

**STANDING COMMITTEE ON PUBLIC ADMINISTRATION**

**INQUIRY INTO PASTORAL LEASES  
IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 20 NOVEMBER 2013**

**SESSION TWO**

**Members**

**Hon Liz Behjat (Chairman)  
Hon Darren West (Deputy Chairman)  
Hon Nigel Hallett  
Hon Jacqui Boydell  
Hon Amber-Jade Sanderson**

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**Hearing commenced at 9.57 am**

**Mr PETER PRICE,**  
**Project Manager, Gondwana Link Ltd, sworn and examined:**

**Mr PIERS VERSTEGEN,**  
**Director, Conservation Council of WA, sworn and examined:**

**Dr BARRY TRAILL,**  
**Director, Australian Program, Pew, sworn and examined:**

**The CHAIRMAN:** On behalf of the committee, I welcome you to today's meeting. We will need to go through the process of an oath or affirmation.

[Witnesses took the oath or affirmation.]

[10.00 am]

**The CHAIRMAN:** Terrific. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

**The Witnesses:** Yes.

**The CHAIRMAN:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones; try to speak into them, try to speak in turn and do not put any papers near them or make noise. I remind you that the transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time that the transcript of your hearing is finalised, it should not be made public. I advise you that the publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

In the submissions that we received—we would like you to talk to us about the basis of your claim that diversification permits are being used unlawfully. So, if you could provide us with your thoughts on that; the evidence that you have got to back up that statement might be a good way for us to start.

**Mr Verstegen:** Thank you, Madam Chair. Are we able to make a short introductory statement before we go into the detail?

**The CHAIRMAN:** If you would like to, that is fine.

**Mr Verstegen:** From my perspective, the Conservation Council of Western Australia, the peak environment group for the state, we are certainly dedicated to finding constructive solutions to environmental challenges facing Western Australia and certainly we believe there is significant environmental challenges facing the very vast rangelands. So, it is with that that we welcome this inquiry and support the process.

Certainly, the challenges that are faced in the rangelands in terms of the environmental degradation that is taking place in those areas and also the economic challenges, we believe are also met with

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very significant opportunities—opportunities that derive from new and different land uses in rangelands areas; opportunities that derive from better environmental management and in some cases a dedicated environmental management of areas; and better opportunities not just for the environment, but for the social fabric of the rangelands and also for economic opportunities in those areas.

There has obviously been very significant change to the economic drivers in the rangelands over the past many decades and we are now, we believe, in a situation where the predominant economic drivers in the rangelands are no longer well served by the land tenure system that exists in the rangelands. We have obviously got a diversification of uses in rangeland areas and mining and extractive industries are now a very significant economic driver and yet the underlying land tenure system really only provides for one fundamental type of land use in relation to the broad management of rangelands. Unfortunately, that is a land use that is increasingly in many cases both environmentally and economically unsustainable. So, that is really the basis of our position that there does need to be significant land use and land tenure reform in the rangelands and I think we would put forward a position that now is an opportunity for the government to have a particularly ambitious reform agenda, and so we would just welcome the opportunity to raise some of those issues in the context of this committee.

**The CHAIRMAN:** Thank you for that. So, back to my question, the basis of your claim that diversification permits are being used unlawfully?

**Dr Traill:** Yes. The key question for us, as Piers indicated, is we want a future, which is viable socially, environmentally, economically. I would emphasise that it is not a legally based assessment, but our commonsense assessment of the current situation where you have many leases that are not being primarily managed for grazing and conservation. Personally—I am looking sideways a bit—I would be very loathe to give individual examples because we are not actually critical of individual leaseholders who are in a situation where they are seeking to diversify. Our assessment of the system is that there are many properties out there, which are no longer commercially viable for grazing operations. That has been well established from a number of quite conservative assessments of grazing opportunities. There are many that are very viable. There are many districts that are very viable, but with the changes in terms of trade, there are individual properties in some districts that are no longer viable for grazing.

