



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE

Reference: Plantation forests industry

FRIDAY, 29 NOVEMBER 2002

LAUNCESTON

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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

Friday, 29 November 2002

Members: Senator Ridgeway (*Chair*), Senators Buckland, Heffernan, McGauran, O'Brien and Stephens

Substitute members: Senator Colbeck for Senator Heffernan

Participating members: Senators Abetz, Boswell, Brown, Carr, Chapman, Colbeck, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Harradine, Harris, Hutchins, Knowles, Lees, Lightfoot, Mason, Sandy Macdonald, Murphy, Payne, Santoro, Tchen, Tierney and Watson

Senators in attendance: Senators Brown, Colbeck, Murphy, O'Brien and Ridgeway

Terms of reference for the inquiry:

To inquire into and report on:

The findings of the Private Forests Consultative Committee's review of the 'Plantations for Australia: The 2020 Vision' which is due to report to the Primary Industries Ministerial Council in November 2002:

- (a) whether there are impediments to the achievement of the aims of 'Plantations for Australia: The 2020 Vision' strategy;
- (b) whether there are elements of the strategy which should be altered in light of any impediments identified;
- (c) whether there are further opportunities to maximise the benefits from plantations in respect of their potential to contribute environmental benefits, including whether there are opportunities to:
 - (i) better integrate plantations into achieving salinity and water quality objectives and targets,
 - (ii) optimise the environmental benefits of plantations in low rainfall areas, and
 - (iii) address the provision of public good services (environmental benefits) at the cost of private plantation growers;
- (d) whether there is the need for government action to encourage longer rotation plantations, particularly in order to supply sawlogs; and
- (e) whether other action is desirable to maintain and expand a viable and sustainable plantation forest sector, including the expansion of processing industries to enhance the contribution to regional economic development.

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Committee met at 8.07 a.m.

CHAIR—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport References Committee. This is the committee's second hearing to consider matters in relation to its inquiry into the plantation forests industry and the 2020 vision strategy. The matter was referred to the committee on 27 June this year. The committee will report on or before the last sitting day in August 2003. I should also mention that submissions are still being received. To date the committee has received 46 written submissions. For those of you here today who would like copies of the submissions, they are available from the secretariat.

Additionally, today's hearing is open to the public and a *Hansard* transcript of the proceedings is being made. The *Hansard* will be available also in hard copy from the committee secretariat next week or via the Parliament House Internet home page. It should also be noted that the committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the order of the Senate of 23 August 1990 concerning the broadcasting of committee proceedings.

Before the committee commences taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee and evidence given before it. Any act by any person which may operate to the disadvantage of a witness on account of evidence given by him or her before the Senate or any committee of the Senate is treated as a breach of privilege.

While the committee prefers to hear all evidence in public, if requested, the committee may agree to take evidence in camera and record that evidence. Should the committee take evidence in that manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Senate. The Senate also has the power to order production and/or publication of such evidence. Any decision regarding publication of in camera evidence or confidential submissions would not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

[8.10 a.m.]

BLAKESLEY, Mr Andrew John, Director, Forest Policy, Department of Infrastructure, Energy and Resources

CHAIR—I welcome Mr Andrew Blakesley, representing the Tasmanian government.

Mr Blakesley—The submission I wish to speak to today has been prepared by my department in consultation with a couple of other departments: the Department of Premier and Cabinet and the Department of Primary Industries, Water and Environment. We have prepared our submission in response to a direct request from the committee to provide an overview of the plantation sector in Tasmania and the state government's role in assisting and regulating that sector. Those details have been provided in my submission, and today I will highlight some of the points that we have made in that, without repeating the detail that is in it. We have also made some specific comments with regard to the committee's terms of reference.

My department does not have a direct land management or regulatory role in regard to forestry and plantations in particular but is a source of advice to the Minister for Economic Development, Resources and Energy and to the government on matters relating to the development and use of Tasmania's natural resources, including forests, energy and minerals. The Department of Primary Industries, Water and Environment's role in relation to plantations includes the promotion of sustainable primary industries, agriculture and fisheries in particular, protection of environmental values throughout the state and sustainable management of the state's natural resources including water and biodiversity. All of these have some influence on plantation and other developments in the state.

I have outlined the roles of the relevant Tasmanian government agencies, in particular in relation to forest plantations in Tasmania. They include Private Forests Tasmania, the Forest Practices Board and Forestry Tasmania, and I understand at least two of those bodies are making presentations to you later today, so I will leave it to them to talk about their roles. As I said, some of the details of their particular roles are in our submission.

We have interpreted the terms of reference of the committee to inquire into how the revised 2020 vision for plantations can be facilitated by governments and particularly by the Commonwealth government. We have not interpreted them as an inquiry into plantations or the perceived economic, social and environmental impacts of plantations. The Tasmanian government is one of the original signatories to the 2020 vision. My minister and the Minister for Primary Industries, Water and Environment recently endorsed the revised vision at the recent primary industries ministerial council in Sydney. The Tasmanian government strongly supports the vision and has been active in playing its part in facilitating and implementing the objectives of the vision.

Forestry is a very important part of Tasmania's economy. It provides significant economic activity, particularly in rural and regional areas of the state. Nearly 50 per cent of Tasmania is forested, which is a very high proportion of the state. Forty per cent of our native forests are in reserves. The industry contributes over \$1.2 billion annually to the Tasmanian economy and directly employs more than 8,000 Tasmanians. Unfortunately, figures directly relevant to the

plantation sector as opposed to the whole industry are extremely difficult to pull out of the available sources. We have not been able to identify what parts of those contribute directly to the plantation industry. Our industry in Tasmania is largely integrated. We have plantation and native forest wood often going to similar customers in similar areas; the whole industry is very highly integrated.

Plantations do form an important part of Tasmania's forest resources, and there are currently about 200,000 hectares of plantations already established in Tasmania. These started many years ago, and I have provided some information in relation to that in the submission. This 200,000 hectares, although it sounds a large area—and compared with other states in Australia I guess we have a comparatively large area of plantations—represents only three per cent of the land area of Tasmania and six per cent of the total forest estate. So that is a relatively small proportion. However, the plantations do supply a very significant part of the current wood supply and will increasingly play an important role. Already about 30 to 40 per cent of the sawlogs that are processed in the state come from plantation forests, and an increasing amount of pulpwood is also coming from plantation forests.

We already have a long-established industry based on our softwood sawlog resource, which has been established for a much longer period than the eucalypt plantation resource, which is still in its young stages. Currently, approximately 40 per cent of the plantation resource in the state is softwood, and most of that is *Pinus radiata*, or radiata pine. Much of that is mature, but all growth stages are represented in those plantations. We have a relatively mature industry in that regard. As I mentioned, the eucalypt plantation resource is slightly different. Sixty per cent of the area of plantations in the state is eucalypt, mainly the native Tasmanian blue gum, or *Eucalyptus globulus*, and at higher altitudes the predominant species is *Eucalyptus nitens*, the Victorian shining gum. There are only relatively small areas of other native or exotic species in the state, and they play a fairly minor role at this stage.

