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SENATE

ENVIRONMENT, COMMUNICATIONS AND THE ARTS
REFERENCES COMMITTEE

Reference: Forestry and mining operations on the Tiwi Islands

MONDAY, 18 MAY 2009

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SENATE ENVIRONMENT, COMMUNICATIONS AND THE ARTS

REFERENCES COMMITTEE

Monday, 18 May 2009

Members: Senator Birmingham (*Chair*), Senator McEwen (*Deputy Chair*), Senators Boswell, Ludlam, Troeth and Wortley

Substitute members: Senator Crossin for Senator Wortley

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Mark Bishop, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Lundy, Ian Macdonald, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Sterle, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Birmingham, Crossin, Ian Macdonald, McEwen, Siewert and Troeth

Terms of reference for the inquiry:

To inquire into and report on:

Forestry and mining operations on the Tiwi Islands

- a. an assessment of the environmental, economic and community impacts of existing and proposed forestry and mining operations on the Tiwi Islands including compliance with relevant environmental approvals and conditions;
- b. a review of governance arrangements relating to existing forestry and mining operations on the Tiwi Islands, including the examination of consent and approval processes to date;
- c. in respect to forestry operations, an examination of the adequacy of contractual, commercial and legal arrangements between project proponents and operators and the Tiwi Land Council;
- d. an examination of the economic opportunity costs associated with existing developments including forestry operations;
- e. an examination of the prospects for alternative economic development opportunities and impediments for the Tiwi Islands including sale and promotion of cultural products, community development activities, land and sea management, and opportunities for involvement in future carbon trading and emissions offsets schemes; and
- f. any related matters.

WITNESSES

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Committee met at 2.36 pm**BLANCH, Dr Stuart James, Coordinator, Environment Centre Northern Territory****COWAN, Mr Mark, Principal Solicitor, Environmental Defenders Office (Northern Territory) Inc.**

CHAIR (Senator Birmingham)—Good morning. It is my pleasure to declare open this public hearing of the Senate Standing Committee on Environment, Communications and the Arts in relation to its inquiry into forestry and mining operations on the Tiwi Islands. The committee's proceedings today follow the program as circulated. These are public proceedings. The committee may also agree to a request to have evidence heard in camera or may determine that certain evidence should be heard in camera. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. If a witness objects to answering a question the witness should state the ground upon which the objection is to be taken and the committee will determine whether it will insist on an answer having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may, of course, also be made at any other time.

I welcome everyone here today. I note that we have members of the Fourth Estate present as well. I welcome them. Should any witness or anyone have any concerns about being filmed or recorded by the media, please let us know and we can discuss it from there. At the outset, I thank the Northern Territory parliament for hosting us today and on Wednesday for this meeting of the Senate committee. There are also members of the Territory parliament here, and I acknowledge and welcome them along with other members in the public gallery today.

I welcome our first witnesses, Dr Blanch from Environment Centre NT and The Wilderness Society and Mr Cowan from the Environmental Defenders Office. Thank you for coming along to speak with us today. The committee has received your submissions as submission Nos 30 and 33 respectively. Are there any amendments or alterations that you wish to make to your submissions?

Dr Blanch—No.

Mr Cowan—No.

CHAIR—Would you like to make a brief opening statement before we proceed to questions.

Dr Blanch—Thank you. I have passed a copy of my one-page statement to the secretariat. The Tiwi Islands forestry project has destroyed around 30,000 hectares of some of northern Australia's most high ecological value tropical hardwood forests and savannas since 2001 yet the wealth and job creation benefits for ordinary Tiwis resulting from this development have been very low by all accounts, with various estimates ranging from only a couple to a few dozen jobs. So the Environment Centre and The Wilderness Society ask: where has all the money gone?

Whilst economic returns have started to flow in the past couple of years and are modelled to increase in the future, the benefits by all accounts appear to be restricted to relatively few people, and from accounts in the media and ordinary Tiwis who contact us largely to those people who are not opposed to the project and who are supportive of the Tiwi Land Council's position. The demise over the weekend of Great Southern has largely been inevitable for the last six months or so and really takes few people by surprise, I suspect. And now the Tiwi Land Council may well be left without any commercial joint-venture partner to continue the project.

It is our view that the Commonwealth government should not hand over Aboriginal Benefits Account funding to bail out the Tiwi Land Council in the absence of another joint-venture partner to continue any major damaging forestry and mining projects. Rather, ABA and Commonwealth and Territory government funding should be directed towards ushering in a new economic development model that avoids major damaging projects and encourages business investment, such as in tourism, conservation, carbon storage and land and sea management through Caring for our Country activities.

The likely declaration of acacia mangium by the Territory government as a high risk weed under the Northern Territory Weed Management Act in the next 12 months or so indicates the madness of allowing any further major clearing for this species on the Tiwis. The Territory government is also commencing the drafting of a new native vegetation management bill for commencement in 2010. If this law is to be effective, and they tell me it is, it would likely prevent any major expansion on the Tiwis, making, therefore, stage two impossible.

The Territory government is also considering options for cutting its greenhouse gas emissions, including reducing the rate of land clearing through this new bill and particularly for carbon rich forests such as on the Tiwis. For these reasons, stage two is very unlikely to be allowed to proceed by the Territory government. Rather, once the logs have been harvested—I understand the time frame for a cycle is five to 10 years—we propose that the better option is to ban the planting of acacia mangium from that time forward and require native hardwood species to be planted instead to provide a range of benefits such as biodiversity conservation, carbon storage and potential low-level selective forestry.

I would like to conclude by stating that the Environment Centre does not lightly criticise Aboriginal land councils; it is not a favourite part of my job at all. We strongly support private sector investment in the Tiwis which strengthens the conservation and cultural economy but does not cause major damage. Our charter includes supporting sustainable development, land rights and the aspirations of the traditional owners to care for the country. Yet the hard facts are that the leadership of the Tiwi Land Council has largely failed ordinary Tiwi Islanders, who do not directly benefit from these projects. These projects often do not stack up financially, ecologically or culturally and I believe that ordinary Tiwis deserve a better deal from their land council.

Mr Cowan—My statement largely covers many of the issues that Stuart covers but I will run through it quickly. The EDO is in the same position. Everyone wants to see success for the ordinary Tiwi people. But we believe that painting this forestry project and the other resource development—mining, aquaculture projects—on the Tiwis as a means of addressing the real issues on the Tiwis has been deeply misleading, and has been shown to be. It is quite a stark contrast between the careful use of private investment to develop sustainable and healthy communities and allowing largely white city investors to make millions through a private MIS

scheme basically to clear a substantial part of the Tiwi Islands and, more so, to use Tiwi Island resources to subsidise the cost of the infrastructure in doing so. We believe that what has occurred on the Tiwis in terms of resource projects can only be described in this latter way.

In terms of the environmental impacts, the impacts on the ecology of the Tiwis have been pretty clear and they are quite indefensible. They directly threaten the survival of some subspecies endemic to the Tiwi Islands but more broadly gut the ecology of what has been declared to be an unrivalled ecology of international importance and also one that forms a critical element of one of the last remaining large tracts of natural areas left on earth—being north Australia. We do not believe this is a one-dimensional environmental concern to be pitted against economic and social benefits, especially for a culture based on environmental stewardship. The structure on the Tiwis creates deep negative cultural and economic impacts that have been proved evident by this project.

One of the clear failings of the plan to pursue large-scale resource development through private investment on the Tiwis is that it has directly and quite consciously impacted on other clear chances for alternative economic development. By destroying integral parts of the Tiwi environment, it is also destroying an extremely economically valuable asset for tourism, localised harvesting, community based agriculture, and probably more recently, in the last couple of years, real opportunities in biodiversity management and carbon management under the new environmental economy. In addition, over the last 10 years the project has taken a substantial amount of the community's limited financial resources and their time away from these other opportunities.

Unfortunately the project has not only seriously breached many of the environmental commitments that it made when it commenced, it has also breached many of its social and economic commitments. One of the worrying facts about this project or general resource development on the Tiwis has been its conflict with almost the entire system of environmental management in Australia going from the local government level to the Territory level to the Commonwealth level. There was little or no information available on environmental impacts when it commenced. The environmental studies seemed to precede the approval and progress of the development rather than go in front of it so that people could understand the impacts. It appears to have failed quite integrally to even comply with the single limited approval that it gained from the Commonwealth, which was only actually in relation to a handful of threatened species and did not address many of the impacts of the project.

Interestingly, the project when it was originally started in 2001, in terms of at least the forestry plantations, made wild claims of up to 190 jobs by 2005 and even up to 300 by 2010. The stark reality is that it has created a handful of jobs—two or three by 2005—and then when criticism came up a few more jobs were created—10 to 20. We wonder what is going to happen once the criticism subsides.

In terms of economic sustainability, the project seems to be an extremely bad option for the Tiwis. The only real asset that the Tiwi people own is the native vegetation. But they do not own the plantation, which is owned by city investors investing through the MIS and which sold initially at a loss of \$700,000. It has only made a small contribution since. Unfortunately the tendency has always been to reinvest a lot of this money back into more forestry infrastructure and the money that has been made has gone to only a few people in the community.

We think that what is happening on the Tiwi Islands should really be seen in its larger context. There are structural issues for the Northern Territory in relation to the system of ecological sustainable development. There is also the destruction of decision-making for land councils, which appears to give quite a large amount of power to a small group of people. We believe that self-determination is the key right of the Tiwi people, but we cannot set up systems which give power to a small group of people and then turn a blind eye to who exactly is determining what and how things are being done. We think that the idea of large-scale resource economy through private investment on the Tiwi Islands has been shown to be quite a disaster and its continuation will only make matters worse. Thank you.

Senator SIEWERT—There are so many complex issues involved in this discussion that perhaps we should go issue by issue. I have got a whole series of questions around ecological matters and then some on financial matters so maybe we should stick to some of the ecological issues and then go to the financial—

CHAIR—We will see how it goes.

Senator SIEWERT—Initially, I want to go to some of the environmental issues and any assessment to date of the conditions that have been put on the project. We have read the submissions and we are aware that there has been assessment carried out by the department and that further requirements have been put on the project. Have you had any experience of the implementation of those conditions since that assessment was carried out?

Dr Blanch—We have. It is very difficult because, quite understandably, we were not given a seat at the table with Great Southern and Tiwi Land Council. I think that because the environment department realises that it was asleep at the wheel when these breaches were happening they are a lot more attentive in talking with us and getting to know our concerns when they do come to Darwin. That is good and I think that they are coming every six months. We still do not get any access to any documents and we are not involved in any formal meetings, despite requests.

I guess what we have learned from those audits is that the rehabilitation plan is commencing. We have seen no rehabilitation plan. We were not consulted on the draft. I am not aware of who was consulted in developing that rehabilitation plan, for example, ordinary Tiwis who oppose the project. My understanding is that the first stage is to focus on rehabilitating areas of land that were cleared in breach of conditions—areas which should not have been cleared—and also areas where *Acacia mangium* has invaded from the plantations into native vegetation. My understanding is that somewhere between 100 and 150 hectares of acacia invasion has occurred. I do not know about the density or the environmental impacts but that has been made a focused by the environmental department for Great Southern to fix up. I do not know how much land has been rehabilitated or in what form—whether it is replanting or allowing natural regeneration. I understand there is quite a bit of science being conducted by CSIRO and Charles Darwin University into monitoring threatened species and being involved in the rehabilitation. But it does reflect the ongoing secrecy of that process. If that level of environmental damage and breach of conditions occurred here on the mainland I think we would have a seat at the table and we would be being consulted, but because it is on the Tiwi Islands we are not.

Senator SIEWERT—Has any environmental organisation been consulted, that you are aware of?

Dr Blanch—There are not too many here in Darwin and I do not think anyone has been consulted. There may be community groups on the Tiwi Islands who you could inquire of tomorrow during the hearings, but we certainly have not been. We have requested that from the federal environment department and we have not been granted that access.