Now, I think the previous witness really made that point very clearly that people seeking to get higher end uses are using diversification permits, but it is not allowing those potentially higher end users—tourism, carbon farming, conservation—that are out there, from going ahead. And many people, whether they have got a diversification permit or not, are clearly not running their operations as grazing properties. As I say, I am looking sideways to Peter who has better personal experience coming from the industry. I really do not want to name any individuals because I do not think that is our point. It is common knowledge that many properties are being managed for non-pastoral operations. They may have a diversification permit; they may not. But we need a system that allows higher end uses to develop. Feel free to contradict that, Peter.

**Mr Price:** Madam Chair, I have not checked the exact wording, but I would be surprised if the submission said “is illegal”. It may have referred to bordering on doubtful —

**The CHAIRMAN:** You used the word “unlawful”.

**Mr Price:** Okay—unlawful. That comment was made out of the context of a report prepared for the Minister for Agriculture and Food dated August 2009 titled, “A Review of the Process to Permit the Diversification of Pastoral Leasehold Land in Western Australia”. I quote —

Therefore, diversification permits can be provided for activities consistent with pastoralism and are not appropriate for large scale changes in land use that effectively see land used for purposes other than pastoralism.

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So, my limited understanding and knowledge—my background is from a pastoral background. My background also includes pastoral consulting to the mining industry, Indigenous organisations and the general pastoral community. It has been a grave concern on listening to the hearings around the state and also in my general understanding that diversification permits were put in place to satisfy requirement of the Native Title Act—and rightfully so—for supplementary support for pastoralism. Many people I have dealt with are concerned that now their supplementary pastoral activities are their primary source of income and, technically, are bordering on potentially in breach of their pastoral lease conditions, which is a grazing lease for grazing purposes. Concern has come to me from a number of sectors that the supplementary income is now primary income, other than pastoralism. If the wording in that submission is a bit incorrect, I apologise. It was on the basis of this report, which I am more than happy to submit to the committee.

**Mr Verstegen:** If I could just make a small additional comment, from our perspective, regardless of whether the diversification permits are lawful or otherwise or are being used lawfully or otherwise —

**The CHAIRMAN:** There is no question that they are lawful.

**Mr Verstegen:** The point I am making is that from our perspective they have a range of very serious limitations in the extent to which they allow types of land use that may be of much greater value to the state economically, which may provide better environmental outcomes and also social outcomes for the rangelands. If you are a mining company, for example, and you want to invest in better land management across a landscape scale, as an offset to impacts that are caused on a mine site, you need a sense of certainty that there is a tenure system that is going to provide for ongoing environmental benefits to be maintained in time. If you want to invest in carbon farming, for example, as an alternative to grazing, you want to make sure that you have got a legal and tenure system that provides the certainty that you are going to be able to reap the economic rewards of that into the future, which requires 100-year management of those areas. If you want to purchase and manage an area for environmental purposes or for tourism purposes, you want the certainty that the investment that you are putting in there will be maintained over time. I think the point that we are making is that regardless of the question of legality, diversification permits are not appropriate instruments to allow those types of land uses.

**Hon DARREN WEST:** I think what you are saying there—I think we sort of heard it in a different way from pastoralists, especially in the rangelands, because they were sort of suggesting that we want to have these tourism operations, but they are lower key. As you point out, many of the leases are not economically enriching. They are probably getting by and making a profit. So we are finding that they are constrained by what they can diversify into, because they cannot make more money out of what they are diversifying. I do not think there is real disagreement between sides on the issue. I think it is something very important that we should focus on in our deliberations.

**Hon AMBER-JADE SANDERSON:** You mentioned you want to see much more sustainable long-term uses of land. Can you give us some examples?

