, have a power to unilaterally extend. If the investor does not agree to an extension, we can unilaterally extend by up to 90 days. That is a power we have within our act. But our preference is to extend with the agreement of the investor. We also try to be as transparent as we can be with the investor for all the reasons for extension so that they can plan.

CHAIR - What were the unresolved matters that were resolved after the 14th extension, and the 15th wasn't required? If you can give us a sense of what was the matter that was dragging it out so long?

Mr TINNING - Again, we're going into protected information provisions there. I would just say it's not about necessarily resolving an issue; it's just about making sure we have clarity on the national interest issues at play, and consideration of whether they can be mitigated

through conditions. Quite often it's about getting the information we need to make accurate assessments.

CHAIR - Thank you. And which person or occupant of a statutory role, for example, is actually the signature that creates the extension? Is it an official in the department, the chair of the board, or a treasurer or his delegate?

Mr TINNING - Each case has what we call a case officer, who's sort of in charge of working with the investor on that particular assessment, so it's usually the case officer who will do the extension.

Dr BROAD - In your submission, under the heading 'Investment in prime agricultural land', you say:

> The classification of agricultural land is a key factor in considering whether a proposed acquisition would be contrary to the national interest, with a particular focus on protecting prime agricultural land.

I know you can't talk specifics, but has FIRB knocked back any projects based on the land use change proposed being contrary to the national interest?

Mr TINNING - Again, I can't get into specifics. I can say, in most cases, investments are either approved or approved with conditions. But there are a range of circumstances in which we will knock back a proposal or decide that it cannot be - the national interest risk can't be mitigated. In those circumstances, we give the investor the opportunity to voluntarily withdraw their application. Most of the time they choose to do that rather than proceed to the next step, which would be a formal prohibition order. It's only if there is a formal prohibition order that it goes public that that investment was knocked back.

Dr BROAD - Okay. But there are instances that you can think of where land use change was a reason for a project not being recommended for approval?

Mr TINNING - Yes.

Mr Di FALCO - How did Treasury satisfy itself that the locals didn't have an equal opportunity to compete in the sale?

Mr TINNING - We have something called the Australian opportunity test, which is something under our Act, which is, basically, assurance that there was an opportunity for Australians to purchase the land. We have a range of sources to make sure that that test is met, and that primarily comes from advice from the investor that we check through, for instance, a relevant territory government or state government.

Dr BROAD - Could you outline what that test requires? So, like a period of time being advertised or - what are the criteria for meeting that?

Mr TINNING - It generally involves a public marketing or advertising opportunity for a minimum of 30 days within six months of the agreement date.

CHAIR - Could you define more for the committee what that means, that use of the term 'public advertisement for 30 days minimum'? What should that look like? What would you expect to see?

Mr TINNING - We'd expect to see, as I said, an opportunity. Generally, that involves some sort of public advertisement. In certain circumstances, where we have evidence to show that there was a genuine opportunity for Australians to bid in other circumstances other than a public ad, then that can meet the opportunity test. But we need to be satisfied that there has been a genuine opportunity for Australians to buy the land.

Dr BROAD - Can you clarify in this instance with a degree of certainty that there was an opportunity for Australians purchase the property?

Mr TINNING - I would be getting into protected information if I talk specifically. But what I would say, in general is, if the opportunity test is not met, then that would be an issue for us.

CHAIR - Mr Tinning, how does that work in practice with any applicant, putting aside this particular one so we don't contravene your obligations? If, for example, an argument can be made that certain Commonwealth policies are advantaging one potential purchaser ahead of others in an arguable market distortion, how does your team assess that there was an adequate public advertisement and Australian purchase opportunity, but that it was outbid by a foreign investor? Does that play into, and if so, how does it play into Treasury and FIRB's consideration of a foreign acquisition application if - there may well have been a fair public advertisement, but an Australian got outbid by a cashed-up overseas buyer that was enjoying an advantage that others didn't have. How does that work?

Mr TINNING - Well, as I said, we've got the one test, which is: is this contrary to Australia's national interest? So, there would need to be circumstances in which we were convinced that whatever sales process was at play or whatever funding arrangement was at play was contrary to Australia's interest.

CHAIR - Is it relevant at all, for the process that you're responsible for, that we were told this afternoon that there was a period of time where Gresham was not holding a contract for the sale of Rushy between, I think, March and May of this year? It was, in fact, an alternative buyer that was holding an exclusivity contract on Rushy Lagoon and East Wyambi, and there was that period of time that the applicant which was before you was, in fact, not holding a contract?

Mr TINNING - Again, you're getting into protected information areas there. But I'd say just in general -

CHAIR - Yes, in general then.

Mr TINNING - In general, we often have circumstances where an applicant does not have a contract in place.

CHAIR - Okay, that's a good answer. Thank you.

Dr BROAD - One of the issues that's raised is about conflict of interest. Can you just - to make it very clear, about the conflict-of-interest management that you've got, given that one of your members is also chair of the Clean Energy Finance Corporation?

Mr TINNING - Yes, thank you for raising that, because I wanted to make this crystal clear. We do have very strict conflict-of-interest procedures in place. Mr Steven Skala, who was on our board and was chair of the CEFC, was fully recused from all CEFC matters as standard practice. That means he received no papers, was not involved in any deliberations and was in no way involved in advice to the Treasurer on any matter related to CEFC investment. That's consistent with the approach we take across the board. So, for instance, the chair of the board has made public statements recently noting that he is recused from all matters related to Japan, because he was previously Australia's ambassador in Japan. So, we do have very strict conflict-of-interest procedures, and Mr Skala was in no way involved in this matter as he is not involved in any matter related to CEFC.

Mr Di FALCO - We were told that, as part of the buffer zones around wind turbines and the lot, that grazing would still continue on Rushy Lagoon. Is there any way of enforcing that in the long-term, like, once the plantation's established?

Mr TINNING - Yeah, I mean we are the ownership regulator. So, our job is to sort of think about whether there are any conditions related to ownership that will help to mitigate any risks that are raised in our process. So, again, I can't say specifically in relation to this particular proposal, but we will think through whether there are any appropriate conditions we can put in relation to or attached to a proposal that would mitigate risk to Australia's national interest in the long run. So, I can't comment on whether or not there was a specific condition in relation to that matter, but I'm just trying to describe our process in general.

CHAIR - Right, because it was announced that there were conditions, I believe, at the time. That's public information. I suppose Mr Di Falco's question goes to how enforceable are the conditions?

Mr TINNING - We have a team responsible for compliance with conditions. They're carefully monitored and audited. We only impose conditions where we have confidence that they will be effective and enforceable in mitigating the risks we've identified.