About 12 per cent of the plantation estate is in sole public ownership, and I think all of that is managed by Forestry Tasmania. Most of that is hardwood. Fifty-seven per cent is in sole private ownership, and the majority of that is also hardwood. The remaining 31 per cent is in joint public-private arrangements, often through joint ventures, and a large proportion of that is the softwood joint venture which is on state forests but in a joint venture arrangement with an American investment company. Most of the softwood resource in the state falls into that category.

Most of the plantation estate is concentrated in the wetter, more fertile regions of the north-west, the north-east and the southern forests. I have a map here if anybody would like to look at it. You are probably aware of the document put out by the National Plantation Inventory, *Plantations of Australia: 2001*. There is a good map in there of the current plantation estate in Tasmania. Much of eastern, central and western Tasmania is unsuitable for plantations due to a combination of insufficient rainfall, infertile soils, high altitude and distance from markets and processing sites. Therefore, plantation investors do not grow plantations in those areas. Most of the plantations there tend to be smaller farm wood lots.

As I mentioned earlier, most of Tasmania's eucalypt plantation estate is young. Table 2 in our submission shows that, up to 2001, nearly two-thirds of the whole plantation estate in Tasmania was less than 12 years of age. Largely, this does not contribute to current production. The

current rate of establishment of new plantations is roughly 10,000 hectares a year. It varies a bit. It reached a peak a few years ago, but it has dropped back a bit since then.

The future size of the plantation estate is difficult to predict. Aspirations of the major growers indicate that the current estate could double, but the actual area established will depend on the availability of suitable land at a price that will provide a suitable economic return. Much of Tasmania's land is unsuitable for plantations due to the natural constraints of slopes, soil, altitude and rainfall. There are not large areas of suitable, cleared agricultural land. I believe much of the cleared land is of prime agricultural potential and value and that it will continue to be used for higher agricultural value crops. Whilst some clearing of native forests for plantation does continue in Tasmania, and that is related to the high extent of existing forest cover and the lack of suitable cleared land, it is likely that this practice will continue to decline due to increasing social and market factors and environmental policy limitations in the future. Also of note is the recent Australian forestry standard, which certainly puts some constraints on the further clearing of native forest for plantations.

The recent expansion of the public plantation estate in Tasmania has been underpinned by the Tasmanian Regional Forest Agreement, in which the Commonwealth provided Tasmania with \$58 million to establish new plantations to replace the native forests wood that was withdrawn from production on state forests and to facilitate the establishment and expansion of the comprehensive, adequate and representative forest reserve system established under the RFA. The Commonwealth provided a further \$10 million for the RFA forest industries development strategy for intensive forest management. Some of this money was also used for further plantation establishment. All of these plantations on state forests established with RFA funds have been specifically established and are now being managed for the production of solid wood products. It was part of the RFA agreement that they were actually replacing sawlog volumes that were forgone in the reserve system, to enable Tasmania to maintain the legislative minimum supply commitment to industry from state forests for high-quality sawlogs and veneer logs. With private plantations, things are different of course with private land. Individual landowners have their own individual strategies for how plantations are to be managed and, particularly with regard to eucalypt plantations, they cover the full range from solid wood production right through to wood fibre production.

There is increasingly a desire by growers and manufacturers to establish internationally competitive industries based on an international scale resource in Tasmania, and 2020 vision and the government policy settings have assisted the realisation of these aspirations. Our submission outlines the legislative and policy framework underpinning the plantation sector, which you particularly asked for some information on. I do not intend to repeat those details but I am happy to respond to any questions you may have in that regard. I wish to highlight two particular aspects. One is the forest practices system in Tasmania, and I guess that yesterday you would have had some exposure to that. I just want to point out that that does apply equally to plantations and native forests on public and private land right throughout Tasmania, so there is a consistent application of planning and operational requirements across the whole industry sector. The forest practices code is subject to continuous review and improvements, based on scientific studies.

I also wish to highlight the concept of private timber reserves, and perhaps that was mentioned yesterday as well. I know that Des King from Private Forests Tasmania is following me; he would be better placed to talk about that and answer any questions in that regard. I think

private timber reserves are an important feature of the Tasmanian legislative framework. They provide private growers with some security that their investment decisions in establishing plantations can proceed through to harvest without undue sovereign risks. I think that is a very important part of the reason why we have a large and successful private plantation sector in Tasmania.

The state government's policy is clearly to encourage the establishment and expansion of the forestry sector in Tasmania, including the establishment of additional plantations. It is certainly underpinned in a variety of government policy instruments that plantations are an agricultural crop, just like wheat, poppies, apples, potatoes or whatever. The government's view is that tree plantations are a crop and should be treated equally with other agricultural crops in terms of planning requirements and decisions, although, as I said, there are special planning requirements—quite onerous and extensive requirements—through the forest practices code which do not apply to the establishment and management of other crops.

The government is certainly aware of the concerns—especially in the last few years, with the rapid expansion of plantations in certain areas of Tasmania—about the rapid rate of change in the local communities. Although the government believes that the plantations are not the drivers of change but one of a number of factors that are affecting the rural community and the agricultural industry in general, plantation forestry has provided an alternative income or means of exiting the land for many farmers who were having problems with economic survival. I think that you had some examples of that given to you yesterday. I hope that somebody yesterday mentioned the good neighbour charter for tree farming in Tasmania. I have copies of it if you did not get them yesterday.

CHAIR—We did.

Mr Blakesley—The government also believes that that has been a very important and useful instrument in addressing many of the legitimate concerns of the local communities. It is certainly noticeable that the level of concern has been significantly less in the last couple of years since the establishment and implementation of that charter. It appears to be working quite well. Turning to some specific items in your terms of reference, I would like to make a couple of points to highlight this. Tasmania does have some rural land where increased tree cover would be very beneficial in addressing some of the current and future environmental issues such as water quality, threatened species, salinity and rural tree decline. These areas where we have these current and potential problems are largely unsuitable for commercial plantation growing, as I said before. They tend to be the drier, more infertile areas—areas that have already been heavily cleared for agriculture.

In order to plant more trees to correct some of these environmental issues, landowners will need some additional financial assistance or incentives—effectively, a subsidy. If the cost of growing trees were subsidised, then the economic incentives for them to plant more trees would obviously be greater. At the moment, plantations alone do not provide enough economic incentive, because the returns purely on wood production are just not there for these areas where the plantations are much slower growing. If there was a market for public environmental goods provided by landowners who plant trees, then that is of course one way of providing that improved economic benefit. Currently we do not have a market for such things in Tasmania. That is certainly one area that could be explored nationally. I know that some work has been

going on in New South Wales in that regard. There is certainly a role for governments, especially the Commonwealth, in assisting landowners to plant more trees for the public good.

The Farm Forestry Program that was established and run under the Natural Heritage Trust 1 program was particularly successful in Tasmania in encouraging more private landowners to establish and maintain increased tree cover and manage their existing forests better. We hope that similar programs will receive assistance and priority under the NHT2 program and other future programs. As Des King may well say, that is one avenue that really has made a difference on the ground.