**Dr Traill:** If you look at, say, country—what I call north of the range, north of Gibb River Road, in the central north Kimberley—I have not lived there, but I have been a regular visitor there over the past decade or so—certainly some of those properties are viable ongoing grazing operations, but, clearly, many are not being managed for that. They are being managed as living properties for Aboriginal people. A couple are owned by southern folk who use it as a lifestyle block. I do not say that pejoratively because I think in many cases they are doing a very good job managing that country and putting dollars into it. Some are being managed explicitly for conservation, such as Mornington Station and Marion Downs. You have a range of uses—and many tourism operations up and down the Gibb River. It is a whole spectrum of uses. So, tourism, conservation, which is often not thought of as an industry, but it is an industry; it puts dollars in. It hires people and they manage the country. A new and developing one, which I am not sure has been mentioned yet to the

committee, is dollars for carbon, which is reinstating better fire regimes as a measurable improvement in reducing carbon emissions from the big dry season fires that have developed as the country has not been managed. It is measurable. It is fundable. It is producing dollars. We have worked extensively with Aboriginal groups in Arnhem Land who are receiving around \$10 to \$20 per hectare per annum grazing return from carbon. When you have a property of 100 000 hectares or so, it is gross return, but that is employing Indigenous rangers to do the work. They are not running it as a profit operation, but it is a real industry producing real dollars on the ground in the case of Aboriginal people. That return on investment of \$10 gross per hectare per year—I am not pretending to be a resource economist; I am a wildlife ecologist. But from what I understand talking to experts, that is a reasonable return and very comparable from what you might get from running a potentially marginal cattle operation.

**Hon AMBER-JADE SANDERSON:** From your viewpoint, do you think the department is adequately resourced to monitor the land's economic and environmental sustainability?

**Mr Verstegen:** There are very serious questions around the capacity of the various different government agencies to both monitor the land, to implement the regimes that need to be in place for—if monitoring shows that land degradation is suffering, then what consequences are there for the various land users? I think that this is an area that has been certainly rundown in terms of the resource allocation by successive governments over quite a long time now to the point where we have virtually got no ongoing monitoring or understanding of land use and land equality.

[10.15 am]

Certainly from our perspective, before there is any move to diversification or to any other types of land use, the initial step that needs to be taken is a comprehensive land capability assessment. Diversified land use really needs to use that as a basis for what is practicable in different areas, what is actually achievable in different areas and what are the likely impacts of those land uses going forward. Certainly, investment in both the initial comprehensive land capability assessment and then the ongoing monitoring of land capability is extremely important.

I will just make briefly an additional point in relation to other types of land use. These land systems need management; they need people in them. One of the things that we are seeing with the current economic situation with grazing is that it is leading to the opposite; it is leading to fewer people being able to manage these systems. However, there are industries out there which do have large labour forces, which do have heavy machinery and infrastructure and capability—that is, the mining industry. At the moment, the mining industry is subject to very significant, in some cases, environmental conditions on the mine site itself in relation to rehabilitation and is spending, in some cases, vast amounts of money in very small areas on the mine site itself. We would argue, and I think many in the mining industry would also argue, that there is an opportunity here to look much more broadly than that—look at landscape-scale management. This requires reform to the environmental impact assessment process to actually acknowledge the potential benefits of that. But importantly, it comes back to the problems with the tenure system that we have got and requires reform there as well. You have got a significant opportunity there in economic terms to get better environmental outcomes and social outcomes in those areas, but because of those tenure systems and also because of the way that environmental impact assessment and regulation is done, those outcomes are not being delivered.

**The CHAIRMAN:** You talked about the assessment processes and monitoring of the lands. It seems to us that the views of pastoralists themselves are suggesting that there are a lot of deficiencies in the manner in which the rangelands, for instance, are monitored for stock carrying capacity where buffel grass is excluded from DAFWA's assessments. Do you agree that the carrying capacity needs to take into account feral animal activity as well?

**Dr Traill:** I would see that as basic, Madam Chair. The environmental impact is dependent on total grazing pressure and that demonstrably includes those feral animals and stock. Certainly in some of

the more marginal country, again I will refer to the Kimberley, you can have cattle which are arguably feral, wandering in and out—often there are no boundary fences. So, you need to make the assessment on the total pressure.