CHAIR - Mr Tinning, can I just ask you, please, if the department of agriculture's support and approval of the Support Plantation Establishment support grants approval was part of the decision-making process that you're responsible for?

Mr TINNING - No, other than us receiving advice from the department of agriculture consistent with what we do in every agriculture proposal.

CHAIR - Yes, but wouldn't it be reasonable for DAFF to say in their advice to your process that, you know, that they make the range of positions known to you, including whether or not the applicant is receiving a grant from that department?

Mr TINNING - Oh, were we factually aware? Yes. But there was a grant.

CHAIR - Was it a factor? Would it be a factor?

Mr TINNING - No.

CHAIR - No? Okay.

Mr TINNING - No, because, as I said before, we've got the one test. We've had examples where we knocked back proposals that had government grants associated with them. So, that's not part of our consideration.

CHAIR - A two-part question: was your team or office or the board, aware of other local bidders while you were assessing this application? If so, or even if not, what do you do with that information while you've got a live application before you, including from an applicant who might not even be holding a contract at that time?

Mr TINNING - Again, without going into the specifics of this case, we regularly deal with applications where there are multiple interested parties. Our job is to assess the application in front of us, in terms of whether or not there are any national interest or national security issues at play. So, whether or not there are other parties interested, that doesn't sort of prevent us or stop us making the assessment in front of us.

CHAIR - I understand, but how would your team become aware of other bidders, even if they're not an applicant, because they're actually Australian? How would you be satisfied that you had accurate information about other bidders? Whose obligation is it to provide that to you?

Mr TINNING - I guess what I'm saying is, it's not a factor.

CHAIR - Oh, it's not a factor?

Mr TINNING - No.

CHAIR - Okay.

Mr TINNING - Because we - as I said, we've just got that one test and whether or not there are other bidders -

CHAIR - Is not a relevant consideration?

Mr TINNING - It's not a relevant consideration.

CHAIR - But it is relevant insofar as you needed to be satisfied that the property had been publicly advertised at some point prior to the application - for 30 days - publicly?

Mr TINNING - Yes, correct. Publicly for 30 days. I mean, this is the standard practice, publicly for 30 days within six months of the agreement date.

CHAIR - Mr Tinning, is public media, even disagreement, or inaccurate information, or political interest, contributing factors to giving FIRB applications an extension?

Mr TINNING - No.

CHAIR - They're not? I mean, it puzzles me, at least, and maybe others, that we had a discussion with the CEFC earlier, and in a document that was released with so many others, I think in relation to a Senate order, there's communication between the CEFC and the department of Agriculture where an official is representing that a conversation took place with a Treasury official. I won't name them, because I can't, because it's redacted - and then goes on to say that 'from both this conversation', and I quote:

> From both this conversation and a subsequent discussion with our FIRB transaction lawyer, I understand the public media and political interest is a contributing factor to the multiple process extensions to date.

Mr TINNING - No, I can't speak to that, because I don't know where that information came from. But we are regularly the subject of media speculation on many of our assessments, and that is not a factor in our consideration. Once we have the information we need to provide accurate advice to the decision maker on national interest considerations, then we put it forward.

CHAIR - I mean, I don't know what to do with that document in front of me and your answer, except to accept your answer as an honest one. But we have a problem because that is the opinion of a representative of the CEFC, and it's been communicated and released, under whatever process, as a public document. Are you concerned about that? Are you concerned about what I'm saying to you?

Mr TINNING -Well, I did mention before CEFC are not a partner in our process.

CHAIR - That may be true. I'm sure it is, except that - does it concern you that a member of the CEFC claims to have spoken with a person at a very senior level - I may as well say the title, Assistant Secretary, Investment Review Branch - who is responsible for the team in Treasury that runs the FIRB application and approval process? The name is then redacted, and the letter continues as I've quoted to you. Does this concern you?

Mr TINNING - Well, it concerns me that there seems to have been a misinterpretation of what was conveyed.

CHAIR - It concerns me.

Mr TINNING - Yes. I mean, we want to be crystal clear about our processes and our procedures, so it sounds like there was a misinterpretation of a discussion, based on what you put to me.

CHAIR - I'm going to ask you to take the question on notice after you've had a fair opportunity to examine the document that I'm referring to, give you a fair chance to read it fully for yourself, perhaps to speak to whoever in your team, if you feel you should do that. Are you willing to take that on notice for me, please?

Mr TINNING - I'm very happy to take that on notice.

CHAIR - I'll be sure that the committee secretary provides you with the document. But to assist you right now, it's dated 14 May 2006, the time is 5.31 p.m., and it's in a document that was released to the Senate previously.

Dr BROAD - I think earlier you said that you deal with about 1500 applications per year. Is that right? How many of those would be agriculture-related?

Mr TINNING - I would have to take that on notice.

Dr BROAD - That's okay. You don't have a -

Mr TINNING - We would have it, and I'm sure we do have it, but I don't have it right on me now.

Dr BROAD - That's okay. You don't have an idea of a rough percentage, like half, quarter, 10 per cent?

Mr TINNING - Don't hold me to this, but I'm imagining it's sort of in the 200-ish range.

Dr BROAD - 200 a year, okay.

Mr TINNING - But please let me come back to you on that.

CHAIR - If you can take that on notice.

Mr TINNING - I'll take that on notice.

CHAIR - That's helpful. Thank you. Mr Tinning, Rushy Lagoon involved Commonwealth investment through the CEFC, through an equity investment. It involved carbon incentives through ACCUs. It involved plantation funding. I think it's the case that none of those are of particular interest to your process. Correct me if I'm wrong. But it also involved foreign investment approval through the third process. In your role in Treasury, can you identify a single Commonwealth agency that's responsible for assessing the cumulative agricultural and economic consequences of all of those different processes happening, it would appear, in parallel?

Mr TINNING - The department of Agriculture is responsible for, sort of overall, policy matters on those issues you've raised.

CHAIR - Thank you. Do you have any advice for us, or recommendations to us, for improvements not so much in the FIRB process because I don't believe you'd be empowered to do that, but are there ways that the process can be tightened up, improved and increased transparency so that we can build community confidence in the processes that could potentially arise in the future?

Mr TINNING - I think that's straying beyond my mandate to give you advice on that matter.

CHAIR - Okay. I think we've exhausted the questions at the table. Is there anything that you wanted to add at all that relates to any of your evidence during our time together that you might like to clarify or add to?

Mr TINNING - No, thank you, Chair.

