



Mr Rob Hansen
Research Director
Agriculture & Environment Committee
Parliament House
Brisbane Q 4000
E: aec@parliament.qld.gov.au

18 January, 2017

Dear Mr Hansen,

Re: Land and Other Legislation Amendment Bill 2016

AgForce is the peak state farming organisation representing the majority of beef cattle graziers, sheep and wool producers and dryland grain growers in Queensland. The gross value of these agricultural commodities in Queensland for 2014/15 totalled \$6.3billion which included \$1.15billion for broadacre cereal, oilseed and pulse crops, \$5.14billion for slaughtered cattle and sheep and \$66million for wool. AgForce exists to ensure the long term growth, viability, competitiveness and profitability of these industries. Our members provide high-quality food and fibre products to Australian and overseas consumers, manage more than 50% of the Queensland landscape, and contribute significantly to the social fabric of rural and remote communities.

AgForce has a keen interest in the *Land Act 1994* ('the Act') given the vast majority of Queensland is leasehold land, managed by our members under pastoral leases set under the Act by the State. In 2013, AgForce was involved in substantial consultation and subsequently reform of the Act which included the creation of rolling term leases, the terms of which are proposed to be amended under the Land and Other Legislation Amendment Bill 2016 (hereafter, this 'Bill'). This reform was implemented following a two-year inquiry with bipartisan support for most recommendations.

AgForce became aware of the Bill through a Parliamentary Committee alert and subsequently made contact with the Department of Natural Resources seeking information about and justification for the Bill, in particular Clause 12 which will have ramifications for pastoral leases. While the Department was able to explain how the mechanics of Clause 12 would function, there was no explanation provided as to the need for this change.

In the absence of further justification, AgForce opposes the passage of Clause 12 in the Bill which seeks to limit the number of times a rolling term lease can be extended to only one. Our reasons for this are:

1. Given the inability to convert these leases to a more secure tenure, preferably freehold, flexibility needs to be allowed in the Act to provide lessees with the ability to utilise leases in a sustainable and profitable manner – something the 2012 Parliamentary Inquiry agreed upon. AgForce does not believe that implementation of Clause 12 of the Bill will deliver this outcome and as such cannot support the Bill.
2. Pastoral leases are valuable financial instruments. They are bought and sold on the property market in a similar fashion to freehold land, usually under mortgage and therefore have a significant financial value attached. Therefore, it is in a lessee's best interest to ensure the maximum number of years remain ahead of them in their lease so that they can plan their business accordingly. Amendments affecting pastoral lease terms will have an impact on the equity and liquidity of pastoral businesses and as such further consultation is required with the banking sector.
3. There are many other reasons, such as the impending sale or transfer of a pastoral lease, which mean that a lessee might wish to apply for an extension ahead of time so that they can realise the maximum value from that sale. It should be noted that with over 50pc of Queensland under term lease, converting these leases to freehold is not an option available to these lessees and therefore lessees are effectively trapped as tenants of the state as holders of these leases. Implementation of Clause 12 would see an

erosion of what few rights lessees hold under the Act and as such is not within the spirit of the 2013 Parliamentary inquiry.

4. Pastoral lessees pay for the privilege of applying for a rolling lease extension – hence any administrative cost incurred by the Department should be covered.
5. There has been no justification provided for the change and as a significant stakeholder, AgForce were never approached to discuss issues associated with s 164C of the Act (which Clause 12 of the Bill seeks to amend).

We would like to thank the Parliamentary Committee for the opportunity to provide comment on the Bill. If you would like to further discuss any aspects of AgForce view on the Act or Bill please contact General Manager of Policy Lauren Hewitt on 3236 3100 or hewittl@agforceqld.org.au

Yours sincerely,

Charles Burke
CEO