Senator SIEWERT—Your submissions and a couple of the other submissions relate to requiring more data—more flora and fauna surveys—and you have made some other recommendations. A number of the submissions say that one of the benefits of forestry has been that they have been able to gather more data. So on one hand we are being told we have more ecological data than we would not have had if we had not had the forestry operations, and on the other hand there are a number of organisations saying that they do not know about flora and fauna, hydrological cycles, the impact of the invasive species, et cetera.

Dr Blanch—I think that is a spurious argument. That level of flora and fauna surveys should have been conducted prior to any operations. They should have been conducted by Territory and Commonwealth governments because of the ecological values of those areas. We should not just expect data to be forthcoming by approving a very poor development and requiring some sort of monitoring to go on. I think that reflects the perverse thinking that goes on, including, in the past, in the Commonwealth and Territory governments, that nothing can be done out there in terms of good nature conservation without allowing some form of dirty development which will bring in the dollars from the developers and then allow the government to handball the cost of doing good flora and fauna surveys onto the proponent during the EIS and monitoring. That reflects the sort of 1980s thinking down south but still pervades here in parts.

Mr Cowan—I support most of those comments. The real problem with this project has been that all the environmental assessments have been done after it has been approved and progressed, which has not helped any decision about what the impact is going to be or in weighing up between the costs and the acclaimed social and economic benefits. Of particular concern are some of the assumptions that a lot of these assessments which were eventually done were made on. A lot of them were framed around an assumption that the project would progress so there was no consideration in the assessments as to whether it should actually progress or not. There were some other issues around these assessments being done on some kind of undertaking by the land council that a conservation reserve would be established over a very significant part of the rest of the island, which I do not believe has happened. Generally the issue of obtaining environmental data in order to understand what is being lost is really a characteristic that has been learnt from over the last 20 or 30 years. There is no point in doing studies on what we are losing and spending money on those areas. We wonder why all this money from the public trust and other sources has not been put into ecological studies on how to address many of the background threatening processes that are already on the Tiwi Islands.

Senator SIEWERT—Have you been on the islands lately and looked at it? How do you know what is going on on the islands?

Mr Cowan—Through contact with the ordinary Tiwis on the island who ring the office. We have a long history of advising people from the Tiwi Islands.

Dr Blanch—I have not been on the islands and I do not like commenting on things I have not seen but the reality is that it is very hard to get on the islands. I can understand the Tiwi Land Council not giving me a permit to go on there should I request one because I have been quite critical, as have other people in the Environment Centre over the years. But it does illustrate the difficulty of ensuring transparency in an area where a community group is critical of the land council and approvals by, in this case the Commonwealth government, in the past. So we rely on lots of leaks from government at both levels, the media who get there and many Tiwi Islanders in town for family or travel reasons who drop in to talk. We have people contacting us in despair that they cannot get the Tiwi Land Council to change course. That is something for the committee to consider: in an area where public participation is supposed to be guaranteed there are real institutional blockages.

Senator SIEWERT—In the original assessment that was carried out there were 11 conditions imposed on the development. You made a comment about the department being asleep at the wheel. I am aware of concerns about this project from when it first started. There has been a lot of community agitation about it. There have certainly been a lot of environmental groups talking about it and yet you say that the department did not audit the conditions until fairly late in the piece.

Dr Blanch—That is true. I understand governments in general like to support Aboriginal groups and land councils who are seen as getting up by themselves, attracting private investment and not relying on the government purse to help their people get off welfare. I think that has perhaps been the framing of this discussion through which, particularly in Canberra, the controversy over the Tiwis has been viewed in the last 10 years. It is true that scientists here in the Territory government and conservation groups have highlighted this for a long period of time but I think the view from Canberra, from the Commonwealth, has been that the environmental impacts are quite small, that the modelled and forecast benefits will be absolutely enormous and this is a way of showing how Aboriginal people across northern and central Australia can in fact get off welfare, of CDEP, and create a sustainable financial future for themselves.

In taking that view many people on both sides in governments have adopted a blinkered view of the environmental downsides and have not actually consulted with many Tiwis who never supported this from the very beginning. I think it is a lesson for not believing everything you are told by people in positions of power who stand to benefit, but doing the ground work well. The environment department people I have dealt with over the years on this are very personally disappointed that the department was not able to do a better job. They did not get up here a lot, they had no people based here who could quickly and easily get over to the island. They in fact only responded when, I think, my predecessor several years ago blew the whistle and said to the environment department that there have been major breaches of the conditions here, asked what they were doing, and went to the media.

I would hope that in whatever development happens on the Tiwi Islands again there is much better auditing and the capacity for community and environment groups to have a much more helpful role rather than it being the squeaky wheel that gets the wheels of government in motion, which is what has happened here.

Senator SIEWERT—The original 11 conditions for the clearing of 30,000 hectares seem from my—perhaps biased—perspective to be a rather small set of conditions. The department

has looked at the actual auditing of the conditions that were imposed. Has there been any broader analysis outside the original conditions?

Dr Blanch—I think the best work has been done by researchers and managers in the Territory environment department who were commissioned by the former environment and natural resources minister here to get to the bottom of it. I think that has been the best audit work done in the last several years—better than what has been done by the federal environment department. I think that is what was necessary to show the federal government that all is not well here and that many conditions were being breached.

In terms of the 11 conditions imposed, I have gone through and looked at the files from various environment groups at the time. They were always seen as a minimalist set and it was hard to monitor completion of those conditions. But even then I think, from memory, only half-a-dozen of those 11 were seen to be being completed when the audits were starting to be done about three years ago. There could have been much better audits. I think things like emissions from land clearing and burning did not receive much attention at that time but we now see that in stage one, and in the future if stage 2 is allowed to happen, there will be a major source of emissions here with relatively few economic benefits per tonne of greenhouse gases emitted.

Senator SIEWERT—Are you talking about the burning to protect the plantations?

Dr Blanch—No, the burning of the wood left over once the harvesting of the hardwoods is done.

Senator SIEWERT—I think it is in your submission that you talk about burning to protect the plantations.

Dr Blanch—I am not sure of the details of that.

Mr Cowan—In relation to the conditions, the issue with this project—its compliance and performance, and governments being able to get a handle on keeping it on track in terms of how it is performing—arises out of the system only because of regulatory control of environmental issues in the Territory per se. The EPBC Act only deals with very small discrete areas of national interest. Really, the approval and the conditions are all sort of jurisdictional and limited to any impacts that can be shown to directly affect four or five species. There is a whole range of diverse environmental impacts caused by clearing native vegetation in a broad scale way and putting in what is essentially a weed. There was no approval process for it so therefore there was no real assessment of what those impacts were going to be and there is no ability to put conditions in relation to those impacts and therefore there is no ability to monitor them in terms of performance. That has really been the institutional problem of this development.

You cannot deal with the plethora of impacts just through one single EPBC Act approval. Apart from that, even when you try to do it the original 11 conditions were written in such a wishy-washy way that it was almost impossible to ensure that they were carried out. One of the key reports from the internal Northern Territory department audit that looked at it was that there was a requirement to establish buffers around where they found certain species located but the conditions never ensured that they actually used methods that would find those listed species they were looking for and therefore buffer. So what essentially happened was that for years the

proponents were carrying out sampling which they knew would not find any of these listed threatened species and then quite legally going and clearing that area. That is a deep systematic failure of even the limited EPBC Act approval process.

Senator SIEWERT—I would like to go to the question that has come up a couple of times—it has come up just now and also in the submissions—and that is whether *Acacia mangium* is a weed or not. I understand from the submissions that work is being done to declare it a weed, or is that just what the community wants to be done?

Dr Blanch—It has not yet been declared a weed. I have sat on the Territory government's weed risk management reference group for several years along with other sectoral interests and there has been a lot of discussion about the technical process of assessing weeds. The technical experts from government and from the university here have ranked *Acacia mangium* as a high risk weed but with high feasibility of control.

Senator IAN MACDONALD—Is it a native?

Dr Blanch—It is native to Cape York but not to the Top End. It is also native to countries to our north, the south-west Pacific and South-East Asia. It has not yet been declared. I think the Territory government has said that there is about a 12-month assessment period through which a benefit-cost analysis will be undertaken.

Senator SIEWERT—It is a high risk weed but not one that needs to be controlled?

Dr Blanch—It needs to be controlled but the good thing is that you can control it. But you need people out there, however you control it—I think it is probably a range of spraying, surveying for new escape seedlings and perhaps manually digging them out. The good thing is that you can get rid of it but it is not going to happen on its own; it is going to require a lot of people like Indigenous rangers and contracted weed managers out there spraying and detecting it, including in areas like rainforests and wetland edges where it is hard to detect.

Senator SIEWERT—You said earlier that 100 to 150 hectares of native vegetation have been invaded.

Dr Blanch—I have heard that but not seen anything in writing. My understanding is that close to 150 hectares of native vegetation, including some rainforest, have been invaded by *Acacia mangium* seedlings. I understand that the rehabilitation plan now identifies work to remove those invasions as a priority. My understanding is also that the Commonwealth government was not proposing to prevent any more clearing and expansion of the project until the rehabilitation plan had been implemented, and our view is they should be made to implement the rehabilitation plan before any more clearing is allowed.

Senator CROSSIN—What is the big picture for Great Southern in terms of its Northern Australia ventures?

Dr Blanch—I think it backed the wrong horse on this one. It took on a politically, economically, culturally and ecologically difficult project, and it should not have. I think it thought it could get away with doing something up in the wild north, where the regulators and

the shareholders would not find out about it. I suspect that, if any plantation forestry company takes on the Tiwi Islands project out of the voluntary administration, they would realise they are getting themselves into a lot of hot water, particularly over any planned expansion. I suspect companies such as Timbercorp and Great Southern, if they stay afloat, as well as future MIS companies involved in forestry, will be a lot more cautious about taking on projects like the Tiwis from now on.

Senator CROSSIN—Does it have implications, though, for its operations that might be proposed either in north-east Arnhem Queensland or down the Daly? In your view, where does the Tiwi forestry project fit in with the big push to move the forestry industry to Northern Australia?

Dr Blanch—I think it shows that MIS companies should not be buying into projects where they have to clear wholesale native forests. That was always a problem with this—there was no clear land which they could plant up. There is a difference with their mahogany plantations in the Daly. There is already cleared land and they do not need any irrigation there, so the environmental impacts would be smaller. I am aware of forestry project proposed for north-east Arnhem Land, Cape York, Wadeye and the north Kimberley coast. As I understand it, most or all of those involve wholesale clearing of native forests of high biodiversity value, high carbon content and high cultural value and replacing them with a monoculture of an invasive species. I understand the National Forest Policy Statement says this should not occur—you should not be converting native eucalypt forest or any forest to a monoculture of an exotic species. There are better ways to do forestry, and it is a real shame that Great Southern did not learn its lesson about this in the last few years.

Mr Cowan—The issue with this project is not establishing the forestry plantations per se. They probably have a lot of credible benefits on existing cleared agricultural land, which is the reason for a lot of the policy support and even financial support, in terms of tax exemptions. That is where the whole 2020 forest policy has come from. It is seen as a sustainable industry if it is done in the right way. It is pretty much agreed by everyone that it is not sustainable anymore to clear large tracts of the last remaining vegetation for these projects. That is the real issue at the heart of the Tiwi forestry project. Secondly, the investment structure that they are using seems to be a very risky MIS investment strategy. The industry says that there is a potential drop in investment of 70 per cent if the tax exemptions or other rules are changed. It is not a community driven forestry plantation. Its whole economic viability is based on getting middle-class white investors. If the basics of the economics become unviable in the future, Tiwi is going to be left with a bunch of cleared land with old trees on it.

Senator CROSSIN—Explain to me then what your understanding is of the difference between profitability for the eucalypt trees which were originally cut down—which I understand (a) there was probably a market for and (b) the return per tonne was much more—and the current proposal for *Acacia mangium*, which will end up essentially being wood chipping, of which there is a glut, particularly in South-East Asia. Is that your assessment of problems that compound this operation?