Our submission also provides information on the encouragement of longer rotation plantations. We were very pleased to see that as a specific term of reference, because in Tasmania we have done a lot of work—and I think we are probably in advance of a lot of other states—in looking at how to manage plantations, particularly eucalypt plantations, in this regard. Silviculture and the economics of softwood plantations have been well established and well known for a very long time. We are talking about eucalypt plantations, which are increasingly becoming the major area of plantations. They are very young, but the knowledge of how to grow them and get higher value products, other than wood fibre, certainly has some way to go.

As I said, there has been a lot of work done in Tasmania over the last decade through the Forests and Forest Industry Council of Tasmania, the CSIRO, the two cooperative research centres for forestry which have been based in Hobart and through companies and Forestry Tasmania. There has been a large cooperative effort to improve the knowledge of how plantations can be grown for solid wood. I suggest that Forestry Tasmania may be best placed to answer any of your questions on that aspect later today, because they have been the leader in that program. Virtually all of their hardwood plantations in the last five years or more have been established specifically for that purpose.

CHAIR—Mr Blakesley, I am mindful of the fact that we will need to ask you questions.

Mr Blakesley—I am almost finished. We hope that the current application for the CRC for tree technology, which Tasmania is again a major partner in, succeeds because continuing work through that CRC on issues such as managing hardwood plantations' young forest floor, high-value wood products is very important.

The last point I would like to make is that we talk in our submission is about the need to address the infrastructure needs of the plantation industry. As you saw yesterday, many of the plantations have been established for future resourcing areas which have not been used in the last 20 to 30 years for wood production. Significant volumes of wood will come out of those areas along some of the road systems, and those areas have not been built or maintained for those future heavy volumes of wood. I think all players in the industry and government at all levels will need to get together and work out how the available money will need to be spent. There needs to be significant upgrading of infrastructure to get a very valuable and high volume of product to the relative markets and processing plants. I will leave it at that. Thank you for the opportunity to provide a submission today.

CHAIR—To clarify for the record, I know that you are appearing on behalf of two government departments. Which one of those two do you work for?

Mr Blakesley—The Department of Infrastructure, Energy and Resources.

CHAIR—Having looked at the submissions that have come in so far, there seems to be five, maybe half-a-dozen, different government or statutory authorities involved in the forest industry in Tasmania. How do you achieve a balance in terms of representing the full gamut of all of the responsibilities that need to be looked at, particularly in terms of public interest?

Mr Blakesley—As you say, and you are correct, there are various government departments. For example, Forestry Tasmania has a statutory role to manage state forests. Private Forests Tasmania is a separate statutory authority and reports directly to the minister on aspects relating to the private forest sector. The Forest Practices Board is the regulatory body for the forest practices system and that also reports directly to the minister. Forestry Tasmania also reports directly through its board to the minister.

Up until a few years ago, there was an organisation in Tasmania called the Forestry Commission. That used to have the full gamut of regulatory, policy and operational functions across the whole private and public sectors. It was like an integrated forestry department. In 1994, the Forestry Commission ceased to exist and it was split into the various functions. At the time there was no overseeing body in between because they were all reporting to the minister. My current position was established less than two years ago by the current government because they wanted a source of advice in the department separate from those other three bodies. I have a very small unit which tries to provide a view across the whole sector for specific areas in which the government seeks advice and information. Of course, we largely communicate with each other.

CHAIR—Having read your submission, it raises an issue for me about the Department of Primary Industries, Water and Environment having responsibility for sustainable development of the state's natural resources and, at the same time, conservation of the state's natural and cultural heritage. With regard to the RFA and what exists as part of the national forest policy statement, you make the comment in your submission about the permanent forest estate and that the processes or standards that have been put into place should not compromise regional catchment and biodiversity values. In terms of what seems to be competing interests either within public institutions or even between what the national policy might say and what the state policy is, I am trying to come to some understanding about whether the state government or the various departments undertake assessments or reviews from time to time to establish whether those interests are being met. I was not able to gauge that from the submission.

Mr Blakesley—Of course, each of the departments has their own statutory roles and responsibilities. The words that we have put in that submission are a very high level view of what they actually do, but when you get down to the specifics, they are largely related to their specific obligations under the various acts, charters and policies that they are individually responsible for. The Tasmanian government is small in comparison with other states and we do have a good system of integrating views across the departments, the government business enterprises and the statutory authorities. We have a lot of interdepartmental working groups and committees to deal with specific issues. For example, the recent review of the regional forest agreement, and the sustainability indicators report that was produced, was done across all the agencies. All agencies contributed with individual agencies taking a lead role in specific areas.

CHAIR—Do you do regular and systematic reviews that compare what has been done here with the national forest policy? For example, one thing which stands out in your submission is where you talk about private timber reserves being created, and drawing a specific exclusion from the requirements of the Land Use Planning and Approvals Act in Tasmania. In terms of that legislation's effect on planning issues in this state, how can you replace that requirement for reviews that might need to be done, particularly in terms of the national forest policy statement, where it talks about regional catchment and biodiversity values? I am keen to understand what the government is doing—in a systematic way, through all the various departments—about establishing a balance between the need for sustainable development and recognising the public interest.

Mr Blakesley—Forestry in Tasmania has been, in the last 20 years that I can remember, subject to many different systematic reviews which involved the whole gamut of industry, including policy and land use itself. Only five years ago the RFA went through all of that in a very systematic whole-of-government review with the Commonwealth government, which looked into the planning systems and how the national forest policy statement requirements would be implemented. That was an extremely thorough process. Five years before that, we had the forest and forest industry strategy. So there has been a series of regular reviews. The specific things that you talked about are constantly before the government. We are currently working through the planning schemes and their integration with the forest practices system—again, we are having a review of local government to ensure that there is better integration of those sorts of things. The NFPS requirements for protection of regional biodiversity and catchment values was a specific issue that we looked at in trying to get the balance right for the RFA.

CHAIR—I just want to ask one final question before I pass to Senator Colbeck. Could you provide us with information about the review that is occurring in relation to local government? On page 9 of your submission you say that the policy on maintaining a permanent forest estate is currently under review. What does that mean? Is that an open process where the public is engaged to look at that policy or is it done between the various instrumentalities involved in forest industries?

Mr Blakesley—The policy is a state government policy. It is referred to in the RFA, and there is a requirement in the RFA to review the policy. That policy, as it says here, is currently under review. As part of that review process, there has been and there will be consultation with the major stakeholders in the plantation sector. In fact, the RFA requires public comment on finalisation of the policy.

Senator COLBECK—I am interested in exploring further the issues with respect to local government, in particular the fact that there are 29 different planning schemes that exist within the state and each of those essentially has different provisions, if any. You have mentioned that you are working with local government to provide some sort of standardisation. I am interested in your progress on that and how that has impacted on the industry as it stands at the moment.