**The CHAIRMAN:** If conservation areas were to be created from the former pastoral leases, there still remains this problem of managing feral animals and maintenance of the fences and the roads. What are your ideas for managing those sorts of issues?

**Dr Traill:** I look separately to Peter as well, but I think there is not one statewide solution. More and more at a landscape scale I think we need a multiplicity of enterprises—I prefer not to use the word “business” because it implies a for profit—that deliver money on the ground for people to maintain the social fabric, which is important, otherwise people are not going to stay there, and the economic delivery at a property and a district level, and that delivers the environmental outcome. So that could be a tourism operation. I will use El Questro—I am not intending to speak for El Questro—from what I can see, a vibrant tourist operation which has, for good business reasons, a need to maintain a high-quality environmentally attractive property, which also boosts the environment. It could be tourism, it could be carbon, because that reduction in late dry season fires is incredibly beneficial environmentally for wildlife, and it could be a private land trust organisation, such as Australian Wildlife Conservancy and Bush Heritage, who have put their dollars on the ground from their supporter base and actively manage the country, and it could be some government-managed parks as well.

**Hon NIGEL HALLETT:** Barry, you seemed to indicate in your opening remarks that there were several leases that you thought had been abused outside their lease agreements. Would you be prepared in a private hearing to go through those, because they are fairly strong claims that you have made?

**Dr Traill:** Potentially, Mr Hallett. The reason I am hesitating is because I think the system is the issue and not individuals. I do not think the individuals are doing bad things by their family, by their district or by their state in doing what they are doing. We have a system which sets up pastoralism as the pre-eminent high use and there are excellent historical reasons for that. An enormous amount of wealth for this state and other states has flowed from pastoralism. But with declining terms of trade, in some districts declining carrying capacity, clearly—and I have never met any pastoralist, any rangelands expert, anyone on the ground who disagrees—some pastoral leases are not commercially viable. They are not viable at any level to continue to run pastoralism, but the state is only offering that opportunity with the possibility you can have a diversification permit on the site. Even though the leaseholders know, and I would think anyone in the associated bureaucracies will know, that that property is not being run and is not being planned to be run. Everybody knows it. So, I am hesitating because—and it is perhaps unfortunate wording in our submission—I would not want anyone in that situation to be harassed in any way because it is the system that we think needs changing. It is the fundamental reform, which we judge the government and associated sectors have ducked, to allow other enterprises to blossom—to providing that fundamental reform, because, I think one of the previous witnesses nailed it, that native title came in at a particular time and it sort of came in at that snapshot. There are enormous benefits for Indigenous Australians in that, but that created a complexity which takes active thought, politics and dollars to allow I think leasehold to evolve.

**The CHAIRMAN:** I think that has brought us to the end. That has been a very interesting discussion with you. We thank you for your time today. I think it seems to be that everybody in this industry is on the same page; I think that we all just want to see what is best for the state and how we can best manage that. I think that there are some very useful ideas that you have provided that will no doubt appear in our report.

**Mr Price:** Madam Chair, can I just make one closing statement?

**The CHAIRMAN:** Sure.

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**Mr Price:** It is one issue that I have lived with all my life and other people in this room have as well. My main concern is, from all the different industries that I have represented over the years and now working for the conservation industry, that if we do nothing more than just renew the leases in 2015, the status quo remains. Nothing changes and we simply pass the problem onto another generation. I really hope in your endeavours, this committee—I am not belittling it by saying this—which is probably number 17 over the last 20 years into the pastoral industry, can actually look at what is needed for people, for economy, for jobs, for social fabric in the landscape for industries, including pastoralism, tourism, conservation and whatever comes in the future, for tenure security in their own right. Thank you.

**The CHAIRMAN:** They are very good sentiments and I thank you for that statement. I think that we are already seeing, without us even tabling a report, that there are changes being made, so this committee is hopeful that we are going to get some very good outcomes for the industry. Thanks, gentlemen.

**Hearing concluded at 10.24 am**

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