CHAIR - We appreciate your attendance and thank you for joining us. What you've said here today is protected by parliamentary privilege. Once you leave the table, you need to be aware that privilege does not attach to comments you may make to anyone, including the media, even if you're just repeating what you said to us. I'm sure you understand that. Thank you very much indeed.

The witness withdrew.

The committee suspended from 3.09 p.m. to 3.13 p.m.

Commonwealth Department of Agriculture, Fisheries and Forestry

CHAIR - We welcome the officials from the Commonwealth Department of Agriculture, Fisheries and Forestry. We thank you for attending today's hearing online. If I could please ask you, one at a time, to state your name and the capacity in which you're appearing before the committee today?

Mr LOWE - Yes, thank you, Chair. Matt Lowe, I'm the Deputy Secretary of Agriculture, Fisheries and Forestry Policy Group in the Department of Agriculture, Fisheries and Forestry in the Commonwealth.

Mr BURSLE - Guy Bursle, Acting First Assistant Secretary, Fisheries and Forestry division in the Department of Agriculture, Fisheries and Forestry.

Ms McGILVRAY - Heather McGilvray, Assistant Secretary, Climate Policy, in the department.

CHAIR - Can I just confirm that you've each received and read the guide sent to you by the 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. The protection isn't accorded to you if statements that may be defamatory are repeated or referred to by you outside the parliamentary proceedings. This hearing today is public. The public and media may be present. Should you wish aspects of your evidence to be heard in private - and that can happen, you must make this request to the committee at the time. I'd invite you now to make a short opening statement.

Mr MATT LOWE, DEPUTY SECRETARY, AGRICULTURE, FISHERIES AND FORESTRY POLICY GROUP, **Mr GUY BURSLE**, ACTING FIRST ASSISTANT SECRETARY and **Ms HEATHER McGILVRAY**, ASSISTANT SECRETARY, PRODUCTIVITY AND SUSTAINABILITY DIVISION COMMONWEALTH DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

Mr LOWE - We don't have a formal opening statement, Chair. Probably the only thing we want to acknowledge is we are conscious and do acknowledge the community and public

interest in the project, and we do welcome the opportunity to outline the department's role in it. More broadly, we are mindful of the concern in the community about land use and land use change, and competing use cases for agricultural land. We do recognise these concerns as important and legitimate. I do think those concerns need to be coupled with, and it's important to acknowledge the benefits that can accrue to the agriculture sector associated with having multiple land use options as well. Ultimately, we recognise it's a very important discussion and one where the question of balance, which I think this committee and this inquiry has been pursuing, is, in our view, the central question and one which we welcome your questions upon.

CHAIR - Thank you very much. I want to go to your submission and ask if you can describe to us in a policy or, perhaps even better, a procedural narrative, how you consider an assessment process under section 20B of the Carbon Credits (Carbon Farming Initiative) Rule 2015 (CFI). Could you outline to us how often you get these notifications and how you routinely assess them, how they normally flow in practice and how this particular one was carried out in practice?

Mr LOWE - I will pass to my colleague shortly, Ms McGilvray. But I think one of the points that you've touched upon is the key point, which is these do come up, they come up relatively regularly and we do have the role. The key thing that we'll emphasise as part of our discussion today is it's important that the process that we follow is consistent, it's repeatable and it's based on objective criteria, because ultimately the role that we play is effectively a role in a market. And it's important, in playing that role in the market, that we are playing a role that maximises certainty in that market as well. I'll pass to Ms McGilvray to outline that process in a bit more detail.

Ms McGILVRAY - We administer the process that is under section 20B of the Carbon Credits (Carbon Farming Initiative) Rule. That has been operating since 2017, so this is quite a longstanding arrangement. The process that we run is similar across the notifications that come in under that part of the rule. So, the rule sets out what's required. It establishes that the proponent for the project needs to submit a notification. It sets out what the notification needs to include, and that's things like the project the proponent is planning to undertake; where it is; geospatial information; the maximum project size; and also statements around the previous five years of agricultural production on that land; and then assessments around impacts on agricultural production. That's the information that forms the basis of the assessment that is undertaken.

That information goes through to Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) - that's sort of an administrative process that we use as part of the assessment. They run an analysis of that agricultural production information related from the previous five years, and how that relates to regional data at a couple of different statistical area scales and look at part of the percentage impact on production. Then that information, along with information about general land use, under land use classification systems - not the Tasmanian Government ones but general land use classification that exists across Australia - that information goes to the delegate. And then they use that information to form their opinion about whether the project has an undesirable impact on agricultural production.

The rule also sets out some timeframes within which this process has to occur. There's 30 days within which the delegate can signal their intention to make an adverse impact finding. If that passes, and an adverse impact finding isn't made, then the project can proceed through

to the broader assessment process that's undertaken by the Clean Energy Regulator about participating in the Australian Carbon Credit Unit Scheme (ACCU). So, I guess this is sort of a decision that allows that to go ahead or doesn't.

CHAIR - Thank you for that. The second part of my question was: in what way was this specific application, or rather notification, considered, assessed and determined? Was it considered, assessed and determined in exactly the same way as the standard method, or did it deviate in any particular way?

Ms McGILVRAY - No, it was assessed in line with the standard method. Like, in terms of the steps in the process, it went through the same steps. There is a process at the beginning, when the proponent provides us with information, that across all assessments that occur there might be some clarification about information that's in the assessment. Or if an assessment was missing information, which it wasn't in this case, then you might clarify that. But basically, the steps that we go through are the same and the basis of the assessment is the same process.

Dr BROAD - You mentioned there that you're assessing the undesirable impact on agricultural production. What information are you relying on there? Is it purely from ABARES, or is there information coming from state government, for example? What sort of information did you actually receive and assess when it came to this project?

Ms McGILVRAY – We're relying on a mix of information. We rely on the information that comes from the proponent in line with those particular requirements that are set out under the CFI rule. And then we rely on ABS data around production that occurs in that region, at those two, sort of, different statistical area levels that I mentioned. So that's the primary information that we're using for the assessment process.

We aren't looking specifically at state and territory information, although when it comes to things like pest and weed management and fire management, there are often references to ensuring the project's conducted in line with kind of state obligations that might exist in that type of context.

Dr BROAD - So you didn't ask the Tasmanian Government for information about land capability and the like? Or were you reliant on the GIS that's available to ABARES?

Ms McGILVRAY - So, no. We didn't ask the state government for information on land capability. That is not a routine part of the assessment process. Our assessment follows the process that's set up in the CFI rule, and that relates to agricultural production that has been occurring on the property in the previous five years. And so the impact assessment is made based on what is occurring. It's not a judgment around land capability.