Mr Blakesley—You are right; there are planning schemes which have various requirements with regard to forestry. It is interesting that many of the new plantations that have been established in recent years have gone through the local government planning scheme rather than through the private timber reserves scheme. The effect of putting plantations into a private timber reserve is that development approval under local government planning schemes is not required for the establishment and harvesting of that timber. As I referred to earlier, it provides

that resource security. In fact, many of the recent plantations have actually been through the planning scheme. There are only a few instances I am aware of where there has been an actual problem with that—appeals and conditions imposed by the council that have caused problems for the industry. The review that I referred to is a consultative group between the state and local governments. One of their tasks is to look at some of the concerns that some local councils have had with some forestry operations outside their planning schemes to see how we can get better integration because the forest practices code requires consultation with local government on operations. Local government has input into how plantations are developed; it is just that they cannot, when there is a private timber reserve, impose specific conditions.

Senator COLBECK—I am more interested in whether or not you saw any capacity to address a common set of rules across local government throughout the state. I understand it is difficult, having had some experience there, but surely—for all parties concerned, on each side of the argument—it would be better if everybody knew what the rules were, on a common basis?

Mr Blakesley—Certainly, and that is something that is being pursued not just for forestry but across the whole sector. I am aware of other industries having similar issues with planning schemes. I believe the Department of Primary Industries, Water and Environment currently have a process to look at what they are calling a ‘simplified planning scheme’. I think that as part of that approach they are looking at trying to standardise the approaches of the various planning schemes across the state so that there is more consistency in the approach to development applications for whatever it is—whether it is forestry, agriculture, mining or building. So there certainly is opportunity to improve that.

Senator MURPHY—Your unit is a forest policy unit within the Department of Infrastructure, Energy and Resources. Is that correct?

Mr Blakesley—That is correct.

Senator MURPHY—Do you do any technical work in terms of water and environment?

Mr Blakesley—No. We do not.

Senator MURPHY—So you are not in a position to answer any questions from a technical point of view on water and environment matters?

Mr Blakesley—Not really, no.

Senator MURPHY—Did you work for Forestry Tasmania before you set up in this little forest policy unit?

Mr Blakesley—Yes.

Senator MURPHY—On page 7 of your submission, in the second last paragraph you say:

The Department of Primary Industries, Water and Environment is responsible for advancing Tasmania’s prosperity through the sustainable development of the State’s natural resources and conservation of the State’s natural and cultural heritage. The Department has a role in plantation forestry through the regulation of environmental impacts, agricultural

chemicals and wildlife control, the protection of biodiversity and the promotion of integrated natural resource management.

Who could tell me what work has been done on the protection of biodiversity and the promotion of natural resources management, in particular water? Could you suggest somebody from the department of environment who might be able to answer some questions in that respect?

Mr Blakesley—Yes, I can. For the protection of biodiversity, of course, they have units that specialise, in particular in threatened species management and more generally in fauna and flora in the state. They have a number of experts in that area and probably the General Manager, Resource Management and Conservation, Alex Schapp, would be the appropriate contact point for that. I think his area is also responsible for the natural resource management program. You may be aware that recently a natural resource management act went through the Tasmanian parliament.

Senator MURPHY—They could answer the questions in respect of that?

Mr Blakesley—Yes.

Senator MURPHY—At page 12, you say:

The Tasmanian government also submits that some relevant opportunities are currently being overlooked, particularly in terms of the forestry and agricultural sectors working together, and with regional natural resource management groups, to develop proposals and solutions to natural resource management issues that will benefit all parties.

That is part of a number of other statements that are made there. Why are they currently being overlooked?

Mr Blakesley—Sorry, which page is that?

Senator MURPHY—At the bottom of page 12.

Mr Blakesley—I am just trying to refresh my memory.

Senator MURPHY—If you would like to take that on notice, maybe you could tell me why they are being overlooked. If the Tasmanian government is submitting that to this committee, it is of interest to me, given that the Tasmanian government has the responsibility for the land management practices in this state. I also take you to page 13. You say, with regard to terms of reference (d), in the third sentence:

Silvicultural requirements are well known, and rotation lengths of 25-30 years are sufficient to economically grow suitable softwood sawlog material. Eucalypt is a different matter. Although growth rates are similar to radiata pine to produce sawlog size material, the problem has been the quality of the wood.

Could you expand on that, please?

Mr Blakesley—Sure. When eucalypts are growing fast and they are young, they have very different wood properties compared with slow growing and older eucalypt trees—say, trees over 100 years old. Most of the hardwood sawmilling industry in Tasmania and elsewhere in Australia until recently has been based on the utilisation of older eucalypt trees. Those older

eucalypt trees have been sawn. The technology for processing those trees has been relatively well known. The trees behave well, they cut straight and they season well.

Senator MURPHY—I would like to draw you back to the issue about the quality of the wood, which you started to talk about. Can you tell me, in that context, what research has been done by your group or any other group that you are aware of to determine the extent of those problems, and what those problems might mean for the long-term plantation strategy, particularly the 2020 vision strategy.

Mr Blakesley—There is mention in my submission earlier that there has been a lot of work done in the last 10 years by a number of bodies in Tasmania and elsewhere, including Commonwealth bodies such as the CSIRO. There is a great body of work done. Some of the Tasmanian species are different from the mainland species, so some of the research has to be done specifically for here. In terms of the detail of the work that has been done and some of the results, that might be a question that I suggest you refer to Mr Trevor Bird, from the Forests and Forest Industry Council, which has been largely coordinating that research in Tasmania.

Senator MURPHY—I want to ask you a question in respect of the forest policy unit. What research have you done to determine whether or not this quality of wood problem highlighted by your submission is having an impact on the long-term viability or long-term strategy in terms of plantation development in this state? That is what I want to know about. You can take that on notice.

Mr Blakesley—I am quite happy to answer that now. My unit, in particular, as I said, is the smallest one. It is one person and one other. We have not done the research. We are aware that others are doing the research, but it has not been on our work program. We have only been very recently established in a small unit.

Senator MURPHY—So there has been some analysis done on the problem of wood quality and also, you were telling me, there has been some research done on, for instance, growth rates and yields of the plantation estate—the public plantation estate owned and operated by Forestry Tasmania. Is that correct?

Mr Blakesley—Forestry Tasmania have done their own work, because they are responsible for the management of plantations on state forests. That is their role. They certainly have done work on the growth rates, yields and that sort of thing.

Senator MURPHY—I take you to page 14, the third paragraph. I want to deal with this quickly. It says:

While most of the private sector hardwood plantations were established for the purpose of producing fibre for pulp and paper making, there has been interest by some companies in sawlog production.

Then you say:

This is partly due to the need to add value to the product rather than competing in a commodity market for pulpwood, for which there is an abundance of future supply in the Pacific basin.

In respect of that statement, what about elsewhere in the world? Have you done any analysis about the pulpwood supply elsewhere in the world?

Mr Blakesley—Certainly people in the industry have done that. There have been a number of studies that have been commissioned by people like Jakko Poyry. I am aware of those results. That information comes largely from those sorts of papers that have been done to look at future pulpwood supply around the Pacific basin in particular.