Dr Blanch—I think there is a lot of truth in that. It is hard to know because of the lack of transparency and publicly available data about the returns on logging hardwood. But there are many people who have supposed publicly that the real intention behind this forestry project was

not the acacia but getting their hands on the hardwoods. Now those economic benefits have been taken by Great Southern, and potentially the Tiwi Land Council if they profited, it is all down hill financially from here. If that ends up being the truth, that will be seen to be one of the worst decisions about how manage our native forests here in Northern Australia—that they were just chopped down and sent abroad, with very few benefits to Tiwi Islanders and not much long-term economic benefit from the monoculture that was planted in its place.

Senator CROSSIN—Is the market saturated, though, for wood chipping?

Mr Cowan—I think there have been government reports that have said that. I do not know; I am not professionally involved in that industry so I cannot give an opinion personally, but I think there is plenty of information around that it is. Especially in the current economic environment, it is all a bit sketchy.

Senator CROSSIN—I am assuming you do not chop down eucalypts and replace with eucalypts, because they take longer to grow and therefore your return is much further into the future. Is that right? It is not a short, sharp cash crop. Is that correct?

Dr Blanch—I think from down south, my experience is that most eucalypt plantations take 15 to 20 years or more—even the fastest rotations. I think acacia has a rotation of around eight years or thereabouts, so the profitability is seen to be with acacia. But I do note that there is only an estimated two per cent net harvest return on the acacias, which is very low compared to plantation forests in the south-west, where it is closer to eight per cent. Even with a fast rotation agroforestry crop, the returns are quite low.

Senator CROSSIN—If we put that in the context then of a low return, Tiwi Islanders and traditional owners are the last in the food chain here; is that correct? Under an MIS, companies take out their costs, profits are distributed to MIS holders and then, assumingly out of that, some agreement is made with the traditional owners. Is that your understanding?

Dr Blanch—I think that royalties are paid to the land council after deducting costs such as transporting, which has meant that until this was blown open by the Environment Centre several years ago the Tiwi Land Council received no profits whatsoever. In terms of the pecking order, those clans upon whose traditional estates this project is happening receive payments. But there are low or no payments to traditional owners outside of that area who are affected nonetheless by this process—by the general degradation of the natural environment on the islands. I think the money trail stops quite close to the Tiwi Land Council. It certainly does not bleed out to the thousand of Tiwis who are nevertheless caught up in this.

Mr Cowan—I guess one of the key criticisms that many commentators have made of this type of investment structure is that it is not directly driven by making profits at the end of the day, because of the way in which it is structured is to get tax exemptions for investors a year after they sign up. One of the key drivers is actually so that investors can get 50 per cent of their return straight away. One of the criticisms has been that they are not actually out there to make many profits; they are out there to use the exemption.

Senator CROSSIN—Can I just take you to one of your recommendations, recommendation 11, in which you say:

That the nexus between Great Southern Ltd and the Tiwi Land Council for the Tiwi Land and Sea Management program be disclosed, be dismantled, and that the fine ordered to be paid to the Tiwi Land Council be redirected to the Federal Government ...

Are you talking about the yearly amount for land and sea rangers or is this something much more complex than that?

Dr Blanch—My understanding is that Great Southern off their own bat have invested in supporting a land and sea ranger program, which is good. They certainly got some PR benefits out of it. That program had been discontinued before Great Southern went into voluntary administration. There had been concern on the islands that that program and the in-kind contribution, such as accommodation for about one dozen rangers, was to have been diverted instead to rehabilitating some of the breaches in terms of clearing and weed management.

Senator SIEWERT—The money paying for the land and sea rangers, were you saying that it has now been diverted to rehab?

Dr Blanch—That was my understanding. That is what has been told by people in the know, who were involved in that process on the islands, who were concerned about it and who have raised concerns. In fact, once Great Southern were fined and their breaches brought into the public domain, there was a lot of concern by government and environment groups over it in the Tiwis. They defunded the program and the funds that were going into supporting the Tiwi Land and Sea Management Program were, in fact, diverted into rehabilitation and, potentially, even the same people with a different hat on. It is not clear. We have not got to the very bottom of it.

Senator CROSSIN—That would be a breach of their agreement, as I understand it, with the federal government and with the land council, isn't it, that they were to provide \$400,000 or \$500,000 a year towards these rangers? If they are not doing that but are using the money for the rehabilitation that is an existing breach then, would that be right?

Dr Blanch—I am unsure of how that program came into being. I was told that Great Southern said it was always for a short term and then it is up to them how they invest their money. They were not beholden to continue funding that program.

Senator CROSSIN—Of course all of this is now subject to a great deal of questions as of today, I suspect, if it has been put into liquidation.

Dr Blanch—Yes, but if they are able as administrators to attract another joint venture partner the question remains: what will be the conditions imposed upon future forestry operators over there to continue rehabilitation works to fix up the breaches to continue developing the Land and Sea Management Program? I think those questions remain relevant.

Senator CROSSIN—Can I just take you to the 11 conditions that were part of this agreement. Given the publicity, I think last year or the year before, in terms of the natural waterhole on the Tiwi Islands that we had pictures showing before and after, clearly that shows that not only are those 11 conditions being breached but there is a lack of ongoing conscious caring for the environment in this project.

Dr Blanch—Yes, I certainly agree and I suspect that it is seen as unavoidable collateral damage of a major project that is espoused by land council and Great Southern as bringing much wealth creation and job opportunities to Tiwis who would otherwise be on welfare. That is just an unfortunate consequence of this project. That is how it has been communicated to me and in the media. That, I think, shows a great disregard for the cultural values attached to those important areas such as swimming holes by local Tiwis. It is not just the traditional owners or the clans where the operations are happening, it is other people who use those areas who will be disbenefited. Are they being compensated? Are they being consulted? I suspect not.

Mr Cowan—Again the issue of the hydrological impact on the falls goes back to the problem with the approval assessment process of this project. It was always very limited to what you could pinpoint as having an effect on a few different species. Impacting the hydrology of the local falls is not really doing that.

The other seminal characteristic has been that there have not been any studies carried out about what these other environmental impacts are. It does not mean adequate bores have been put in and monitoring of the actual hydrology, of how the uptake of the water occurs and the runoff when the trees are not there because they have cleared them. That actually affects local waterways. So when these things occur the proponents can put up their hands and say, ‘We don’t have any evidence that it was us.’ It was because there was no information ever collected in the first place about the environmental impacts that are going to be caused.

Senator CROSSIN—My final question is to you, Dr Blanch. Are you aware of a report that was commissioned by Minister Macklin into the Tiwi Land Council’s timber industry arrangements? It was completed by a company called Oakton.

Dr Blanch—Yes, I have read it.

Senator CROSSIN—Were you consulted?

Dr Blanch—No.

Senator CROSSIN—My understanding is that they only spoke to one community elder. Is that your understanding?

Dr Blanch—Yes, they only consulted one elder.

Senator CROSSIN—Do you have any understanding of which key stakeholders they would have spoken to, then, if it was not to you?

Dr Blanch—My understanding is that it was Great Southern and the Tiwi Land Council who were consulted, plus the one elder.

Senator CROSSIN—So what is your assessment of this document and its review?

Dr Blanch—I have read the report, which I understand has still not been released. I think it is a very poor report. It was not conducted by a consulting company. I think Oakton is the

company. I do not believe they have any expertise, not that I am aware of, in forestry and/or Indigenous matters in northern Australia.

Senator CROSSIN—They are a computer company, as I understand it. Is that correct?

Dr Blanch—Yes. I wonder about the tendering process which allowed them to be contracted by the minister's department to do this work. I would question how much money was spent on that report and why they were not required to consult with a range of groups, including a broad number of elders and traditional owners on the islands who do not support Tiwi Land Council's project. It was done with, I think, a misunderstanding or, potentially, a deliberate misinterpretation of the data in terms of the benefits to Tiwis and some of the environmental impacts. There is very minimal information there about the impacts on the environment and the cultural values that Tiwis benefit from.

I did have to shake my head when I read that there seems to be no understanding that the wharf which loads the logs onto the barges for trans-shipping to Asia is broken. It needs a handout of several million dollars from somebody, or a future investor, to actually make the wharf work so that they can get a barge in there. I do not see that the Oakton report at all took that into account. It is hard to miss a broken wharf, and I wonder how many people they talked to. Notwithstanding the fact that they are computer and IT specialists, it is hard to miss a wharf that you cannot back a ship into.

Senator CROSSIN—Given your credentials and given the role the environment centre plays in the territory, would you place this report in high regard?

Dr Blanch—If I were the minister I would not be releasing it; I would actually be trying to find a good consultant who knows what they are talking about and who is going to do the job properly and make sure that it is publicly consulted on as a draft. Certainly, there needs to be strong consultation with a lot of the Tiwis, particularly with the hundreds of women who oppose it and have put their name to that. It is just another one of those sorry cases in this whole project where a lack of transparency is telling the government of the day what they want to hear, I suspect.

Senator IAN MACDONALD—You should get someone like the Wilderness Society to do the report, then?

Dr Blanch—We are a bit busy at the moment, Senator.

Senator IAN MACDONALD—Just to put the Wilderness Society in perspective, is there any plantation operation anywhere in Australia that you would approve?

Dr Blanch—First of all, I do not work for the Wilderness Society. We parted with them on this. I work for the environment centre. But we did jointly produce the submission.

Senator IAN MACDONALD—My agenda says that you are representing both.

Dr Blanch—I am certainly here briefed by the Wilderness Society as well. My understanding is that environment groups, including the Wilderness Society, do support major plantations that

do not have the environmental downsides that this one has. Planting plantations on already cleared land—

Senator IAN MACDONALD—I would be interested one day if you could tell me which plantations the Wilderness Society supports, because I think as a matter of course you do not support anything. You would accept that Indigenous people have been running their lands pretty well over centuries, if not thousands of years?

Dr Blanch—Yes.

Senator IAN MACDONALD—The Wilderness Society, of course, got into a huge fight with the Indigenous people in Cape York over their support for that politically motivated wild rivers legislation. Why do you think the Wilderness Society now knows better than the people of the Tiwi Islands?

Dr Blanch—Many people on Cape York actually support the idea of looking after their rivers. They would have preferred better consultation, as I understand it, and a similar matter appears to be happening here—

Senator IAN MACDONALD—Absolutely they want to look after their rivers. I am talking about wild rivers legislation.

Dr Blanch—In terms of the Tiwis, the Wilderness Society, the Environment Centre, the Environmental Defenders Office and scientists in the environment department here are not a lone voice in saying there are problems on the Tiwis. Many senior traditional owners there do not support it.

Senator IAN MACDONALD—You say that you have had lots of complaints coming in to you. Are the same complaints going to state and federal members of parliament?

Mr Cowan—I would just point out that there have been two petitions—one with a third of the population, I believe, questioning the whole decision-making process of the land council, and then there has been another petition of around about 100 senior women directly stating objections to the land clearing itself. The issue comes down to this. Indigenous people are not just a blanket of faces. There are a lot of different people in each society and we cannot just hold up the very small group of people who run the land council and say—

Senator IAN MACDONALD—The Tiwi Islanders are not capable of selecting their leaders for the Tiwi Land Council?

Mr Cowan—I am concerned about the process by which leaders are appointed to the land council. It appears—

Senator IAN MACDONALD—You are, quite clearly. What about the Tiwi Islanders?

CHAIR—Senator Macdonald, let the witnesses conclude their statements as much as it is reasonable to, please.

Mr Cowan—I think, again, there has been an expression of that. The last petition by the 100 women said quite clearly that they are not involved in any land council processes.

Senator IAN MACDONALD—How many people are on the islands?

Dr Blanch—There are 3,000 to 4,000, as I understand it.

Senator IAN MACDONALD—And 100 people have signed a petition.