Dr BROAD - So, you're saying that land capability is irrelevant when you're assessing - it's the actual production from the last five years? What sort of information are you asking for to assess the agricultural production from the last five years? Are you talking about the number of head of cattle or the dairy production? What sort of information? What sort of level do you get down to? Are you talking tax returns? What sort of information?

Ms McGILVRAY - Well, the assessment for livestock is based on the herd. That would be the information that was used in this case, so there was dairy cattle numbers and beef cattle numbers. There are notifications that relate to other types of agricultural production, like

cropping, and in those cases, the proponent will provide information around production of that nature, but for this one that wasn't the case. We're looking at herd numbers and how that relates to the production of those types of commodities in those regions.

Dr BROAD - Were you sort of after literally production figures from, like, how many kilos of milk solids? Are you getting down to that level?

Ms McGILVRAY - Sometimes we will get that, but it's primarily about numbers of head, so the size of the dairy herd and the size of the beef cattle herd.

Dr BROAD - Do you benchmark that against the local area or Tasmania or national? How granular do you get?

Ms McGILVRAY - We look at information from two different levels. There's Statistical Areas, so we look at the SA2 level and the SA4 level. The SA2 is sort of smaller and really quite locally relevant, and the SA4 is slightly larger. Whilst proponents might give us information that relates to kind of state level of production, we will look at that, but our standard process runs on those two statistical areas. They're areas that relate to ABS data.

Dr BROAD - In terms of the SA2 - I'm very familiar with SA1 - how big is an SA2? Could you give, sort of, a geographical area? Would that have been the Dorset community, or would it have just been the far north-east? What would have been the granularity there?

Ms McGILVRAY - The Dorset-Bridport is the SA2 level. The SA4 level, I'd have to get the proper title for that for you, but - actually, I do have it, if you just give me a moment. So, the SA2 is the Scottsdale-Bridport region, and the SA4 is Launceston and North-East.

Dr BROAD - To be clear, you are comparing the figures that you're receiving, you're assessing that against sort of the benchmark at two different levels, the first being the Scottsdale-Bridport area and the second being basically the greater north-east. Is that correct to say? And from that, are you making a judgment about where production sits? So, for example, if it's well below regional production, then it's assessed in one way, whereas if it's well above regional production it's assessed in a different category?

Ms McGILVRAY - Not really. We're not benchmarking the property against any other properties. What we're looking at is: what is the production that has been occurring on that property, and what sort of percentage of the regional production would that represent. So you kind of form a view about: if that production was transitioned to something other than agricultural use, what impact might that have?

Dr BROAD - So, you mean in terms of - if it's 5 per cent of production of the dairy in that region compared to 50 per cent, is that sort of what you're talking about? Rather than whether it's actually a well-run, productive operation versus a not-so-productive operation?

Ms McGILVRAY - Yes.

Dr BROAD -Okay.

CHAIR - Thank you for your submission again. Can I ask you to speak to the very clear statement in here about the five-year agricultural production history, which is one of the key

criteria or information that must be provided. We've had previous witness evidence that the information put forward - first of all, is the assessment publicly available?

Ms McGILVRAY - Our assessment has been made available through requests for documents.

CHAIR - I don't know if this committee's seen it yet, but I believe that we're going to get it. I'd be grateful, if it's already been released, you might provide the courtesy of sending it to our secretary.

Ms McGILVRAY - Yes.

CHAIR - Did that assessment fully research the five-year agricultural production history? Are you satisfied that it did a full five-year agricultural production history? The reason I'm asking you the question, it's in fairness to you, is because we've had other witness testimony that it didn't, that it was more of a point in time, recent history that was provided and the basis of the assessment. I don't know if that's a fair statement or not. That's why I ask you the question.

Ms McGILVRAY - Yes, well, I guess, the proponent provides us with information and there are relatively serious obligations that exist under the CFI rule and the ACCU scheme around the provision of information. There are also serious requirements in relation to provision of information to Commonwealth officials, so we rely on -

Mr LOWE - And just to cut in, there are serious consequences should false or misleading information be provided to us; just to kind of clarify.

Ms McGILVRAY - Yes.

CHAIR - Also, while we've paused there, just to let you know, I don't think anybody suggested that it was false or misleading. I think that what's been suggested by a different witness at an earlier hearing, which you'll be able to look at yourself if you wish, is that it wasn't the complete picture.

Mr LOWE - Okay.

CHAIR - And I'm asking for a response to that.

Ms McGILVRAY - Well, I am aware of some of those statements and I am aware that there's sort of different levels of production that may have occurred on the property over the course of history. The CFI rule talks about the five-year production history and we rely on the information that is provided by the proponent, covered by particular obligations to set out what that five-year production history has been.

CHAIR - And does your department, does your team or does ABARES go to source information or rely upon only what's been provided by the applicant? Does the assessment team do their own due diligence on historical five-year agricultural production history?

Ms McGILVRAY - So, the ABARES analysis does look at land use related to the property - that's sort of general categories of use. So, it identified native vegetation, remnant

vegetation on the property - in fact, quite a significant proportion of the property areas of grazing, native pasture, some irrigated agriculture. So, that sort of information is information that is drawn from ABARES land use information and that is then combined with the information that comes from the proponent around the levels of production occurring.

CHAIR - I have divergent questioning now because we have two matters I want to quickly explore. Was the assessment using the ABARES land classification system not the Tasmanian classification of land capability?

Ms McGILVRAY - I just want to be very clear about what we're talking about, land use. We didn't use the Tasmanian land use capability. That isn't a factor that comes into our assessment process. Our assessment process is related to the production information from the proponent around the previous five years of production. We do also have some general information that's available kind of nationally across Australia about different types of land use and that is included as part of the ABARES assessment report.

Mr LOWE - I think it'd be better to say, rather than land classification or any capability is that the ABARES' information is about how the land is used, based on the information that they've got. Does that make sense?

CHAIR - Yes, it does.

Dr BROAD - So, you're talking about the land use GIS layer that's available for the whole country?

Ms McGILVRAY - Yes.

Mr LOWE - Yes.

CHAIR - So, the next part of the question then was, is the department satisfied, and this isn't an attempt to cast shadow on Gresham, but it's a question for your agency, are you satisfied that you had all of the information that you needed to make the assessment, given the requirements on the minister and/or her delegate to seek out confidence that it doesn't have a -

Dr BROAD - Undesirable impact on agricultural production?

CHAIR - an undesirable impact on agricultural production. Are you satisfied that you had the necessary agricultural production history?

Ms McGILVRAY - What I can say is the department was satisfied that the proponent provided information required by the CFI rule. The rule sets out the information that's required in the notification and that forms the basis of our assessment.