Senator MURPHY—Your statement here says:

... there is an abundance of future supply in the Pacific Basin.

Mr Blakesley—Certainly, the key point that comes out of that research is that there is a lot of—

Senator MURPHY—That is not your research?

Mr Blakesley—No.

Senator MURPHY—You have just taken that from somewhere else. In the next paragraph you say:

Governments have a role in continuing to assist industry to develop the means to utilise this new resource economically. This includes looking for new approaches and new products. Tasmania is facilitating the research and development of rotary peeling of young eucalypt logs to establish a new export market.

Which market?

Mr Blakesley—A market for rotary peel veneer.

Senator MURPHY—Is it proposed that they would be peeled here?

Mr Blakesley—That is what the government wishes.

Senator MURPHY—Can you tell me this: why wouldn't a country like China, for instance, just buy the logs and peel them in their country, where their wage economy is much lower than ours?

Mr Blakesley—Obviously, they would like to do that. One of the problems is that—

Senator MURPHY—What is stopping them?

Mr Blakesley—What is stopping them?

Senator MURPHY—What is stopping the Chinese, for instance—or the Koreans, the Malaysians or the Indonesians—from just buying the logs?

Mr Blakesley—They do buy logs right around the Pacific basin. What we are trying to do is convince the companies involved in growing the logs that shipping a very large proportion of water across the Pacific in ships is not really a good idea.

Senator MURPHY—Doesn't it come down to economics at the end of the day?

Mr Blakesley—It does. That is what I am saying.

Senator MURPHY—Isn't that why they are shipping the logs now? Isn't that why they are buying logs now?

Mr Blakesley—Why they are buying logs?

Senator MURPHY—Yes.

Mr Blakesley—Yes, because they have the plants there and they wish to utilise them. Yes, obviously, but it is certainly our goal in Tasmania to get the value added processing here.

Senator MURPHY—You mentioned—

CHAIR—Senator Murphy, I am just mindful of the time constraints. We are running behind.

Senator MURPHY—I appreciate that, Mr Chairman. I just have one more question. If I can just take you to page 15, in the second last paragraph, you say:

The proposal for a forestry growth plan is the development of nodes of activity.

You then refer to the Southwood project. Can you take this question on notice. Can you inform the committee—or at least get someone to inform the committee—of the commercially economic value of the power generated from the proposed Southwood biomass energy plant?

Mr Blakesley—You would need to direct that question to Forestry Tasmania, who are the proponents of that particular project.

CHAIR—Thank you, Mr Blakesley, for appearing today and for your assistance to the committee. A copy of the *Hansard* transcript of your evidence will be made available to you shortly.

Mr Blakesley—Thank you.

[9.00 a.m.]

KING, Mr Desmond Patrick, Chief Executive Officer, Private Forests Tasmania

CHAIR—Mr King, welcome. Do you have any comment to make on the capacity in which you appear?

Mr King—I am currently the CEO of Private Forests Tasmania, a government authority which was established with the express intent of encouraging and fostering the private forestry sector in the state. For the committee's information I am also the chair of the Private Forests Consultative Committee. This is the subcommittee of the Forestry And Forest Products Committee that has just conducted the review of the 2020 vision strategy which has been submitted to this inquiry for its consideration. But I am appearing today on behalf of Private Forests Tasmania.

CHAIR—I invite you to make a short opening statement before I invite members of the committee to submit questions to you.

Mr King—The state government's reason for establishing an authority such as PFT is linked to the fact that private forestry has always been a substantial contributor to the resource base for the forest industry in Tasmania. It traditionally has supplied between 40 and 50 per cent of the pulpwood and approximately 25 per cent of the sawlog that the industry has used. Contrary to the perception that one might develop in looking at the media, the majority of the private forest estate is owned by private individuals, or non-industrial forestry owners, as we call them. Approximately 85 per cent of their land is owned individually with about 15 per cent owned by the large industrial companies.

Overhead transparencies were then shown—

Mr King—My presentation today is tailored to illustrate how the plantation sector has sought to better inform local government in recent times. I have also included the information that we have disseminated for this inquiry's information. This initiative to commence the process of seeking to better inform local government was triggered by the fact that the rate of plantation expansion increased noticeably in the late 1990s. Council feedback indicated that increased communication with the major plantation establishment companies was needed. Information exchange sessions were developed in consultation with local governments to provide an overview of the plantation activity and we also organised inspections in the field so that the council could see on the ground what the industry was seeking to achieve.

The sessions were tailored to each local government area and they were coordinated by Private Forests Tasmania and attended by the plantation company managers and their local field staff as well as local council staff and local councillors. We offered the sessions to all councils in Tasmania, of which 12 accepted and I think the logic behind that is fairly understandable. Not all of the councils in Tasmania have been subjected to this heightened activity in their area caused by the increase in plantation development. An update session using the same format has been offered to all councils in 2002 and we have already presented to six of those councils, with the others deferring until 2003. This year we have had a series of council elections and councillors were not able to make the time available to participate.

The outcomes we have achieved have been a better understanding of the issues by both council and the plantation companies' attendees. The information flow has been two-way. We have certainly improved the communication lines and all of the parties involved support an ongoing process of this type. At the second presentation council considered that the plantation issues were of a much lower concern, so obviously a lot of the initial concerns have been set aside as a result of being better informed as to how the work was being done. There is joint work under way addressing future infrastructure development issues. As Mr Blakesley said in his presentation, we are aware of the need to keep that item high on the agenda for discussion because it will impact on local government when these plantations are ready for harvest.

The presentation topics included: plantations in the Tasmanian forestry context, which is linked to the presentation Mr Blakesley has given with respect to the importance of establishing sufficient resource to attract domestic processing and hopefully regionally based domestic processing, and that is always of interest to the councils; plantations in the local area; background on some of the press issues that have emerged associated with this increase in activity; updates on the good neighbour charter, and Mr Blakesley has made reference to that and senators have copies; and contacts for further information.

I now move on to the presentation we have put together for local government, which I think is relevant and useful. We started the presentation with the Tasmanian forest industry's interpretation of what has become a popular buzz word in bureaucratic circles these days—a triple bottom line industry. I think we can take credit for having designed the three-legged stool, as we call it, before the triple bottom line term came forward. This initiative was driven by some of the leaders in the private forestry sector. They wanted the support of government to make their industry viable and not impede it with unrealistic regulation, but embraced the recognition that within their own property management they needed to be conscious of not only the economics but also the environmental and social implications of any land use changes they implemented. It is fairly obvious that any business cycle—tree farming is no less of an exception—has a series of components: you have to plan, establish and maintain, and of course to generate the economic output you harvest and then regenerate, and the cycle commences again.