Mr Cowan—There are two petitions. I do not have the date or the information right here in front of me, but it is not just 100. There have been two petitions, including from quite senior people, and I note that two former Tiwi Land Council members were sacked from the land council for opposing the project and being vocal in the public domain.

Senator IAN MACDONALD—So you think the minister has been wrong in appointing Oakton to do this survey?

Dr Blanch—It would seem, from what I have seen of the report—I have read it and talked to experts—it is not a very good report. It addresses—

Senator IAN MACDONALD—That is your opinion, obviously. You can only give your opinion, can't you?

Dr Blanch—I am here to give my opinion, but it is not a public document yet.

Senator IAN MACDONALD—We have it. Is it not public, Chair? It seems like a pretty good report.

CHAIR—The committee has published it, so in that sense it is public information.

Dr Blanch—Okay. I was unaware of that.

Senator IAN MACDONALD—I am trying to find where I read about the wharf.

Dr Blanch—The problems of the wharf are well known here in Darwin.

Senator IAN MACDONALD—Yes, they are well known everywhere, and I am quite sure they are well known to Oakton. I thought they had made reference to it, but perhaps I have not read it as—

Dr Blanch—I think I can answer your question. I am quoting here from a document called *Tiwi turmoil*. I can make a copy available to you. There was a petition with 500 Tiwi Island residents signing, calling for changes in the leadership of the Tiwi Land Council.

Senator IAN MACDONALD—Sure, 500 out of 4,000. We do live in a democracy.

Senator CROSSIN—Two thousand of those are probably under the age of 18, though.

Senator IAN MACDONALD—There would be 500 people calling for the sacking of the Prime Minister, but unfortunately in a democracy that does not happen.

Dr Blanch—I understand that on those numbers you might think that it is not the majority, but how else do those people express their concerns publicly and to the land council?

Senator IAN MACDONALD—That is fine. Have you seen the Tiwi Land Council's report to this committee? Again, I assume it is a public document.

Dr Blanch—I have skimmed it. I paid more attention to the Great Southern submission, but I have skimmed it, yes.

Senator IAN MACDONALD—They say that they wish to use only 10 per cent of their own land and currently use less than five per cent. Is that right?

Dr Blanch—My understanding was that in previous scoping they wanted to use 20 per cent, but I think the number has come down to clearing up to 80,000 hectares or so across both islands.

Senator IAN MACDONALD—But you say this is destroying the ecology of the island. Are they right in saying that at the present time five per cent is being used? Yet you are saying that is destroying the ecology of the island.

Dr Blanch—It has destroyed that five per cent, and there is discussion around the impacts on the underground water flows and the escape of the weeds. The impacts extend beyond the actual footprint.

Senator IAN MACDONALD—Congratulations to the Tiwi Islanders, from my point of view, for wanting to get off the welfare gravy train and do something serious. Good luck to them. In the Tiwi Land Council's submission, there is a list of benefits which go to the island and which do not seem to be confined to the few groups that you talk about, but you would disagree with all that.

Dr Blanch—I know that some of those claims are disputed by members of the Tiwi community. I also support Aboriginal communities wanting to get ahead. I work with those in a very collegiate fashion in the Daly and other areas. They are trying to make money out of keeping their country in relatively good condition, and that is the difference with this proposal. The project aims to destroy another 30,000 to 40,000 hectares of native vegetation. That is something like 10 times the annual clearing in the whole of the Northern Territory over the last five years. I understand the Tiwi Land Council and people in authority there wanting to get off welfare, provide jobs and run their own ship, but those forests are precious, the carbon in them is precious and a lot of Tiwis do not support what their leaders are saying. However, they do not have a voice or power to change the way business is done. That is why this committee is here investigating and that is why we continue to make comment about this in the media and talk to government. I think there is a much better way for the Tiwi people to get off welfare, close the gap and keep their people on country making money, but it does not involve chopping it down.

Senator IAN MACDONALD—Just quickly, give us some ideas.

Dr Blanch—On Groote Eylandt, Anindilyakwa Land Council and the traditional owners have done a deal with a major tourism developer there to create Dugong Beach Resort. They brought in private sector money and handed over a small part of their land to create—

Senator IAN MACDONALD—So tourism—

Dr Blanch—Tourism, fishing. It is high-end, low-volume—I would like to go but cannot afford it. That is one example.

Senator IAN MACDONALD—So fishing, but the Wilderness Society would be opposed to any commercial fishing there. They are everywhere else!

Dr Blanch—It is not commercial. It is game fishing and sport fishing. Alec Marr, the head of the Wilderness Society, loves fishing, as do I. So it is not anti all resource harvesting.

Senator IAN MACDONALD—Perhaps a bit of crocodile safari hunting.

Dr Blanch—I have gone on record as head of the Environment Centre saying crocodile safari hunting has its place, well monitored.

Senator IAN MACDONALD—Give me the reference to that.

Dr Blanch—It is on the ABC website. In terms of the other points, lots of other of Aboriginal communities across Northern and Central Australia are entering into Indigenous protected area—

Senator IAN MACDONALD—I accept that. You can take a long time to answer, but it stops the time I have to question.

Senator SIEWERT—You asked, and I thought that was a pretty full response.

Senator IAN MACDONALD—No, I asked for what they were. You have said fishing, tourism, crocodile hunting.

Dr Blanch—I do not think they will get much money out of crocodile hunting, but I am happy to discuss it. With carbon, the more you chop down your trees, the less your potential to make money out of the future.

Senator IAN MACDONALD—How are they going to make money out of carbon on existing trees?

Dr Blanch—That is \$64 billion question all around the developing world, where most of our carbon is stored, traditional owners, including ones like the Tiwis, are trying to make money out of it. We will find out what happens in Copenhagen. It is a difficult issue, but the reality is, if you chop down your tree now, you are not going to be paid for carbon.

Senator IAN MACDONALD—You are suggesting if they leave them growing they are going to be paid for that.

Dr Blanch—Yes, potentially. The market is not formed yet, but I know Aboriginal communities down the Daly who are trying to either make money out of how they manage fire on their ancestral lands—

Senator IAN MACDONALD—We know about the fire.

Dr Blanch—or get paid to enhance carbon storage in the savannas. Scientists say a third of Australia's carbon that is stored in trees and soil is here in the north, and most of it is not good for agriculture.

Senator IAN MACDONALD—I thought it was in Tasmania, according to your leader, Mr Brown.

Dr Blanch—I work in the Environment Centre Northern Territory, so I do not know about Tassie.

Senator SIEWERT—Senator Brown has nothing to do with the Environment Centre Northern Territory or with the Environmental Defenders Office.

Dr Blanch—I understand that I do not have all the answers about future economic development options for the Tiwis, excluding forestry.

Senator IAN MACDONALD—Thank you for that. They say that there is a reasonable rental return for land use—a future two per cent of net harvest proceeds, in future 33 per cent. You disagree that that is reasonable?

Dr Blanch—I am no forestry expert, but I read what forestry experts say about the rate of return and they say a more appropriate average return in southern plantation forests is around six to eight per cent. That seems quite low compared to the industry average.

Mr Cowan—There seem to be a lot of issues about how the report itself was scoped. It talks about the returns and the rental of the land based on an assumption of the price that the land valuer gave at the time. But that land valuation is all hedged on the need for Great Southern to invest in all the infrastructure to run the forestry project. The reason the land was so cheap at the time was that they had to build all the roads, a port and a lot of other things to get a forestry project up and running. But what happened? We used a lot of the Tiwi peoples' resources for that. We used Aboriginal Benefit Account money, so they were paying twice.

CHAIR—As organisations, had you called for the review that Minister Macklin initiated?

Dr Blanch—I was not aware of it. Other environment groups had. I have only been in this position for three months or so, but I am aware that for a long time people have been calling for the Indigenous affairs minister to conduct a range of audits. I know that there has been a discussion about whether the Australian National Audit Office should be brought in to do a forensic study of the books, including of Pirntubula and some of the companies associated with Great Southern. There have been a range of calls for a range of different audits for quite a while.

Senator IAN MACDONALD—Great Southern pay \$241,000 per year to the Pirntubula people for the wharf—is that right?

Dr Blanch—I do not have the report in front of me.

Senator IAN MACDONALD—Is that money used to assist in the development of the Tiwi College? Or are you challenging that?

Dr Blanch—I do not have access to the data. I understand that there are benefits more broadly in terms of some infrastructure produced, but, if it is a financially viable project, why does it need the MIS benefits and why is there a broken wharf that cannot be fixed?

Senator IAN MACDONALD—The MIS debate rages wildly in federal parliament in everyone's party room, but this is about development on the Tiwi Islands for Tiwi Islander people. How many roads have been built and public facilities put in since Great Southern or their predecessors have been there?

Mr Cowan—I cannot remember where I saw it, but I think Great Southern itself said that most of the roads it has built are out in faraway places to service the plantations. Most of the major arterial roads are already there. Money seemed to be used from the money that was made from the rent, apart from the Aboriginal Benefits Account money, to improve one of the main strips of maybe 15 kilometres or so.

Senator IAN MACDONALD—You are saying Great Southern or their activities—

Mr Cowan—No, I am saying that again the Tiwi people's finances were used.

Senator IAN MACDONALD—have not put any money into public infrastructure on the island?

Mr Cowan—I think they have been putting money into service roads around their plantations, which is not very beneficial at all—

Senator IAN MACDONALD—And nothing into the public infrastructure, you say?

Mr Cowan—As I understand it—

Senator IAN MACDONALD—You would not know; you have not been there, I understand.

Mr Cowan—I understand that Pirntubula purchased the port for \$4.5 million, so it is not something which has been—

Senator IAN MACDONALD—And they are getting a financial return on it?

Mr Cowan—Yes, they are.

Dr Blanch—Why would so many Tiwi Islanders sign petitions either attacking the Chief Executive Officer of the Tiwi Land Council or publicly opposing the project if it were an unalloyed success?

Senator IAN MACDONALD—I do not know. If you are asking me a question, I guess I could get 48 per cent of the people to sign a petition saying the current federal government is awful. That is politics—that is the great thing about Australia: we have that freedom.

Senator TROETH—I just have a few questions. Why is *Acacia mangium* regarded as a weed? Is it its ability to transplant itself and sow seedlings?

Dr Blanch—Yes, it produces a lot of seeds, it grows very quickly and it outshades other plants. That is why it is such a good agriforestry crop on the Tiwis. It grows so quickly—eight years, I think, is a harvest cycle. It is used throughout South-East Asia and the south-west Pacific because it is a good agriforestry crop if you ignore the environmental downsides that make it a bad weed.

Senator TROETH—What is the quality of the eucalypts and the other native plants that grow on the islands?

Dr Blanch—My understanding from the scientists I have talked to is that they are some of the best tall forests here in Northern Australia. I am not sure if you know the savannas here. They are more akin to wide-open woodlands, with trees perhaps twice, maybe three times, as high as this room but well spaced. In the very wet areas, particularly on the western part of Melville Island and on Bathurst Island, there are some of the tallest, densest and most carbon and biodiversity rich forests—and that is, of course, where the *Acacia mangium* would grow best.

Senator TROETH—But it is not growing there at the moment?

Dr Blanch—It is on the western and north-west part of Melville Island. It is not on Bathurst, and that is where Great Southern and the Tiwi Land Council, as I understand it, have proposed to expand into stage 2. That is exactly where environment department scientists from the Commonwealth and the Territory agency say would be the highest environmental impact from the clearing, if it went ahead.

Senator TROETH—You will say this is self-interest, but in the Oakton report, which is a public report, Great Southern reported that the timber that was cleared—as in the cypress plantation clearing compensation—had no current or foreseeable commercial value. So what proportion of the land that was cleared was the earlier cypress plantation?

Dr Blanch—I think it was about 5,000 or 6,000, maybe 9,000, hectares planted post war. It was one of the projects that was trialled up here post war. I do not think it actually made too much money commercially. I have not heard that there was much export of the logs; there could have been. But it was seen as a lesson to be learnt from, and land that could be cleared to plant to acacia. I think it is less than half. It may be—just doing the numbers in my head—perhaps a quarter or a third of the total footprint of the current clearing from the cypress. I expect it might be a relatively small proportion.