CHAIR - Well, that's a very frustrating answer - and respecting you in giving it - but the difficulty that we have is that we're trying to understand whether the information provided was adequate for the purpose, and you're saying that you - in fact in your answer just now, you've not been able to provide that assurance. You've instead said that the process was followed. What I'm asking is the earlier question: was the quality of the information fit for purpose, given the very serious responsibility that the federal minister for Agriculture carries in this space?

Mr LOWE - I think what we're saying is, Chair, we don't undertake, if you like, an independent check of the information that is provided. We're simply not in a position to do that. We do undertake, I guess, we have ABARES to undertake, to provide us with information about the site, as we've outlined. But it would be both - it's not a usual thing for us to do as a department, across a range of different things that we auspice to take independent checks of this sort of information. We have to rely, as it's a statutory undertaking by the proponent, on the information that's provided to us, and the accuracy of it.

CHAIR - Can I put it to you that this may well be a policy matter above your responsibilities, but can I put it to you that a $146 million deal sat on this assessment, and you're telling me and the committee that the department doesn't have a responsibility to check the accuracy of information that forms the basis of an assessment?

Mr LOWE - We're bound by our obligations under the CFI rule and we're bound to follow those obligations, Chair. It's challenging for me, and if you're seeking to draw the department to comment on a matter of policy, it's hard for me to comment any further than what we already have.

CHAIR - Well, let me just be clear about that. I was very explicit that it may well be above your responsibilities to discuss policy, but I think we respect each other's answers on that. Would you please take on notice the question, and it gives you the benefit of the opportunity of examining the statements that have been made by earlier witnesses, specifically TasFarmers and Mr Sauer, the former president of TasFarmers, and I'd be grateful if you would consider their allegations, and the opportunity to respond further on that matter. Would you do that?

Mr LOWE -We're happy to take that on notice, Chair.

Mr Di FALCO - We've heard from a few local witnesses that they don't believe that the area is suitable for growing a pine plantation. What happens if, partway through the process, the realisation comes about that it's a dud, what happens then?

Mr LOWE - It's a good question, and it's also one that senator Colbeck pursued in our estimates hearing as well. I guess I'd kind of outline a couple of high-level points in the first instance. The first is, just to kind of ground this part of the conversation, it sits outside of, well, it sits separate to the conversation we've been having about the CFI rule and goes to our role in auspicing the Support Plantation Establishment scheme, I think. In relation to that, I guess, the first point is, it's a commercial undertaking that the party is applying for a grant for. So, there's a commercial imperative for the plantation to be a going concern in the long run. It's certainly in our interest for the plantation to be a going concern, as well.

The second is, we do rely on expert advice and assessment again being provided to us, and we rely upon that in terms of the suitability and productivity of the plantation. I'll hand over to Mr Bursle to outline that in a bit more detail.

Mr BURSLE - Again, we can only comment on what happens in relation to the Support Plantation Establishment program for projects seeking carbon credit units under an ACCU scheme. That that component, aside from our role in the matters that Ms McGilvray has been discussing, is a matter for the Clean Energy Regulator. As Mr Lowe outlined, our role, or the protections that we put in place under our program to try and navigate this issue is because this

program is seeking a long rotation of plantations that have an end product, that have a market and will support jobs and economic activity in Australia. And so, we want the right tree, in the right place, at the right scale.

In our process, we can't interrogate every plantation application that comes to us. Instead, we take the approach where applicants are required, through the process, to engage a forestry professional that understands the business, that understands the site-specific locations, where might be appropriate for a plantation, where might not, and develop a plantation management plan. We provide guidance about the requirements under the program for a plantation management plan but, effectively, we rely on each proponent coming to us with a plantation management plan that's developed and signed off by a forester who says, 'These trees will grow in these locations at these stocking rates'. That the bottom line. We're limited, as Mr Lowe has identified - there's only so far we can go in any of our programs in interrogating that information. We really rely on our project proponents coming to us with suitably qualified experts to develop their plan. Again, as Mr Lowe said, these are commercial operations targeting a long-term investment and so, as part of their due diligence, they're engaging forestry professionals for our program. But I think, as we've seen through other evidence from this specific project, there's expertise on a range of matters as part of the due diligence for each of these projects.

Mr LOWE - I should just add, we do have a range of checks. The way we construct this program is that we have a number of checks or kind of milestones that need to be satisfied before we pay out funds. We're conscious that we are the custodians of taxpayer money in regards to this program. We do take it seriously that while we try provide flexibility, we did receive a lot of feedback in the early stages of the program that the up-front requirements were perhaps too onerous and calibrated in such a way that it was preventing projects that would otherwise proceed moving through, and certainly at a slower rate than was necessary. We have taken feedback on board. But ultimately, we have designed in checks and balances to ensure that we do milestone payments at such time as activity is occurring. Mr Bursle, did you want to just outline that in a bit more detail?

Mr BURSLE - Yeah, happy to, Mr Lowe. The planning and milestone payments are generally - and I'm just speaking generalities around a couple of things for projects. The vast majority of projects, through the Support Plantation Establishment program, are also accessing the ACCU scheme. For those projects, the first step and the first funding that will be released from our program is the plantation owner telling us that their ACCU scheme, or demonstrating to us that their ACCU project, has been declared by the Clean Energy Regulator. As most of our projects access ACCU markets, that's usually our first milestone. Then we have routine reporting as part of the establishment phase. Most of our projects run over one or two financial years. The project proponent will report to us an activity work plan which updates us on what they're planning to do in the establishment phase and when. Once we're satisfied with that step, we will then release funds.

CHAIR - Thank you for that. Can I go back to the responsibility of the minister, or his or her delegate, to determine whether or not the carbon farming initiative rule brings into play the need to declare that there's been an adverse impact on agriculture? Can you help the committee understand - well, first of all, it was delegated. I believe that's public knowledge. Is the delegate possibly on this call?

Mr LOWE - The delegate is not on this call, Chair.

CHAIR - I'm not asking the name, but I would have liked to know if it was in the room. Thank you for that. If this was delegated to an office holder in the department, how did they consider the loss of production of nearly 10,000 hectares of Tasmanian land, and arguably between 5 per cent and 10 per cent of the dairy and beef herd, to not be detrimental to agriculture?

Ms McGILVRAY - The CFI rule is constructed in a way that it creates a timeframe within which the minister, or the delegate - the delegate in this case, can make an adverse impact finding. As I've outlined, the standard process that we use is to look at the five-year production history and then compare that with the regional production levels. There isn't a set number that's in the CFI rule that defines when that finding would be made. It's in the opinion of the decision-maker around whether that percentage effect constitutes an adverse impact.