In approaching each of the municipalities we sought to inform the individual council as to what the forestry estate is and what the context of forestry in their particular area is. So maps of this type were presented. If you look at the copy of the presentation and study the keys, you will see that the colours illustrate the various forest types that exist across the landscape. As you would have observed from your trip yesterday, Tasmania has quite a variety of trees and forests across its landscape. The people involved are large companies, small and large private landowners, Tasmanian farmers and businesses, private investors, joint ventures between landowners, growers and investors, and they are working with councils and state government. There are a variety of consultants and forestry support agencies working as part of the industry as well.

One of the things that we have had to address coincidentally as we have gone along is bad news stories that have periodically popped up. When you look a little more deeply you find that things are not always as bad as they seem. An issue emerged a couple of years ago in opposition to the woodchip pile on the Burnie wharf. Somebody suddenly alleged that a bacteria may lurk in the chip pile that could lead to serious health issues. When that issue was followed up by talking to people with knowledge in the field, the conclusion was reached that:

There has never been a case of legionella in Tasmania linked to woodchip piles and the Public and Environmental Health Service has not been able to establish such a link anywhere else in the world ...

We in the forest industry periodically have our attention diverted away from the day to day running to deal with some of these other things. Another claim often made is that the forestry companies are exempt from paying local government rates et cetera. The parties have put together—and this would be input from the individuals who actually pay the rates—a listing of the municipalities where forestry is active and the annual contribution that the companies make by way of rate payments in those respective areas comes out at about \$1.25 million.

As we know, all rural activities are cyclical and longer term trends take time to become apparent. A genuine concern was expressed by a chief executive of one of the milk processing industries that there was a loss of dairying activity occurring as a result of this upsurge in plantation activity. When we investigated a little more closely, we found that, in terms of dairying activity in the state, in spite of the fact that some ex-dairy farms were being converted to tree plantations, we were surging ahead in our contribution to the milk industry. I heard Tony Cannon quoting some of the numbers yesterday.

There is the negative information: an illustration that the number of dairy farms over the last 10 years has dropped from around 900 to 743. But economics is the driver. The average size of the dairy herd has gone up substantially over that period. Not only are there bigger herds on fewer farms but overall the number of cows being milked has gone up. I heard Tony quote the milk quota quantity yesterday—I thought I had the figure with me.

The major players involved in developing this industry across the state are the forest industries, the processors, the growers and the contractors in all aspects of forestry. The Tasmanian Farmers and Graziers Association has a committee that is dedicated to developing and dealing with forestry issues. There is Private Forests Tasmania, and I have spoken about that. We have established a group of tree grower cooperatives, one of which has now established itself Australia-wide under the title 'Farmwood'.

One of the incorrect claims made is that the forest industry is the cause of all the changes that are occurring in towns like Preolenna, which we saw yesterday. There is no doubt that the change in that particular community has been substantial by way of land use, but it is not the forest industry that is the cause. The forest industry is providing farmers who want to leave those areas that have become less economic or who perhaps want to retire from the industry with new options. Some of those options include leasing or selling their land or gaining employment within the industry.

The forest industry has a long-term presence and is working to fit in and meet the expectations of farming neighbours and the community in general. I hope we gave you a reasonable example of that yesterday. Two main initiatives have been introduced in recent times. One is the good neighbour charter, which has already been spoken about. My organisation put together a series of information sheets dealing with the whole raft of issues that people had concerns about and were not well informed on, and they have been made widely available to local government. Both of these initiatives are being updated. A review of the good neighbour charter is planned for 2002-03 and PFT continues to keep its information series up to date.

The good neighbour charter informs farming neighbours of what they can expect from their forestry neighbour relating to shading, fire management, browsing management and chemical use, and it provides contact information to answer questions and discuss problems with the responsible forester as they arise. As I said earlier, a review is planned in 2002-03.

The policy framework under which we operate, the national forest policy statement, has already been mentioned here this morning. It is the framework for forestry in Australia. Tasmania is a signatory to that statement and the RFA, a 20-year agreement providing security for conservation and production in Tasmanian forests and, of course, a progress report is under way on the RFA. The 2020 vision, which is the purpose of this inquiry, is a national plantation policy agreed between the Commonwealth government, the state governments and Australian local government associations to triple the nation's plantations by 2020. We are well aware that a review of that particular initiative is also under way. The state policy on the protection of agricultural land was reviewed in recent years and a very important outcome was that it included plantations as an agricultural pursuit under the definition of agriculture.

Just to illustrate, bearing in mind that this has been put to local government, the degree of reservation that exists in Tasmania, we have produced these slides and I would be very surprised if you have seen them elsewhere. They put Tasmania in context with the rest of Australia and many other countries. As you can see, Tasmania is the orange bar second from the left and we are well ahead in terms of the amount of land we have set aside in secure reservation. These maps illustrate the situation over time. The blue one in the left corner shows the amount of land Tasmania had reserved at that point in time, 1981. We have conducted a series of reviews since that time and the map in the bottom right-hand corner shows the amount of land we now have reserved and reflects the 40 per cent that was described in the earlier chart.

There are economic benefits that flow to landowners and investors. Trees provide shelter to increase stock and crop productivity. I hope you saw some examples of that yesterday as well as the large-scale investment. Something I omitted to say in my opening comments describing private forestry in Tasmania is that it is very broad ranging. Sometimes I get asked what the average size of a private forest estate in Tasmania is. I have not attempted to work that out because we go from people like Neville Atkinson, who got on the bus yesterday, and who has maybe four or five acres of plantation and 20 acres of native forest through to landowners who own several thousand hectares of native forest; of course, then there are the industrial owners. My comments relate to the ownership size of the private non-industrial growers that PFT largely represents.

We hope that the wise use of trees in the landscape continues to increase agricultural land values, especially on marginal farmland, that they provide the opportunity to spread financial risk and diversify income, create employment opportunities and provide a flexible asset which can be converted to cash or kept on the stump. Unlike an annual crop you do not have to harvest your trees if the price is down. You can leave them and wait until the economy improves. We think that is a positive aspect. There are environmental benefits that flow often at the catchment level as well as on the individual blocks. We believe the wise use of trees assists in the improvement of water quality and helps regulate the peak flow run-off. There are fewer chemicals used in forestry than in other agricultural pursuits. Wise management of the total forest estate can increase biodiversity, decrease wildfire spread and assist soil stabilisation. I hope we were able to point out examples of that to you yesterday.

In conclusion, in Tasmania, forestry is a major economic driver. These numbers show that forestry generates \$1.2 billion annually and employs more than 8,000 people. I have been informed that figure is now out of date. The figure is closer to \$1.3 billion and the 8,000 people did not include people in the furniture industry, transport industry and some other industries that are not picked up in the ABS statistics relating to those directly employed in forestry itself. There are exciting opportunities for growth and diversification. Tree farming is a specialised, regulated and productive activity. The major plantation companies are keen to answer queries from local government. We present local government with a listing of the contact people. That concludes my presentation.

CHAIR—Thank you, Mr King.

Senator O'BRIEN—Your organisation's involvement in the good neighbour policy interests me in terms of the responsibility of a plantation owner and/or manager. What is the responsibility to adjoining rural properties in terms of the spread of invasive weeds?

