

16 February 2022

Senator The Hon Jonno Duniham
Assistant Minister for Forestry and Fisheries

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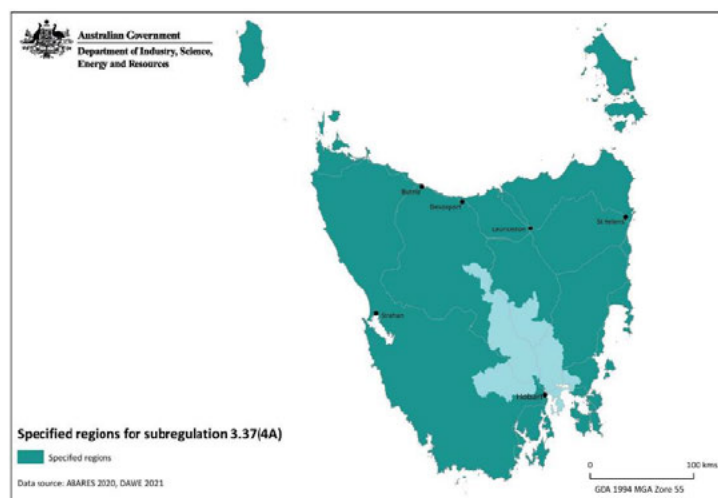
Emissions Reduction Fund and the 'water rule'

Dear Minister,

I am writing concerning the changes to the 'water rule' that were announced in October 2021 by the Federal Minister for Energy and Emissions Reduction. As you will know, the forestry industry has long identified the water rule as a major impediment to plantation owners participating in the Emission Reduction Fund which in turn is stifling the expansion of the plantation estate – contrary to the stated goals of the Australian Governments National Forest Industries Plan.

My concern with the October 2021 changes is that, in Tasmania at least, they did not extend far enough. Significant areas of south-east and central Tasmania are still affected by the imposition of the water rule. This came as a significant disappointment to our Board as we were anticipating that all of Tasmania, being the Tasmanian Regional Forestry Hub, would be exempted from the water rule by the changes to subregulation 3.37(4A) of the *Carbon Credits (Carbon Farming Initiative) Regulations 2011*.

The lighter green areas indicated on a map published on the DISER website, and reproduced below, show the areas of Tasmania that remain affected by the water rule. The area roughly corresponds to the boundaries of six Tasmanian water catchments - Lower Derwent, Derwent Estuary-Bruny, Ouse, Clyde, Jordan and Pitt-Water Coal.



Private Forests Tasmania's own analysis shows there are over 28,000 hectares of plantation forest already established in this area with significant additional areas being assessed by the Tasmanian

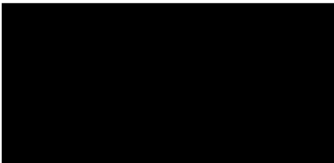
Governments Enterprise Suitability Mapping as suitable for new plantation establishment. Without the incentives offered by the ERF, the establishment of new plantations, and indeed the continuation of the existing plantations, becomes a considerably less attractive option for landowners and managers in these areas.

It is not clear to me why the Minister for Energy and Emissions Reduction has decided to treat these six catchment areas differently from the rest of Tasmania however a determination based purely on catchment boundaries alone appears a crude assessment of where a potential conflict between traditional agriculture and plantation trees may occur. It is worth noting here that there are already strict controls in place in Tasmania for where plantations can be established. This is enshrined in the State Policy on the Protection of Agricultural Land and implemented through the Tasmanian Planning Scheme. The additional regulatory overlay that the water rule provides is a clumsy and unnecessary burden.

The National Forest Industries Plan makes a strong commitment to growing the plantation estate. The imposition of any barriers, actual or perceived, on plantation projects accessing the ERF is arguably incompatible with this plan. In order to simplify the regulations and reduce red tape, and to ensure equity of access to the ERF, it would make sense that the water rule be removed completely from this state and for the whole of Tasmania be declared as a 'specified region' under subregulation 3.37(4A).

If you or your staff have any queries or need further expansion on the technical points raised above, please contact our CEO Penny Wells on 03 6165 4070.

Yours sincerely,



Evan Rolley
Chair Private Forests Tasmania Board