CHAIR - Can you understand where the question is coming from, and the disbelief that sits around the state, that an adverse finding could not be found in the circumstance that I've described?

Ms McGILVRAY - Yes.

CHAIR - By the way, arguably - I said 5 per cent to 10 per cent of the herd in the Dorset region, not the state.

Ms McGILVRAY - Yes.

CHAIR - But can you understand the disbelief that sits around the state and the community confidence that then gets tested, if a professional person such as yourselves are telling us that an adverse finding couldn't be found?

Ms McGILVRAY - This is a judgement that needs to be made. The figures that you're mentioning there do relate to the SA2 level. The delegate also had information about production in the SA4 region, and the percentage impacts there are 1.9 per cent dairy, 1.5 per cent beef. They also had information about kind of variance in the size of the dairy and the cattle herd over the previous decade. In combination, that creates a picture of the effect of that production at that smaller and larger regional level.

CHAIR - I'm sorry to ask you to repeat yourself. Could you just clarify again what you mean by one point. I think you said 4 per cent of the SA4. What's the SA4 again?

Ms McGILVRAY - That's that larger - I forget the name -

CHAIR - Launceston.

Ms McGILVRAY - Launceston, yes.

CHAIR - Really, a big region in Tasmania. That is diluting the impact when most people would have thought differently about the impact on our region in the north-east. Launceston is not thought of as the regional centre of the north-east. Scottsdale is.

Dr BROAD - No, but it's including that area.

CHAIR - Well, the wider area you go, the smaller the impact. So, I think that the point being offered is that it's surprising to many people that - for example, the Dorset mayor himself has given evidence to our inquiry. I might invite you to have a look at what he has to say where he talks about it being between 5 per cent and maybe up to 10 per cent of the region, impact on the region. That's why I've been exploring that with you. I'm going to change channels. Are there any other questions on that theme?

Mr LOWE - Chair, I think it might be useful to unpack the variance point.

CHAIR - Sure.

Mr LOWE - Ms McGilvray, did you want to talk in a little bit more about the types of variance that we were able to observe.

Ms McGILVRAY - The variances are at the SA4 level, because that's the level at which we can get the data. For dairy, there was a 10.7 per cent variance in the dairy herd over the 10 years leading up to 2020-21, and 7.1 per cent variance for beef. So, when you look at the percentage impacts being considered, for the SA2 level, it was 4.52 for dairy and 4.65 for beef. SA4, looking at the cattle dairy and beef numbers, that comes out at 1.9 per cent dairy, 1.5 per cent beef. That's sort of well within the variance occurring in the region.

CHAIR - I just want to ask, you've kindly offered to send us the assessment, I wonder if you could ensure that what you're reading from is included because that will be useful information for the committee.

Dr BROAD - To be clear about the variance, you're talking about - I suppose you're not clear in the direction of that variance, so are you saying that - because, to be clear to the committee, the dairy industry in that region has gone up or down by 10 per cent, is that what you're saying?

Mr LOWE - Fluctuated.

Dr BROAD - Fluctuated 10 per cent, therefore, the removal of - what was the percentage at the SA4? That was 2 per cent?

Ms McGILVRAY - When you look at the numbers in the assessment, that's what it comes out at, 1.9 per cent dairy, 1.5 per cent beef.

Dr BROAD - So, what you're saying is the variance across the region was 10 per cent, therefore, taking 2 per cent out is weighted differently than if there'd been no variation?

Ms McGILVRAY - I think it's an indication of changes that occur in levels of production in different regions. There's a range of data that is presented to the delegate to inform their decision. The percentage impact is always looked at the SA2 level, and that's the primary sort of consideration, but there is also information about the SA4 level and variation that occurs in levels of production of that particular type of commodity in that region, which is sort of - when you put these things together, it helps you form a view of the effect of the proposal.

Dr BROAD - But you don't have the variance at the SA2 level? You only get that at SA4?

Ms McGILVRAY - Yes.

CHAIR - Do you have the absolute numbers on the SA2 level - the impact?

Ms McGILVRAY - Well, yeah, I guess we have like the five-year production data and then we have the ABS data on production, and then we have the percentage impact for the SA2 level.

CHAIR - Just so we're all clear, I think we'd all like the same knowledge or information here: at the SA2 level - which is closer to home, right, I think it's all of Dorset except for Scottsdale and Bridport, if my memory serves me -

Dr BROAD - No, it's including that.

CHAIR - I thought it was excluding.

Dr BROAD - No.

CHAIR - So, that sounds like Dorset then. Okay. Thank you for that.

Mr LOWE - I think we're relying on your expertise here, Chair.

CHAIR - Alright, nonetheless, the SA2 is a smaller geographical region, yes? Are you able to give a percentage at that level impact - negative impact?

Ms McGILVRAY - Yes.

CHAIR - I'm sorry if you're repeating yourself, but what is that number?

Ms McGILVRAY - So, 4.52 per cent dairy and 4.65 per cent beef.

CHAIR - Okay. And that's based on the baseline that has been established by the information provided by the proponent -

Ms McGILVRAY - Yes.

CHAIR - which others have called into question? Yes?

Ms McGILVRAY - It's based on -

Mr LOWE - Well, I can't comment on what others have said, Chair, but it's based on what's provided by the proponent.

CHAIR - Yeah, that was very clearly my intention of putting it that way. I'm not asking you to agree that it's inaccurate at all but thank you for that. In a region like Dorset and in that SA2 community, people live there too and people have their jobs and livings and businesses in this region. Does the department not believe then that a, I think, 4.9 per cent decrease in

agricultural output, even on those numbers based on information provided by the proponent, doesn't constitute a negative impact, an adverse impact on - to meet the test under 20B of the rule?

Ms McGILVRAY - I can really only speak to the decision that was made by the delegate in relation to this situation and, in this case, it was agreed there would not be an adverse impact finding.

CHAIR - You're going to send us the assessment, but can we see the decision brief on that as well, to help us understand what were the factors to make that determination?

Ms McGILVRAY - Yes, we can provide a range of information that has been available.

Mr LOWE - If there's anything that's not currently publicly available, Chair, that we would need to consider, we would just have to take that on notice.

CHAIR - Thank you. I think you'll understand why it's so important to us because you're talking to a small committee of Tasmanian parliamentarians and we're very close to these communities and our parliament has given us the right and the authority to seek these answers as best we can, so that we can try to ensure that we protect our agricultural resources and the jobs that go with them. And it's not a fight between ag and forestry either, but it's about a question of balance and transparent process as well. I'm ready to move to the next subject.