Mr King—Firstly, I probably should qualify my statement by saying that the good neighbour charter was principally the initiative of those parties which are actually putting the trees in the ground. PFT's role in this whole process has been one of facilitation and coordination of the delivery of the information. In terms of the specifics of how an individual landowner may attempt to address the issue of weeds, I would prefer to provide that information to the inquiry after having consulted with the people who are directly involved.

Senator O'BRIEN—Okay, that is fine. There are a number of invasive weeds and it has been suggested to us that if you convert an agricultural property, which has been a dairy farm or grown crops or whatever, into a tree farm, you still have the potential for invasive weeds and they can impact on neighbours.

Mr King—We are well aware of that claim.

Senator O'BRIEN—I am interested to know what your organisation considers the responsibility of the plantation manager is with respect to the establishment of colonies of invasive weeds and the prevention and eradication of those weeds.

Mr King—We would expect and encourage organisations that have that problem—if, in fact, the problem exists—to seek to address it. Again, we do not have the authority. You questioned earlier the role of DPIWE.

Senator O'BRIEN—No, I did not; Senator Murphy did.

Mr King—Sorry. The actual control and eradication would fall to that entity. We are a fairly small authority. Our role is to foster and encourage. We hear the claims in regard to weeds and we also hear explanations provided to the contrary, such as we heard yesterday, that if we keep the weeds under control until the canopy closes then the likelihood of weeds growing under the closed canopy is reduced. We heard other examples of people being invited to graze cattle in neighbouring plantations to help control weeds. I went onto a property a few years ago where we had a demonstration plantation established for people to shelter their stock, when sheep come off shearing et cetera. That particular landowner had two ostriches running around in the plantation because he said that they were very good at keeping the flat weeds down.

Senator O'BRIEN—Where can we find the empirical data for the stated claim that there is less chemical use in plantation forestry than in other agricultural pursuits?

Mr King—I can locate that for you. As I said, this is a presentation that the plantation sector together with my organisation put together to present to local government. I think the statistics demonstrate that, but if you need those verified then we will ensure that the information is provided.

Senator O'BRIEN—You also suggest that one of the environmental benefits of plantations is a decrease in wildfire spread. Can you explain that?

Mr King—We consider that the investment in a plantation in itself ensures that the person is going to take great steps to protect that investment; that there is a higher degree of vigilance present when there is a plantation involved—firebreaks will be kept in order et cetera. Of course, the large companies have their own firefighting capability in addition to that provided by the rural fire board. So that is the basis of that claim. Again, this presentation is by both small and large landowners, but I would be very surprised if you approached any of the companies with large investments in plantations and found that they did not have their own fire protection capability in addition to that which exists within the rural fire service. That was the basis of that statement.

Senator MURPHY—In regard to the operation of Private Forests Tasmania, you say at page 2 of the brochure:

Promoting—
among other things—

- Encouraging and advising on plantation development ...

When you advise a private person on plantation development, you do that, don't you?

Mr King—Officers of my organisation do that, yes.

Senator MURPHY—What do you advise them in terms of the cost of establishment?

Mr King—We have a series of tools developed that seek to identify a whole range of variables that need to be taken into account in truly assessing the cost. One of the initiatives that has been very successful, which Private Forests Tasmania has put in place with NHT funding support, is a computer toolbox. We have put out several versions of that. The landowner can key into that toolbox where he is in Tasmania, and it will make a judgment on his soil type and rainfall et cetera. He says, 'I want to establish a pine shelter belt, and I'd like to have certain row spacing,' and it will tell him how many trees to plant. We know from our communication with industry and nurseries what you pay for seedlings and what fertiliser costs, so there is a lot of assistance available to help the landowner calculate his special needs. I guess that is where our people shine, in terms of dealing with the small, primary grower.

Senator MURPHY—Take me as an example. I have 500 hectares of cleared land in the north-west, Preolenna, and I want to establish a blue gum plantation. What would the per hectare cost be for me?

Mr King—I am not the person to answer that specifically. I am not the computer programmer or the technical forester, but I would certainly ensure that we gave you that information, not over the phone but face to face and properly calculated.

Senator MURPHY—If you can provide it to the committee, I would appreciate it.

Mr King—As I said, we can give you the guidelines. It will vary according to how you specifically approach it, but the data relating to the costs of all those components is fairly readily available. We can supply—

Senator MURPHY—But you would have some knowledge though, in a guesstimate type of way. What would your guesstimate be?

Mr King—How official does this have to be? I mean, in a past life, I used to preside over applications from foresters to spend money on plantations, so I can more than guess. I can say what my ceiling used to be.

Senator MURPHY—It is official in this sense: you are before the committee, and I have asked you to give a guesstimate. We would not expect that your answer would be totally accurate. That is why I have asked you for a guesstimate. If you can tell me what your guesstimate is in the context of the question I posed to you, that would be useful.

Mr King—In my period as a person presiding over such expenditure, I always asked serious questions if the expenditure went above \$1,500 a hectare. In my observations of information prepared for various landowners, I see costs per hectare of establishing ranging from below \$1,000 to up around that \$1,500 to \$2,000. It depends on the amount of ground preparation that is necessary, the type of work that is required and, in the case of a private landowner, of course, how much in kind he is prepared to put in that is not charged as dollar value.

Senator MURPHY—Thank you. That seems to concur with the views that I have heard expressed elsewhere around the country. Can you tell me, considering that, what you think of the prices that are being charged to investors for the development of an investment in a blue gum plantation that can range from around \$4,000 per hectare through to \$10,000 per hectare?

Mr King—All I can say to that is, if somebody asked me to comment on that, I would be asking to look at the costings fairly carefully and to determine what they are getting for that degree of expenditure.

Senator MURPHY—I am asking you to comment as the CEO of Private Forests Tasmania. If you were advising me—as you say you do in your brochure—and I said to you: ‘I have had offered to me an investment opportunity in a plantation at \$10,000 per hectare,’ would that be a good investment for me, Mr King?

Mr King—It sounds expensive.

Senator MURPHY—But would it be a good investment?

Mr King—I would need to know what you are getting for that \$10,000.

Senator MURPHY—I am getting one hectare of blue gums that will be managed for an 11-year rotation.

Mr King—I would tell you to shop around.

Senator MURPHY—So you are saying it would not be a good investment for me?

Mr King—It sounds expensive.

Senator MURPHY—At what price would it be a good investment for me?

Mr King—As I said, you need to qualify what you are getting for the money.

Senator MURPHY—I am getting one hectare of plantation managed for an 11-year rotation. You know what management is involved.

Mr King—Management investment schemes include more than that. The figure you asked me about earlier related to having a hectare of land in front of you which you actually prepare and put seedlings in. You pay those costs. My understanding of managed investment options is that they can include leasing on the land, lending the money in the first instance, management of the plantation throughout the life of the plantation and a whole raft of other factors that were not included in the \$1,500 figure I quoted.

Senator MURPHY—But that is not for me. I am just getting the trees in the ground. I do not own the ground; I do not lease the ground.