Senator TROETH—I think you said in your opening statement that the planting of *Acacia mangium* has impacted on alternative economic activity. Why is that so?

Dr Blanch—You would have seen the submission by Professor Stephen Garnett in relation to a REDD scheme and options for carbon markets from land that had been legally approved for clearing but then not acted upon. I think a tranche of about 4,000 hectares of that land was cleared in the last 18 to 24 months. If Great Southern and the Tiwi Land Council had not cleared that land and had held onto it for a number of years, out of the Copenhagen climate change treaty there is speculation that people would be funded not to clear land that they could otherwise clear.

Senator TROETH—That is speculation, you would have to admit.

Dr Blanch—It is speculation, but you do not have to look far in the international media or the UN websites to see that people are trying to reduce the rate of forest destruction globally.

Senator TROETH—I am well aware of that, but which would be better for the Tiwi Islanders: the thought of that being held out as an inducement not to clear the land or some sort of cash return to fund their life now by Great Southern Plantations? I note that rental money is obviously paid by Great Southern to the families who own the land, in the sense that they are getting a cash return from it.

Dr Blanch—I do not have the data in front of me but I understand it is \$2 or \$3 per hectare per year. It is certainly not market rates, based on southern agriforestry plantations, but it is some money. I think it is important to note that they still may not make any money out of the acacia plantations. If the whole project falls over, if Tiwi Land Council cannot find another joint-venture partner they do not have the capacity to operate that forestry project well. That is what they and their consultants, such as Bob Smith, are very clear about. To be financially viable they have to clear another 20,000 to 30,000 hectares. I do not think they will ever be approved for doing that now. So there is a very legitimate question: how they will ever make money from it now?

Senator TROETH—But they have made some money from it up till now.

Dr Blanch—They have, but they also have to spend a lot of money in terms of the equipment, the diesel, the staff and the potential weed management.

Senator TROETH—I understand that.

Dr Blanch—It would be good if we had a good cost-benefit analysis comparing the two development options.

Senator TROETH—The activity so far has created jobs so far—not a very large number, I would be the first to admit, but it has created employment that was nonexistent before.

Dr Blanch—I do not know what was there before. It may well have. But with 30,000 hectares of forest lost for two or three dozen jobs, in this day and age when we are trying to hold onto our

carbon and our vegetation, I think it is a very questionable return to Australia and to the Tiwi Islanders.

Senator TROETH—Not planting a crop does not lead to economic activity.

Dr Blanch—If they had not cleared the trees, they could have had economic return in the future. I agree that it is at the moment uncertain. I think 18 per cent of our global emissions are from these sorts of forests and rainforests. People through the UN climate change treaty will be looking at these sorts of developments to work out how to reward good forest management better. I think that, if they had held onto their forests for maybe another five years—I do not really know how long—they could have made a lot of money on that based on paper. Now they do not have that option. I do not think they have any land that has been approved to clear which they have not cleared. If they do it is in the very low hundreds of thousands of hectares.

Mr Cowan—There is the voluntary carbon market and the voluntary biodiversity sort of offsetting market that has been operating for years. It has been operating since the late 1990s easily. There are heaps of examples in Australia where people have been paid to not clear vegetation. I think Rio Tinto have done it quite widely. The West Arnhem fire abatement scheme through ConocoPhillips is another example. That has been available the whole time. The voluntary market is quite large. It has been there for a very long time.

Senator TROETH—But you would have to admit that the Tiwi Islands are different in that they are not on the mainland. There are logistical difficulties associated with people having to come and go from the mainland. It is slightly different.

Mr Cowan—I am not sure how much relevance that would have because the way they are making the money is by actually leaving the trees in the ground. Your issue has actually turned to putting a massive forestry plantation on there where you have to get all the machinery across, build ports and roads et cetera. That is what makes it not very enticing to that kind of development. If we are talking about making money by just leaving trees in the ground and biodiversity in the ground, that has been available all along in the voluntary market.

I guess the basic concept is, if you have cleared all the ecology around the main service roads of Melville Island, it will have quite a large impact on any attempt to bring up the tourism industry there. There are a lot of examples around Australia of pristine environments which have made a lot of money out of being pristine. If we started logging the Daintree or Fraser Island, it would drive a huge wedge into their marketing power.

Senator TROETH—I do not agree with that, but I will leave that for another day. I think one of you said in your opening remarks that there was no environmental impact statement until after activity had started. Is that correct?

Mr Cowan—How it got assessed was quite convoluted. Originally there was a proposal for what I believe was almost a conceptual start-up project of 3,000 hectares and then that was followed by another 2,000 hectares. There was a document labelled 'EIS' put in for that.

Senator TROETH—Who was that put in by?

Mr Cowan—By Forsci Pty Ltd I believe. A read of the assessment by the Northern Territory department was quite revealing in that it did not actually address anything that an EIS would normally address. It did not even address the forum for impacts on the side of the plantations.

Senator TROETH—So how did it get past any government authority?

Mr Cowan—There was never any approval that was required by the Northern Territory government—

Senator TROETH—I see. Because it was a private project?

Mr Cowan—No, because they did not have the laws in place. Many other states have clearing approvals, so that a person needs the approval before they can clear it. They need to provide a good assessment and the government can say, ‘We are not giving you approval until you do that.’ Unfortunately, in the Northern Territory it is completely advisory and they only assess a very small part of it. They were never really in a position to demand anything. It was a kind of catch up—‘We need to try to impact this as much as possible on a voluntary basis.’ That was really the fundamental problem.

Senator SIEWERT—I want to return to land valuation. A number of submissions talk about what people are getting for the land and it being based on the valuation. There was a valuation done on land that is suitable for forestry, as I understand it, and there was a valuation done on Aboriginal land. The implication in the submissions is that the Aboriginal land that was not ready for plantations was valued down and then the rents were calculated on that. Have I got a correct understanding of what people are saying happened?

Dr Blanch—I think that is right. I think it was valued at the lowest level allowed by considering it as inalienable Aboriginal undeveloped land, whereas it was not valued for the environmental returns it could have, not to mention the environmental impacts or carbon benefits from the intact forest. From a financial point of view, you can see why they did that, obviously. But I think the Tiwi Islanders have been diddled through that selection of their valuation.

The **Senator SIEWERT**—Has all the land been valued at that level, or has some been valued at the two levels? Who did the valuation and has it ever been checked? How do you know this is what happened?

Dr Blanch—My understanding is that the AVO has recalculated some of the rates. I am not sure who did the original valuation but, once it was brought to the attention of Office of the Valuer-General that there were some questionable rates of valuation, the AVO were brought in to revalue it. I think they valued the land at a higher rate, but, from memory, when that had happened the contracts had already been entered into.

Senator SIEWERT—We will ask this of other witnesses as well, but what is your understanding of what is being paid now?

Dr Blanch—I think all that information is in our submission. It is not something that I was—

Senator SIEWERT—The reason I am asking is that I am confused now. There are the values of \$1, \$3 and \$18 out there now. I am trying to get clear as to what rates now apply. Are all those three rates applying or are just some of them applying?

Dr Blanch—I have to apologise. I am not aware of the details for that, but my colleague may be.

Mr Cowan—One of the issues I guess we have is when the lower valuation was in play was when the contracts were signed. We are not privy to those contracts, but normal practice is that the rent reviews are for 30 years. I could maybe safely assume that they cannot rise up directly with the valuations as they change because they have been locked in to a certain extent. There might be some type of rent review, but usually they are capped at a certain increase. So I am not sure if they will follow any changes in independent valuation of the land until those leases finish.

Senator SIEWERT—I will continue to chase that up, because, even with the higher value—there is a suggestion it has gone up to \$17 or \$18 per hectare—there is a suggestion in another submission, which actually quotes information from *Hansard*, that even at \$18 a hectare it is significantly below what plantations would pay in southern Australia. The point that I think Senator Troeth was making earlier, and that has been made in some of the submissions, is that that is because it costs more to develop the land up here.

Mr Cowan—Of course. The whole basis of the valuation is looking at what the land suitable for. If you are sitting there and deciding what the future of your community is going to be and, on an economic basis, you get extremely low value for one particular enterprise, it has got to trigger in your head whether it is the project that you should be pursuing. That was one of the key economic indicators that occurred when these resources—particularly the forestry plantations project—started. It seemed not to be taken into account.

Senator SIEWERT—I am sorry to hammer this, but it is quite important because it is an issue that has been raised in a number of submissions. At the moment, you think that, despite the fact that there has been some upgrading and some revaluation, what is happening in the contracts is that the lower rates still apply?

Dr Blanch—That is my understanding. I do not know the detail, but I know that Great Southern, until quite recently, were trumpeting to their shareholders and on their website that they have got a very good deal from the land that they have leased on the Tiwis. I suspect that is one of the reasons why they maintain their interest there—because they do get a very good rate. So I suspect on balance they are paying towards the lower rather than the top end of the market price, but I do not have the detail on that.

Senator IAN MACDONALD—The Oakton report found that the Tiwi Islanders were well advised by a well-connected, very professional legal firm in Melbourne and approved the whole thing. The Oakton report finds that the contract has been followed.

Dr Blanch—Yes, they did, but for the reasons raised before—

Senator IAN MACDONALD—You would know more than the lawyers in Melbourne, though!

Dr Blanch—I am not a forestry lawyer, correct, but neither are Oakton, from what I understand—a well-credentialed, well-respected forestry or Indigenous development consultancy. If I see a report from a company that has a much better reputation and does its consulting well, including talking to groups who might be critical, I think I would have much more faith in that report.

Mr Cowan—I have quickly looked at the Oakton report. It did not question, as we have been talking about, whether the price of the land should have then indicated that something else should have been regressed; all it did was take the value of the land. That was a fair enough value of the land; there was not enough infrastructure to run a forestry project. So the value was very small. All that Oakton has said is, yes, they have paid that value.

Senator IAN MACDONALD—They were advised by what I assume—I have never heard of them—

Senator TROETH—Middletons are a well-known Melbourne firm—

Senator IAN MACDONALD—Middleton is, is it? Yes, I have heard of them. They had another name in there. Anyhow, they are very professional and experienced law firm in Melbourne. The fact that they are in Melbourne does not make them any good, but they are very professional and well qualified, and they seem to think that the deal was not too bad. They advised them.

Dr Blanch—I did notice in the report that they stated that there was no major adverse environmental impacts. That certainly does not accord with the environmental experts paid by the Territory government who have done these major forensics audits of the breaches. I think, from memory, they found 400. This was no trivial breach of conditions. That was not found out by the federal environment department until the Environment Centre, informed by locals, said that they had breached. If Oakton ignores that, what sort of report is it?

Senator IAN MACDONALD—Are you suggesting the Tiwi leaders were not aware of this environmental damage that was happening to their island that they have looked after for thousands of years?

Dr Blanch—I do not know, but I do know that Tiwi islanders contacted the Environment Centre and the Territory government, saying, ‘There are breaches going on. They are clearing outside of where they are allowed to clear. They have not done their mapping well. They haven’t gone out with a GPS and walked over the land. They are getting very close to important wetland and rainforest buffers when they said they wouldn’t.’

Senator SIEWERT—Nobody would listen to them.

Dr Blanch—That is exactly right—‘We cannot get there.’

Senator IAN MACDONALD—We will have a look at that tomorrow. Thank you for alerting us.

Senator SIEWERT—They have been fined for it. It is not just what the centre says now—the department has fined them for it.

Senator IAN MACDONALD—I am not quite sure how we got onto that.

CHAIR—And breached their conditions and made undertakings to make good and so on.