Dr BROAD - I'm still going on that one. When you're also weighing up the reduction in agricultural production, are you also weighing that against the benefit from the alternative land use that's proposed? Do you weigh those two factors against each other, or do you just think, well, just in terms of agriculture?

Ms McGILVRAY - So, our assessment is based on the impact on agriculture. So, that's the information that we look at. Of course, there's a lot of discussion in relation to this project about other factors that are relevant and those sorts of factors are factors that are informed other people's decisions around investing in the project, the value of the project, the employment benefits of the project. I know the committee's had a sort of a long discussion today with Gresham around employment associated with the project, so there certainly are those types of discussions in relation to what the project will be used, but our assessment is related to the agricultural production assessment.

Dr BROAD - Also, to be clear, you only look at the SA2, SA4, so, for example, beef production is a statewide issue. I think, probably the north-east, when you look at beef production and dairy, is small compared to the north-west, for example. Do you weigh that up or you don't look statewide, you're specifically just SA2, SA4?

Ms McGILVRAY - Yes, we're looking at those particular statistical areas. We do sometimes get information from the proponent around the relationship to state-level production, but to sort of have consistency across the assessment process, that's the levels that we look at.

Mr LOWE - I'll just maybe offer one other reflection, Chair, which is - again, I'm not sure what evidence has been led around, I guess, the five-year data. What I would say is I am aware, certainly from discussions in our Senate Estimates, of questions over kind of whether

that five-year production data reflected the land's capability. All I would just want to offer on that front is, we're really bound by one, what the CFI rule asks us, and two, we think it's important to ground this in objective measures rather than a subjective measure about the potential of the land or the capability of the land. If that was where the discussion went; I'm not saying that it did.

CHAIR - It's a fair question. You've previously kindly agreed to take it on notice after you've had the benefit of looking at what those other statements were. I believe both comments were offered. One was that it didn't take any account of the capability if it was invested in and farmed effectively and properly, but there was a specific allegation or statement that it hadn't been based on five years of actual history and that's, therefore, the contested issue there. So, can I -

Mr LOWE - And capability is something we're very kind of generally concerned with and the productivity frontier of agriculture, it's something we're more generally concerned about. But we do know that there is a significant gulf between kind of what the best farmer is able to achieve out of any farming system and production enterprise versus a mid-range or bottom of the range farmer can achieve. So, we're very conscious that a large gap exists and we're always interested in how we can bridge that gap and think about how we can kind of bring as many farmers up to the highest end of the productivity frontier as possible. But ultimately there's a range of factors that go and influence farmer capability, enterprise capability - and they're very often subjective.

CHAIR - I agree with your statement, and that's the right policy to believe in. I'll just observe as well - I'll take a free opportunity to make the point that the agricultural production on the land over the previous five years is just one of a number of matters that have to be considered; it's not the only one. I'm sure that that's known to you already.

Can I please change gear and go to the matter of the plantation support establishment grant? Could you just, in brief form, tell us what the successful applicant here, with Tasmania Natural Asset Trust, what's the life cycle of their application, from application through to approval? And payment, which I understand is yet to occur. But would you mind just, in a high level, describing that?

Mr BURSLE - Sure. Mr Lowe, I'm happy to answer that.

Mr LOWE - Yeah, go for it, Mr Bursle.

Mr BURSLE - The specific round that this application was received in opened, I think, on 5 November 2025. Actually, sorry, I think that's the date on which we received their application. That round, in its entirety, was assessed and agreed - or the proposed projects were agreed, by minister Collins on 23 February 2026. We entered into a full grant agreement with the applicant on 7 May 2026.

We first received - one of the steps in our contract process, which I've already spoken about, is the receipt of activity work plans. We received an activity work plan from the grantee in this project. We've not yet accepted that activity work plan, because there's still a level of flux in the project timelines because the Clean Energy Regulator has not, in this project, yet declared their ACCU project scheme, which, as I mentioned earlier in my evidence, is the first payment milestone for this project. So, we're still in conversation with the applicant about the

timing of the rest of their activities, but we'll settle those matters once the project's declared by the Clean Energy Regulator.

CHAIR - Thank you. I recognise that this has been canvassed in other parliaments and Houses and Senate Estimates and so on, but I want to ask you if the department is satisfied that the applicant was eligible for those grants, given that they didn't purchase the property until - settle it - in August? Because one of the key criteria has to do with some language around, not necessarily title, but some language around long-term access to the property.

Mr LOWE - That's right, Chair. This has obviously been an area of interest and we're conscious, for example, of Senator Colbeck's interest in this matter as well. And probably just kind of before we dive into the detail with Mr Bursle, but just to acknowledge, what we're trying to do with programs of this nature is ultimately, get plantations in the ground. As I mentioned earlier in the hearing, we're interested in finding ways to facilitate, I guess, proponents moving through our assessment process and not putting in place unnecessary barriers. Though a proponent at any given time across our projects could be assembling a range of different, I guess, activities to form a going project. And I guess what we're trying to design in the program is balancing what level of information and satisfaction we need at that particular point in the assessment process versus what gates or checks and balances we apply later in the process where we're paying out or providing program money to the proponents.

I guess one of the challenges that we've had in conversations that we've been in before is potentially a feeling of that should be the thing that we only rely on, is that declaration, when in fact, we need to take the program as a whole, and how we administer the program as a whole, as the overall kind of suite of checks and balances that we apply.

I'll hand over to Mr Bursle to outline that in more detail.

CHAIR - Thank you for that answer, but as you hand over to your colleague, I just restate, the question was about eligibility and the criteria that would apply.

Mr BURSLE - Certainly, Chair, I'm happy to go directly to eligibility. The shortest answer is, yes, we were satisfied. The eligibility criteria are clearly set out in the grant opportunity guidelines for the program. We are required to assess eligibility directly in line with those grant opportunity guidelines. I won't go specifically to the elements of eligibility. They're outlined in our submission, though, and they're also publicly available through the grant opportunity guidelines. But in relation to the specific question about access to land - yes, we were satisfied on this occasion.

CHAIR - I'm not entering into, nor trying to take you into a place of politics, but can you confirm that it was decided in February - I think you may have said 23 February - but not announced until a later date? Is that correct or is that my misunderstanding?

Mr BURSLE - I don't think I spoke about an announcement.

CHAIR - I wrote down 23 Feb. What was that date again?

Mr BURSLE - The 23 February was the date that the minister agreed to the outcomes of the grant round.

CHAIR - When were they announced?

Mr BURSLE - I can't recall, but I do recall that it was sometime later, which my -

CHAIR - I understand it was May.

Mr BURSLE - That may very well be the case. I don't have the announcement date in front of me, I'm sorry.

CHAIR - Could you please take that on notice?

Mr BURSLE - Certainly. I can possibly confirm that while we're in session. Certainly, my recollection of it is that it was sometime later.

CHAIR - One of the concerns that's been raised is the eligibility question, which I'm not going to try to determine that matter; that's for others. But I am interested - only today, we had advice for the first time that for approximately 45 days of this calendar year - I believe it was around about March - Gresham House actually lost their contract with the vendor and it lapsed. They had an exclusivity contract. It lapsed. And another party, we don't know who, subsequently took a contract with the vendor. And can't it easily -

Dr BROAD - No, that's not accurate.

CHAIR - Is that not accurate?

Dr BROAD - No. Somebody else had the first go. That lapsed, and then Gresham got the contract, and they signed the contract. Yeah, so that's not accurate.

CHAIR - My understanding is that they explained that their contract exclusivity lapsed and went to another party, and then they got it back again because the deal fell through.

Dr BROAD - No.

CHAIR - We might just allow that to be tested later. But can I ask you: does a party not have to have title to ground, or a long-term lease agreement at least, to be able to satisfy that criterion?

Mr BURSLE - We require applicants to make a declaration about their long-term access. In this case, when the applicant applied in November of 2025, they declared that they had a contract for sale over the property. It's my recollection that at various points in the process we were aware that that contract was subject to Foreign Investment Review Board approval. But, as I said, we don't require that you own the land - we require that you can give us sufficient confidence that you have long-term access to land. And as Mr Lowe said, we have an application process that allows a level of flexibility to make sure that an applicant can line up a grant application process as part of a transaction and hit the time requirements for getting a plantation in the ground.

So, we do allow a level of flexibility at the application phase but, as Mr Lowe pointed out, those requirements are reaffirmed through our contract milestones. So, I am aware that in this particular case, the grantee has been open with us about the status of their Foreign

Investment Review Board application, and that is why, as I said earlier, we have an activity work plan that hasn't been agreed to. And that's also part of the reason that we haven't released any funds. I mean, the first milestone payment for this project is about the ACCU Project Declaration, which is my understanding, though I can't directly speak to the Clean Energy Regulator's processes. But I imagine they have similar requirements in relation to long-term access to the land, as do we, which are borne out not only through the application assessment process, but through our contracting process and our milestone agreement processes.

CHAIR - I just have one final line to ask you about. No doubt you are aware that in a release of documents, there's an email from the CEFC addressed to a member of your department. It's from Simon Every to an unknown person in the department. That's been redacted. The title subject is, 'Rushy Lagoon', the date is 14 May 2026. The email describes a conversation with a Treasury official, whose name has also been redacted. The CEFC employee then goes on to say:

> From both this conversation and a subsequent discussion with our FIRB transaction lawyer, I understand the public, media and political interest is a contributing factor to the multiple process extensions to date.

First of all, deputy secretary, are you aware of the email? And, secondly, what comment do you have about the role that your department was playing in a FIRB process that we've been told time and again is supposed to be wrapped up in confidentiality, and officials not having discussions like that? What's the real situation?

Mr LOWE - Well, I think there's multiple angles to that. Maybe if I just take that in turn, and I might rely on my team. I will say I was only made aware of that email, and to the extent that I was aware, that was mentioned by the CEFC in earlier evidence today. I don't recollect being aware of it before this point. To answer the strict terms of that question -

CHAIR - Mr Lowe, I want to treat you very fairly and not catch you by any surprises. If you haven't seen it, I respect that entirely. I give you an opportunity to find it in your own time, but the way I've described it is honest. Secondly, it's been, through a Senate order, publicly released several months ago. So, I'm not trying to trick or surprise you, but I'd be happy if you answer it as I've addressed it.

Mr LOWE - Maybe team, I might just ask you - it might have been in the Senate order documents, but I don't have specific recollection of it, Chair, in answering you in strictest honesty. Team?

Mr BURSLE - I have no recollection of that email but based on - and I haven't seen it and I haven't found it in publicly available documents, though I accept that it's available through an OPD. But it sounds to me, based on your description, Chair, that our role was receiving an email from the Clean Energy Finance Corporation.

Mr LOWE - Chair, I'm aware that there were multiple orders for production of documents, too, and we supplied an Order for Production of Documents. Two, in fact, thank you team, from our department. I feel more confident in speaking to materials that were provided through those. Materials that were provided by other agencies or departments, I'm less confident in speaking to and am happy to take them on notice.

CHAIR - I appreciate it. I'm going to ask you to do that because I respect that you can't know everything. Unless I'm mistaken, it's Senate Order 542, and the information that I'm holding in my hands was signed in by minister Tim Ayres and provided to the Senate, and therefore the public. That's where I got it from.

Mr LOWE - We're happy to take that on notice.

CHAIR - But the question that we're taking on notice, I'd like you to very clear about. I've asked you a question about the responsibility of the department - not CEFC, the Department of Agriculture, Fisheries and Forestry, around the FIRB process, when we've been told repeatedly that it's a confidential and black-box process as far as middle-ranking officials are concerned. That's where I'm happy to leave it, if you're happy to take the question on notice?

Mr LOWE - I can talk a bit to the FIRB process, if you like, and our department's role in that. In short, in general - and if I could talk in generalities rather than in specifics, we are one of many departments that the Treasury consults with to ensure proposed foreign investment is not contrary to Australia's national interest. And we do comment overall on national interest risk factors relevant to the agriculture sector. There's a range of areas that we would generally be drawn on in commenting. But I guess, in specific, we're unable to comment, as you've rightly pointed out, on any specifics that we would comment on to Treasury in relation to any Foreign Investment Review Board consideration.

Having said that, the nature of the specific correspondence I'm not across, but there would be, if it's in relation to announcement, that would be information provisioned to the department for situational awareness. That would be, I guess, separate to any Foreign Investment Review Board decision. But I'm speculating on the nature of the correspondence.

CHAIR - It's exactly of that nature. It's keeping each other informed as to process. I'm happy to leave it there because I feel as though you've gone as far as you can, and you've kindly taken it on notice. Thank you. Mr Lowe or your colleagues, do any of you need to add anything to the record before we close the hearing?

Mr LOWE - I'm okay, but I'll check with the team.

Mr BURSLE - Just if I may, Chair, I said that I could come back to you about the date of the announcement by minister Collins for the results of that round. That was 19 May 2026, and I think you might have identified that it was in May.

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

Mr LOWE - We do.

The witnesses withdrew.

The committee adjourned at 4.16 p.m.