Dr Blanch—But they are still not being required to halt further clearing and expansion of the project whilst they develop, consult on then implement their rehabilitation plan. I wonder if in other projects, whether it is forestry or not, in other areas closer to public scrutiny and not embroiled in such a political milieu of support and concern over it, the federal environment department would have required much greater implementation of a rehabilitation plan before more of the damaging development would be allowed to occur.

Senator IAN MACDONALD—What influence does the Territory environment department have and why aren't they doing something?

Dr Blanch—I think because this was originally approved under the Environment Protection (Impact of Proposals) Act, before the EPBC Act came into place. There were some pre-existing approvals—I think, relatively small areas.

Senator IAN MACDONALD—If the island was being raped, why wouldn't the Northern Territory environment department be lifting a finger?

Dr Blanch—They had no regulatory role. I think the Territory government at the time said, 'We will leave this to the Commonwealth government to do the assessment.' Perhaps it was under a bilateral. I am not aware of the arrangements at that time. The current government for several years has been very much aware of it. They have put money into getting some of their best biodiversity scientists and managers to go over there, survey the areas, look at the breaches, go over the aerial photos, talk to many people, do research on impacts to threatened species, and work with CSIRO and the university. So they are now, belatedly. In discussions with many people at different levels of government, they are very clear that they do not want to see major ongoing massive development like that, particularly for so little environmental benefit. I think just before the Territory election last August, the Chief Minister committed to undertake an EIS for a stage 2. I don't think that clear statement putting a shot across Great Southern's and is Tiwi Land Council's bow would have happened five years ago.

But the government knows that all is not well on the Tiwis and that, generally, Tiwi islanders are not benefiting. In some examples they are but not commensurate with the level of damage, the level of emissions and the level of community outrage at no benefit being returned to the people. So I suspect if a future developer and/or the Tiwi Land Council apply for stage 2—I do not get any sense that they will do so soon—I think they will have real trouble getting approval from a Territory government, let alone from the Commonwealth government.

Senator TROETH—What will stage 2 involve?

Dr Blanch—The last numbers that Great Southern proposed were, if Tiwi Land Council supported it and approved it, 30,000 to 40,000 hectares of land clearing.

Senator TROETH—On Melville Island?

Dr Blanch—Both—because of the better soils, the high rainfall and some support from some traditional owners they propose moving the project also on to Bathurst, which is on the western side.

Senator TROETH—The Oakton report, on page five, says:

Due to soil suitability, cost and lack of infrastructure, GSP have advised that they do not have any plans to begin operations on Bathurst Island.

Dr Blanch—That is my understanding; they do not want to, but in terms of—

Senator TROETH—Then why, if it is not profitable—

Dr Blanch—My understanding is that Great Southern are open to moving on to Bathurst if the traditional owners and Tiwi Land Council actually require them to, because the view of the people on Bathurst is that they are getting no benefits economically from this project and they want some. As I understand it, a lot of traditional owners do not want this development there, and the better soils are in fact on Melville. But I think Great Southern has been responding to the concerns of the public and the Tiwi Land Council about spreading the economic benefits.

Senator TROETH—If there is no infrastructure and it will cost them a lot—

Dr Blanch—I do not think they want to. That is my understanding.

Senator TROETH—Why would they?

Mr Cowan—The same issue existed when the project started. It was going to cost them a lot and there was no infrastructure when the whole thing started. Numerous comments have been made by Great Southern and the land council over the 10 years, saying that they are going to do this, going to do that. They have changed their view and whatever. I am not sure, relying again on the most recent statement they made in the Oakton report, it gives very much indication of what they are planning on doing. Only they know that. They already have a type of optional lease over 100,000 hectares, which was signed up from the very beginning.

Senator IAN MACDONALD—Did you tell Senator Troeth, or did I mishear you, that this weed is actually growing on one of the islands naturally?

Dr Blanch—It grows naturally on parts of Cape York Peninsula but, as far as I am aware, not in the Top End. It is completely introduced here.

Senator SIEWERT—In South-East Asia—

Senator IAN MACDONALD—No, I thought Dr Blanch said on one of these islands, in the north-eastern corner.

CHAIR—Are there any further burning questions for these witnesses. As there are no further questions, thank you, gentlemen, for your time.

Proceedings suspended from 4.03 pm to 4.27 pm

ROBERTSON, Mr Peter GM, Private Capacity

Evidence was taken via teleconference—

CHAIR—Welcome. Thank you very much for speaking with us today. For your information, ABC Radio and possibly other media are present. If you have any concerns with your evidence being recorded by the media, please let us know, otherwise we shall proceed. The committee has received your submission as submission No. 26. Do you wish to make any amendments or alterations to your submission?

Mr Robertson—No, I do not.

CHAIR—Mr Robertson, would you like to make a brief opening statement before we proceed to questions?

Mr Robertson—Yes, I have a written statement. It is a couple of pages; it should take less than five minutes—hopefully more like three. Is that okay?

CHAIR—Indeed. Please proceed when you are ready.

Mr Robertson—First of all, thank you very much for the opportunity to appear by phone. My statement is as follows. The fiasco that we have witnessed on the Tiwi Islands over the past decade is in large part the result of a failed ideological model driven by the Commonwealth involving the coercion of traditional owners to accept large-scale, high impact resource exploitation projects as a condition of ongoing government engagement. The latest setback for the Tiwi, namely the collapse of Great Southern, was the predictable outcome of the linking of this government ideology to a commercial tax minimisation scheme, which is a sure recipe for social, economic and environmental bad outcomes. It is because the Tiwi plantation project was an ideologically driven exercise championed by the Commonwealth over many years that it has been so difficult to lift the veil of inscrutability that surrounds so many aspects of the project.

The Commonwealth had a fundamental conflict of interest in that it was both a promoter of the project and a regulator via its statutory role under the NT Aboriginal rights act, the various corporations acts and the EPBC Act. The Commonwealth was morally and legally responsible for ensuring that the rights and interests of the Tiwi Islanders were protected from corporate manipulation and malfeasance and from environmental degradation, but it has failed utterly in its responsibility. It was only after a major campaign that the Commonwealth was finally embarrassed into carrying out a formal investigation into clear breaches of environmental conditions on the Tiwi Islands. Even then, when the breaches had been proven, the Commonwealth manipulated its published statement to avoid any naming of the legally responsible entity—that is, Great Southern—referring instead only to the previous owner, Sylvatech. This is just one example of the way in which at least three Commonwealth agencies have for several years colluded to try to protect the Tiwi plantation project from any real scrutiny. Those agencies are, the department of forestry, the department of the environment and the department of Indigenous affairs.

It is worth noting that, while the Tiwi plantation project was promoted by the Commonwealth and others as a great new model for Indigenous economic development supposedly cutting Indigenous people free from the shackles of government, the entire project was completely financially underwritten and subsidised by the Commonwealth and the Australian taxpayer. There is, or was, barely any part of the project that was not paid for by government whether it was the tax write-off for plantation establishment, the millions of dollars in subsidies for roads and ports, the subsidies for trainees and apprentices and, in all likelihood, refunds even for the lease payments to traditional owners for the use of their land.

As for the returns, one only needs to look at the log shipment fiasco to see what that was worth to the Indigenous communities. Despite repeated public statements that these shipments of high-quality hardwood sawlogs from the Tiwi Islands destined for Asia were worth millions of dollars each, the traditional owners were subsequently told the first six shipments had recorded a loss of \$600,000. At the same time, the Commonwealth government and the companies involved in the shipping and sale of these logs in Asia publicly stated that the shipments had been a great success. No satisfactory answer has ever been provided or investigation undertaken in relation to these shipments and the missing millions of dollars from them.

With the collapse of Great Southern several key issues must now be addressed by the Commonwealth as a matter of urgency. No. 1 is the ongoing management of the plantations as legally required under the EPBC Act especially in light of the weed potential of *Acacia mangium*. I believe the existing plantations are not economically or environmentally sustainable and the Commonwealth needs to move quickly to have them replaced and replanted with a mix of native species for a combination of timber, food, craft, carbon and habitat outcomes. No. 2 is the money and works owed for breaches. As you would be aware, as a result of the Commonwealth's investigation under the EPBC Act, a series of costs were imposed on Great Southern in relation to the Tiwi forestry project and it is unclear now what the status of those costs or fines if you like are. In particular, I am referring to a \$1 million bond that was supposed to be posted by Great Southern to ensure the rehabilitation work for the breaches of buffers on the islands. Where is that \$1 million sitting? Secondly, there is the annual financial contribution of \$450,000 per year for three years to contribute to environmental work—where is that money now? Thirdly, there is the preparation of a rehabilitation management plan for the areas that were illegally cleared. What is the status of that management plan and who will finalise it?

In terms of the three urgent Commonwealth matters, which I think need to be addressed, the final one is that there needs to be a strong message received by the Commonwealth that it needs to rethink its approach to Indigenous community wellbeing and sustainable economic development. Over the past decade on the Tiwi Islands a wrong model based on a flawed ideology has been pursued at the expense of the islands' people and environment with very serious long-term consequences. A new model is needed which puts at the front and centre the Tiwi Islands' twin globally recognised assets, namely, its Indigenous culture, knowledge and skills and secondly, the rich biodiversity and carbon sequestration values of the islands' forests, coasts and marine environment.

The successful adoption and rollout of this high-value, low-risk, low-impact approach, which unites the arts, tourism, Indigenous rangers and land management, the carbon economy and low-impact production of fruit and other crops, will need to be supported by a whole-of-government approach including with funding. But this time instead of millions of dollars of Commonwealth

funds going to a handful of mostly non-Indigenous directors and shareholders the funding and the benefits will accrue to the traditional owners, the Indigenous communities of the islands and, by extension, to all Australians.

CHAIR—Thank you, Mr Robertson. Do you think there is any place for any form of forestry on the islands?

Mr Robertson—Now that 30,000-odd hectares of beautiful native savanna woodland has been cleared I believe that what the Commonwealth should do—and that is what I have indicated in my statement—is help to fund the replanting of those plantations to a much higher value, long-rotation, native tree crops for the production of high-value sawn timber and also for carbon and biodiversity values.

CHAIR—What rights do you think the local Indigenous people have to exploit their land as they choose or as they see fit?

Mr Robertson—No person or group of people on the planet has the right to do whatever they want to their environment especially if it has implications for other people and broader impacts beyond that again. Every citizen, every person, every community has limited rights in terms of developing the resources that they own.

CHAIR—Just to your background, your submission says that you worked for an environment NGO on Melville Island in the 1990s. Could you just clarify for us who you were working for, when you were there, when you were last there and that type of information, please?

Mr Robertson—My submission did not say I worked on the Melville Islands. I worked in Darwin for the Environment Centre of the Northern Territory. I do not know how you have misread my submission to say that I worked on the Melville Islands. I visited the Tiwi Islands on several occasions but I did not work there.

CHAIR—When did you last visit the islands?

Mr Robertson—The year before last.

CHAIR—Who were you working for when you were investigating into the islands?

Mr Robertson—The Environment Centre of the Northern Territory.

CHAIR—Thank you. Are there other questions? Senator Crossin, do you want to start?

Senator CROSSIN—Thank you. Peter, good afternoon, it is Trish Crossin here. How are you?

Mr Robertson—Good, thank you, Senator.

Senator CROSSIN—That is good. I want to try and start to unravel I suppose the financial arrangements surrounding this project so that is what I might ask you about first of all. You outlined for us quite clearly on page 2 of your submission the relationship between the four

corporate entities on the island. As I understand it Pentarch Pty Ltd generally now is involved in defence and general trading. Is that right?

Mr Robertson—That is my understanding. That is one of their major arms of business.

Senator CROSSIN—Would Pentarch Forest Products Ltd be an arm of Pentarch Pty Ltd?

Mr Robertson—Yes.

Senator CROSSIN—To what extent then would they have expertise and knowledge about the forestry market?

Mr Robertson—I believe that they have had quite a lot of experience with plantations in New Zealand, softwood plantations in New Zealand in particular. They are obviously also very heavily involved in business in Asia including, as I understand it, the sale of logs from various plantations.

Senator CROSSIN—If I am led to believe this correctly, does Pentarch have any financial connections still to Sylvatech?

Mr Robertson—No, I believe that Sylvatech has ceased to exist as an entity and was wholly taken over by Great Southern a couple of years ago.

Senator SIEWERT—What is the relationship to GSL then?

Mr Robertson—As I said in my statement, what is actually required here is way beyond what I am capable of. What is required is a proper audit, a forensic audit, of the commercial arrangements that exist between the several, the multiple, corporate entities, most of which are non-Tiwi Island based, which are involved in various ways in this plantation project. There needs to be a proper scrutiny of all of the arrangements, the contractual and commercial arrangements, that exist between Pentarch, Stratus, Great Southern itself and of course the Tiwi Islands own business entities such as Pirntubula.

At the moment there is just a complete lack of clarity and transparency. For example, if you look at log shipment fiasco that I referred to previously, Pentarch and Stratus Shipping were very much involved in the shipping of barge load after barge load of extremely high-value, high-quality sawlogs produced from the clearing of forests on the Tiwi Islands, to China and other Asian destinations. They claimed publicly at the time that the shipments were a great success. Those logs were worth literally millions of dollars, as was stated at the time, and yet at the end of the day the traditional owners on the Tiwi Islands were told that these six shipments incurred a total loss of \$600,000. In other words, not one of them supposedly produced a single dollar in profit for the traditional owners on the island. What set of commercial arrangements and what network of contracts between Great Southern or its predecessor, Pentarch, and Stratus and the buyers in China and Vietnam allowed multimillion-dollar shipments of high-grade sawlogs to be sold in Asia and produce not a single dollar of income for the traditional owners on the Tiwi Islands?

Senator CROSSIN—Pirntubula, as I understand it, has an agreement with the Tiwi Land Council. It is that your understanding?

Mr Robertson—Yes, it would have to have some kind of an agreement.

Senator CROSSIN—Do you know whether it is a company of the Tiwi Land Council?

Mr Robertson—Once again, this is a murky area where different answers have been given at different times. Without a proper investigation, which by right has to be carried out by the Commonwealth as the ultimately responsible entity in relation to the Tiwi Land Council under the Aboriginal Land Rights Act and Corporations Law, it is hard to determine. It is the Commonwealth's responsibility to investigate the arrangements between these different companies and the land council in relation to what is happening on the Tiwi Islands. Until the Commonwealth fronts up to its responsibilities in that regard, then no-one is ever going to fully understand what the commercial arrangements are between all these different corporations and the traditional owners on the Tiwi Islands.

Senator CROSSIN—If you examine the annual report of the Tiwi Land Council for the last quite a number of years, there is actually no mention of the company Pirntubula in that annual report either as having an interest in the land council or the land council having an interest in it or to the council receiving any income from it. So I want to ask you whether that is your understanding and how you obtained any knowledge about this company.

Mr Robertson—Most of the knowledge that I have gained has been word of mouth from various people on the island who, over a number of years, have attempted to get to the bottom of the relationship between Pirntubula and the land council, as well as the relationship between the land council and Great Southern or, before that, Sylvatech. People like Mr Cleary, for example, who have put in submissions to the inquiry, and many others including traditional owners, have also been trying for many years to get to the bottom of what these relationships are. But nowhere can you find anything that spells out in any detail what the arrangements are. This is of great concern of course because, looking to the future, if and when acacia plantations are ever harvested it is extremely unclear why the traditional owners would only be getting two per cent of the net profits of any subsequent sale of woodchips. Between the traditional owners getting possibly two per cent of the net proceeds and all these other companies that are involved in various ways which nobody seems to understand, there are a lot of questions that need to be answered and the only body that has the capacity to properly investigate all of that is the Commonwealth government, and that is what I believe it should do.

Senator CROSSIN—People will say that this is an agreement between the Tiwi Land Council and they will defend their position and say that they have had constitutionally formed meetings, that they are constitutionally quorate, making democratic decisions at their council meetings. They will then go on to defend the arrangement, saying that this provided jobs for Tiwi Islanders. If we have a look at Great Southern's submission and the pie charts in its submission—and I do not know whether you have had a chance to look at it—showing the number of local people compared, say, to the number of backpackers that have been flown over to the islands to help, the number seems minimal. Given your knowledge of the operations, what sort of work would the Tiwi Islanders employed by this project actually be undertaking?

Mr Robertson—I think that has evolved very slowly over the last decade. I understand that currently they are saying that there are 23 Tiwi Islanders employed by Great Southern. It is unclear how many of those are actually employed on the forestry project, as opposed to other land management cum ranger activities. Over almost a decade of operation the numbers have been fairly low and it appears to have been very difficult to train people to work on the plantations per se and also there have been major problems with retaining people in that capacity. My personal view is that it is because a lot of that work is so alien and the clearing of the native forests is culturally probably not a very happy thing for people to be involved in. So this is why I say in my personal submission that there are other far higher value, lower risk and lower impact industries that can be developed with the same amount of Commonwealth funding as has gone into the forestry project. They would be likely to produce much greater benefits in terms of employment and to be based on the pride that traditional owners and Tiwi Islanders have in their islands and their culture.

Senator CROSSIN—Would you know as well from your experiences, having perhaps investigated this quite thoroughly, if those people are still employed on CDEP or has there been a move off CDEP to now employ those people on a regular wage?

Mr Robertson—My understanding is that there is still Commonwealth funding involved both in training and in ongoing apprenticeship positions. I do not believe that the Commonwealth has ceased to fund at least in part the majority of those positions.

Senator SIEWERT—Mr Robertson, I want to go back to the shipment of logs. I remember that at estimates we were asking questions and what I gathered from the evidence was that what they were saying was that the logs were not in fact quality logs, that they turned out to be not quality logs and that they did not get what they thought they would get for them. Is that your understanding of why they did not get the millions of dollars that were anticipated?

Mr Robertson—I think there have been different stories at different times. I remember at one stage the reason or the excuse given that there was no income at all—in fact, a loss was recorded to the traditional owners—was that there was something to do with the shipping costs being higher than was expected. Given that the logs were supposed to be worth millions of dollars and that the shipping costs apparently had increased to something like \$80,000, instead of \$50,000, it was hard to see how that would have meant that there was actually no income whatsoever for the traditional owners. There has been a variety of excuses and reasons given over time but, once again, fundamentally it is the Commonwealth's responsibility to have investigated why this turned out to be the case, especially since the Commonwealth department of forestry, which has been one of the major promoters of this project, was jumping up and down in the media at the time talking about what a spectacular success this project and the shipment of these logs was. There has to be a Commonwealth investigation to get to the bottom of what happened to those six shipments of high-quality logs. Let no-one be in any doubt whatsoever that these were extremely high-grade hardwood sawlogs. You only had to see photos of them, let alone the PR material that was being put around by Pentarch at the time, to know that these were the highest quality hardwood logs that you could probably buy anywhere in the world and that they were destined for high-value use, such as furniture, which would have earned the ultimate sellers thousands and thousands of dollars per cubic metre. There have been shifting stories but never any proper investigation. Once again, I sheet the responsibility for that home to the

Commonwealth and strongly urge this committee to launch an investigation not only into that particular issue but also into the broader financial arrangements surrounding this project.

Senator SIEWERT—Other than what was discussed in *Hansard* there has never been any follow-up by the Commonwealth that you are aware of?

Mr Robertson—Absolutely not.

Senator IAN MACDONALD—If I understand what you are saying, Great Southern was saying to its shareholders that this was a million-dollar deal and they had sold the logs for a lot and yet they told the Tiwis that they had made a loss. Why do you think it is that Tiwis might not have read or heard about the claim that they had made millions of dollars and why would they not have done something about it at the time?

Mr Robertson—Thank you for the question. I do not recall saying that it was Great Southern that said that. There was a stream of media reports over a couple of years emanating from various companies on the islands—Sylvatech and possibly Great Southern, the Land Council and then subsequently the federal department of forestry and Pentarc itself, all of which were saying, at various times and quoting different figures, that these log shipments were worth millions of dollars to the Tiwi Islanders. I know that there were media reports at one stage quoting company spokespeople as saying that a particular shipment of logs to Asia was worth \$1.5 million to the traditional owners. So there were these repeated statements made, and then there were the subsequent statements made by Pentarc and other companies and by the federal department claiming that the shipments had been a great success and had demonstrated what a great project this was for the Tiwi Islands. Subsequently, of course, it turned out in the Senate estimates hearings that in fact the traditional owners had incurred a \$600,000 loss for the first six shipments of those high-grade logs to Asia. What has become of any subsequent shipments of high-grade logs from the clearing of Tiwi forests is a mystery as well. I cannot find any subsequent reference to them, but there is very strong evidence—

Senator IAN MACDONALD—Can I interrupt you. My question was: the Tiwi Island people would have read those same reports that you have referred to in your submission. Why do you think it is that they accepted the suggestion that they had lost money when all the reports suggested that it was very profitable? Surely you are not suggesting that the Tiwi Islanders are silly and could not work out that they had been duded. Why do you think it was that they did not take issue with this if the reports were true?

Mr Robertson—Maybe some of the Tiwi Islanders who found out about it did not want this information to get out or to be investigated, because it might have cast some doubt over the probity of the project, and other Tiwi Islanders who might have found out about it might not have known of any avenue that they could take other than through the Tiwi Land Council, which may or may not have a conflict of interest in this regard.

Senator IAN MACDONALD—They knew.

Mr Robertson—They would have had no opportunity or avenue for investigation other than the Commonwealth, which I have already explained has for a number of years done its level best to make sure that this project did not receive any proper scrutiny.

Senator IAN MACDONALD—But they got nothing.

Senator SIEWERT—This information came out at estimates. Nobody knew about this until the committee asked about it at estimates two years ago.

Senator IAN MACDONALD—But you are saying that there were newspaper reports that they had made a killing on the—

Senator SIEWERT—No, there were newspaper reports that they were going to.

Senator IAN MACDONALD—Well, they were going to—and yet the Tiwi Islanders were being told: ‘Sorry, you are not getting a cent, because you have lost money.’ I am just saying: surely the Tiwi Islanders would have said, ‘Come on, guys. We can read the papers like everyone else. You’ve made a profit.’ Why do you think they did not call in the police then?

Mr Robertson—As I have just explained to you, Senator, I think that there would be some who did not want an investigation and others who would not have known where to have gone to get an investigation.

Senator IAN MACDONALD—And they were on the take or something? Part of the fraud or something?

Mr Robertson—I did not say fraud, but obviously the land council has put a lot of effort into this project and it may not have suited its interests to have bad news stories coming out about how the traditional owners had lost hundreds of thousands of dollars on shiploads of high-quality logs to Asia.

Senator IAN MACDONALD—But you are saying they should not have lost money. This is the bit I cannot work out. You are saying the newspaper reports were that they should have made a killing on it. They knew they were not getting any money, because the cheque did not arrive, so surely they would have asked someone: ‘Where is our cut?’

Mr Robertson—Well, maybe people did. Who would know?

Senator SIEWERT—Isn’t that the point—we do not know? No-one knows.

Mr Robertson—Exactly. That is the whole point; that is absolutely the whole point. It has been on the Commonwealth record for several years now that this happened, and there has been no attempt that I am aware of by any of the Commonwealth ministers or agencies involved in this project, major supporters of this project, to investigate what has happened.

Senator IAN MACDONALD—About what year did this happen?

Mr Robertson—It commenced in 2004 and ran for a couple of years, and nothing more has been heard since then.

Senator IAN MACDONALD—You are saying the department of forestry was one of the great supporters of this. I happened to be the minister for forestry at the time, and I barely knew

of it. I knew that there was an exciting project up there but that is about the extent of it. I would like to hear your explanation of how the Commonwealth department of forestry was involved in this particular private enterprise transaction.

Mr Robertson—Did you used to read your department's newsletters?

Senator IAN MACDONALD—A newsletter is something promoting forestry, but I am not sure that the department of forestry had anything to do with it. What could they have had to do with it?

Mr Robertson—The department of forestry put out regular newsletters extolling how fantastic the Tiwi forestry project was and how it was setting a shining, new model for forestry activities on Indigenous lands in Northern Australia and how it was producing millions of dollars of benefits for traditional owners, including through the sale of logs to Asia.

Senator IAN MACDONALD—In what way did the Commonwealth department of forestry have anything to do with a territory or Indigenous affairs department, or whoever, commercial project?

Mr Robertson—I would imagine, although I was not privy to cabinet at the time, that submissions would have gone forward either to the minister or the cabinet strongly supporting things like Commonwealth subsidies for the construction of forest roads, logging roads, on the Tiwi Islands, which resulted in about \$1.5 million worth of government subsidies going to the construction and upgrade of logging roads on the Tiwi Islands.

Senator IAN MACDONALD—Perhaps I was not in cabinet then either.

Mr Robertson—I would imagine that the department of forestry would have strongly backed that kind of activity.

Senator SIEWERT—I want to go back to the issue of the woodchip sales and the point that you were touching on earlier, I think when Senator Crossin was asking you some questions. I would have thought this was particularly relevant now given the current situation with GSL. You do not sound as if you are convinced that there is going to be much of an economic gain for the community from the sales of woodchips, which seems to be inconsistent with the Oakton report. Have you seen or read the Oakton report yet?

Mr Robertson—Yes, I have. I was very disappointed in that report.

Senator SIEWERT—I would be interested in your comments on that, particularly in light of the comments you have made on page 10 of your submission when you very strongly questioning—at least I read it that way—whether the community is going to get much benefit from the sales anyway.

Mr Robertson—That is fine. I just wanted to quickly go back and talk about the role of the Australian Valuation Office, which of course is another Commonwealth entity that has had dirty hands as a result of its involvement in this project, and the ongoing fudging of how the Australian Valuation Office provided advice which has led to a situation where the traditional

owners are being paid only \$17 per hectare per annum for the use of their high-quality land for growing these plantations when southern landowners are being paid anywhere from \$150 to \$350 per hectare per annum for the use of their land. There is a whole other line of inquiry once again that the Commonwealth needs to follow up in relation to how the land values were achieved and whether there has ever been a proper ASIO evaluation of the value of the land on the Tiwi Islands for plantations.

Going to your question, Senator, the way that I read the statements that have been made by Great Southern—that is, that the traditional owners will receive two per cent of net harvest proceeds from the ultimate sale of woodchips from the Tiwi Island—and given what has happened with the log shipments, where they were supposed to have got some sort of income and in fact got less than nothing, I am very concerned, without any other evidence being presented to the contrary, that you could well see a situation where, if those plantations are ultimately chipped and sold, the traditional owners may end up with an absolutely minuscule return given that all these other corporate entities stand in line ahead of them to receive the income and profits before the traditional owners get their hands on whatever is left over after everybody else has taken their cut. I am not convinced that there is any proper scrutiny or regulation in place to make sure that that whole disbursement of funds is done in a transparent way that will show that the traditional owners have not at the end of the day been completely ripped off.

Senator SIEWERT—Thank you.

Senator TROETH—You have read the Oakton report?

Mr Robertson—I have.

Senator TROETH—You said you were disappointed in that. Why is that so?

Mr Robertson—Obviously, the department, this time Indigenous Affairs, has engaged these external consultants. I believe that the report is a whitewash. For example, it engages once again in the constant process of fudging the land valuations. It deliberately or mistakenly confuses the sums of money that were negotiated for Sylvatech originally to acquire an option over 100,000 hectares of Tiwi land at a value, which the Australian Valuation Office said should be \$3 per hectare but which the Tiwi Land Council for some reason accepted to be \$1 per hectare, with the issue of how the valuation for the established plantation land was arrived at. As I have already indicated, the current arrangement is that the traditional owners get \$17.50 per hectare for the established plantation land. It has never been explained—and, once again, the Oakton report fails to explain—how that \$17.50 was arrived at and how you can possibly justify a figure that low when, as I have already stated, southern landowners are regularly being paid 10 times that sum or more for the lease of their land for growing tree plantations under tax minimisation schemes.

CHAIR—So it is your contention that the AVO valuation in 1998 of \$3 per hectare, cited by the Oakton report, was based on an option over the land, which resulted in Sylvatech having, as it was later said in the Oakton report, options over 100,000 hectares of land at \$1 per hectare.

Mr Robertson—Yes. In relation to that issue, the AVO recommended \$3 per hectare and for some reason the land council signed a deal with Mr Everingham, I think it was at a meeting in

1998, for \$1 per hectare for the option over 100,000 hectares. There is a separate issue to that, although obviously related, which is: how was the figure arrived at whereby, once the land had been cleared and the plantations established, the traditional owners would be paid only \$17 per hectare per year for that land when, as I have submitted, they should be getting at least 10 times that much?

CHAIR—The Oakton report says:

A desktop valuation conducted in 1998 by the Australian Valuation Office and based upon information provided by the Tiwi Land Council valued the land rental at \$3 per hectare per annum. Sylvatech had offered \$10 per hectare per annum and the valuer 'strongly recommended that the proposal submitted by Sylvatech be accepted'.

You are suggesting that that information is somehow mixed up or incorrect?

Mr Robertson—It is totally mixed up. Whether deliberately or accidentally, that is a total mixing up of the agreement that was struck for the option over the 100,000 hectares—which the AVO recommended be \$3 per hectare and which the Tiwi Land Council, for some reason that has never been explained, accepted be \$1 per hectare—and a separate issue, which has never been properly investigated by the Australian Valuation Office, let alone Oakton, which is: for some reason a deal was struck whereby the traditional owners are paid only \$17 per hectare per annum for the established plantation land. I am saying, and I will continue to say it until it is proven otherwise, that that is about one-tenth of what they should be getting.

Senator TROETH—You are comparing that with the valuation and the amount derived from places in South Australia and Victoria, I take it?

Mr Robertson—That is correct. I have appended to my original submission an ANU report looking at what plantation companies were paying southern landowners for leasing their land for plantations, and it ranges from \$100 to \$350 a hectare. The excuse that Great Southern and Sylvatech came back with from time to time was that there were all these problems with the Tiwi Islands which was why they had got the land so cheaply. They do not make any secret of the fact that they have got the land cheaply; they talk about saving \$40 million a year as a result of paying so little for the land on the Tiwi Islands. They have been pretty brazen in pointing out what a cheap deal it is but, when they have been challenged, on the one hand they have said, 'There are all these problems; it hasn't got good infrastructure,' and suchlike, but elsewhere, if you read their documents, their websites and their shareholders newsletters, they are bragging about what a fantastic situation the Tiwi Islands have, with good soil, massive rainfall and good infrastructure and, perhaps most importantly of all, being very close to the Asian markets that the plantations are destined for. So they cannot claim that there is any reason why, as a location for their operations, the Tiwi Islands are not at least as good as, if not better than, land in southern Australia.

Senator TROETH—Nevertheless, the TLC did utilise the services of specialist solicitors in Melbourne who were able to draw on their experience of similar agreements across the forestry industry, and I understand that this particular firm has something like 20 years experience in the drawing up of these agreements.

Mr Robertson—That is what that report says, and I dispute it. I believe that the Commonwealth is abrogating its responsibility inasmuch as the AVO, which is the body that it has relied on, has never conducted its own independent assessment of the value of the Tiwi plantation land for plantations.

Senator TROETH—You are basing your theory of Commonwealth government promotion of these schemes on a forestry department newsletter.

Mr Robertson—Sorry, yes?

Senator TROETH—You have said several times that the Commonwealth government at various times has been a big promoter of these schemes, and you are basing that on a forestry department newsletter. Is that correct?

Mr Robertson—Not just one but several, yes, over a number of years. That is right.

Senator TROETH—Okay. That is all.

Senator SIEWERT—I have one question that goes back to the land value issue. Some of the submissions talk about the valuation of inalienable Aboriginal land compared to land that is actually suitable for forestry plantation development. Where does that fit into your issues around evaluation and the dollar value that they came up with, \$17.50 per hectare?

Mr Robertson—It has been explained to me by the AVO itself, because a couple of years ago when I was working for the Environment Centre in Darwin I rang them up and put them on the spot, saying, ‘Your name is constantly being used to justify the land valuations on the Tiwi Islands.’ When I explained to them what was being said about the Australian Valuation Office’s involvement in those valuations, they were very upset, and they subsequently contacted the land council and asked them to cease misrepresenting the advice that the AVO had given. This is what happened as I understand it. There are different types of valuations that you can do. You can look at land that is held under the Aboriginal Land Rights (Northern Territory) Act as inalienable Indigenous freehold land and say, ‘Because it is inalienable—in other words, it can’t be sold or passed on—it has negligible value as real estate, if you like, so we’ll attribute an arbitrary value of, let’s say, \$3 a hectare,’ which is the value that they came up with in that initial valuation that led subsequently to the \$1 per hectare option being approved over the 100,000 hectares.

But there is something that has never happened, and this is my major concern. The AVO has never been asked to put to one side the issue of who owns the land and whether or not it can be sold and simply to look at it in the following terms: ‘If this land, instead of growing savanna woodland, is going to be cleared and converted into commercial plantations for woodchip production, what is its value?’ That assessment has never been carried out independently and transparently. All I can say is that, in similar situations in southern Australia where private freehold land has been converted to plantations, farmers are being paid anywhere from \$100 to \$350 a hectare. How is it that the traditional owners on the Tiwi Islands are being paid a mere \$17.50 per hectare per annum? That has never been satisfactorily answered. On the one hand there is the issue of the value of the land itself, inasmuch as you cannot buy or sell it; then there is the issue of the value of that land as a tree-growing enterprise.

Senator SIEWERT—Thank you.

Senator IAN MACDONALD—Are you a lawyer or an accountant? What do you do at the moment?

Mr Robertson—I am an environmentalist.

Senator IAN MACDONALD—Where are you working at the moment?

Mr Robertson—I am the state manager for the Wilderness Society WA.

Senator IAN MACDONALD—Is your concern about this mainly environmental, or do you think that the Tiwi leaders have been taking their people for a ride and are involved in some illegal or inappropriate activity? What is your main concern?

Mr Robertson—My primary concern is environmental. We are constantly being browbeaten into believing that we have to set aside our environmental concerns in Northern Australia in order to allow Indigenous people to explore economic development opportunities, so I want to make sure that those economic development opportunities are damn good ones in terms of real benefits, real transparency and real consent provisions. In other words, I want to make sure that the whole thing is done properly so that, if we are going to destroy 30,000 hectares of beautiful savanna woodland, we at least know that the traditional owners and the Indigenous communities are going to benefit substantially from it. I do not believe that the Commonwealth has done its job properly and with sufficient rigour to ensure that the environmental loss is going to be offset by substantial Indigenous benefits.

Senator IAN MACDONALD—So you would disagree with Noel Pearson about the issue in Cape York and with the Tiwi Island leaders that it is in the Indigenous peoples' interest to get this sort of activity going.

Mr Robertson—I am not disagreeing per se with anybody. I am just saying that the record to date demonstrates that this has been a very destructive, very poorly managed enterprise which has delivered very little benefit and which down the track, and especially now that Great Southern has collapsed, could end up being not only a major economic millstone around the neck of the traditional owners but also a major environmental management problem for the traditional owners on the Tiwi Islands and also for the Commonwealth, because it also is now legally responsible for the ongoing management of those plantations.

Senator IAN MACDONALD—I wonder what the economic millstone around the neck of the Tiwi Islanders would be.

Mr Robertson—Looking after 30,000 hectares of a potential weed.

CHAIR—Thank you for your evidence and for your time and participation in this inquiry. I thank Hansard and broadcasting for their efforts and those in the gallery who have joined us today.

Committee adjourned at 5.13 pm