Mr King—If all you wanted to do was to put trees in the ground and somebody said, 'I'll do it for you for \$10,000 a hectare,' my advice would be that you go and talk to another supplier.

Senator MURPHY—I am asking you then: at what price would it be a reasonable investment for me and one for which I could expect to get a return?

Mr King—I do not think it is appropriate to give you a specific figure. If we have a situation, we have the ability to put the various costings—and you know there is more than the cost of the trees involved.

Senator MURPHY—Of course.

Mr King—So we would have to tailor the answer according to the situation in front of us.

Senator MURPHY—I will ask the question another way. In terms of the \$1,500, or between \$800 and \$1,500, what did you factor into your proposals for the establishment of plantations when you were overseeing such?

Mr King—Bear in mind that that was 10 years ago. That would have covered site preparation, herbicide, the cost of seedlings, planting and fertiliser.

Senator MURPHY—Over what period?

Mr King—Over the establishment period. We usually had the secondary fertilising as a second costing activity. That was the initial establishment.

Senator MURPHY—What is your knowledge in respect of charges associated with annual management in the plantation sector today? What is the average price charged?

Mr King—I cannot answer that question.

Senator COLBECK—I want to go back to your comment on infrastructure development. Are you aware of any specific provisions that are being made or do you advise on specific provisions for infrastructure, particularly given your discussions with local government about roads and bridges and such, as you mentioned in your submission?

Mr King—No. Again, the submission is presented by the plantation sector. When submissions are made, there are people present from the industry who would be able to embark on discussions with local government in that regard. We see it as something that needs to be addressed before it becomes an issue. I personally believe that in Tasmania it is not as big an issue as it is in some of the other states where plantation activity has upsurged dramatically, because we have had a fairly active forest industry covering most parts of Tasmania over a long period of time. A lot of the key infrastructure is already there. There are always exceptions on the edges. They need to be discussed ahead of when they become an issue, and ways of dealing with them need to be sorted out. As an ex industry person, I can say that if I were still involved in the industry, I would have to recognise those costs that ought to be borne by industry and that cannot realistically be expected to be borne by the ratepayers generally. But, again, it is a horses for courses situation. You have to look at each circumstance in isolation.

Senator COLBECK—The state government raised it in their submission that we heard earlier. It has been raised by you. It is obviously an issue in relation to the ongoing maintenance and use of that public asset.

Mr King—I am aware that over the years there has been a lot of contribution made direct by industry into areas where infrastructure was inadequate for the purpose of extracting wood.

Senator COLBECK—You would concede, though, that there is a need for a strategic and long-term policy for the development and maintenance of that public asset?

Mr King—Yes.

CHAIR—From your answer to a question that Senator O'Brien asked, I understand that you are going to provide information or data in relation to the environmental benefits that you spoke about as part of your PowerPoint presentation. Is that correct?

Mr King—Yes. I will be reminded of that by reading the *Hansard*. I did not make notes, unfortunately.

CHAIR—I am keen to follow up on the claims that you made in relation to assisting in the improvement of water quality, issues of biodiversity, stabilisation of soils and so on. What research or reviews have been undertaken, particularly the review currently under way—presumably in relation to the RFA—that you talked about in your PowerPoint presentation?

Mr King—The good neighbour charter will be reviewed next year, and the RFA review is under way and will have progressed substantially since that PowerPoint presentation was prepared. The final report is at the drafting stage at the moment, and that review is being conducted by the Resource Planning and Development Commission on behalf of the state and federal governments.

CHAIR—Under the Forest Practices Act, as I understand it, a code has been put in place. There are a number of things there that you would probably be well aware of. One of those looks at the guidelines for the conservation of natural and cultural values and so on. Going back to my earlier question to Mr Blakesley about how he achieves a balance between what is put forward as advice to the government and the role that he plays in advising the minister, how do you do that from the Private Forests side of things? I noticed in your presentation you also spoke about a submission just having been put together on behalf of all the industry groups. Does that submission to the government include those aspects of the forest practices code dealing with environmental and cultural values?

Mr King—Has a submission been put together by the industry for the government? Is that what you are asking?

CHAIR—I thought that is what you said earlier in your presentation. Perhaps it is in the functions of Private Forests Tasmania—that is, promoting, fostering and assisting the sector to manage native forests and encourage the expansion of plantations.

Mr King—I am not aware of a submission on that issue, but I think I can throw some light on the question. I was listening when you questioned Mr Blakesley. We have heard about private timber reserves and things like that that enable landowners to plan with long-term certainty with regard to forestry. All activities associated with planting or harvesting trees are covered by the forest practices system and require a forest practices plan. The forest practices system has built into it a series of triggers that the officer preparing the plan is aware of. If one of those triggers appears when he is preparing his plan, it requires him to go down a path that is set in place by respective legislation to resolve whatever that issue is. If it is a rare and threatened species, if it is a biodiversity issue or if it is something outside the direct control and responsibility of the officer concerned, a path leads him to the area where the responsibility does lie. We have a series of experts and other acts that we can call on. For instance, if our trigger identifies a value that is protected by one of the acts the Department of Primary Industries, Water and Environment administer, there is a path that leads us down that way, and it can go right through to the point where compensation may be payable because a landowner is required to forgo something that he was once entitled to utilise.

CHAIR—I just want to ask one final thing on that. Are you aware of any actual cases where the triggers have been activated for whatever reason? Given that we have not received a formal written submission from you—we have now received a copy of the presentation—can you provide us with information about case studies of where those triggers have been activated, to get some appreciation, if you like, of how those interests are being balanced?

Mr King—Yes, I am sure we can. It is a day-to-day activity for the forest practices system, which is, of course, much broader than Private Forests Tasmania.

CHAIR—Thank you for your assistance to the committee.

[9.40 a.m.]

BIRD, Mr Trevor, General Manager, Forests and Forest Industry Council

CHAIR—Welcome.

Mr Bird—I am appearing here for Mr Allan Dagger, the Chairman of the Forests and Forest Industry Council. Unfortunately, he cannot be here—he is in New Zealand and could not make it back for this hearing. He regrets that and apologises for his absence. I am the Manager of the Forests and Forest Industry Council in Hobart.

I came today to put forward further material about impediments to reaching the 2020 vision. We have expressed the view that there is a need for a uniform approach to the plantation question in planning legislation, as you would see from our submission. Local government ordinances are applied at the community level and rules may vary from council catchment to catchment. This is an impediment to both the investor seeking to establish plantations and the manager who seeks to produce a high-value crop from plantations by the application of appropriate tending and harvesting regimes.

One of the ways that we could also increase the uptake of plantations is by the creation of further incentives. One of those incentives that I would like to speak about is property rights. Investment in plantations at the present time secures the right to use the wood. However, there are other products that can be harvested. While these may not have a physical mass, they do have environmental value. The production of wood alone provides social and economic benefit, but plantations also increase the diversity of rural economies and improve the opportunities for employment in tending, harvesting and processing. Off-take of the other products is different. The key to securing the environmental benefits available from plantations lies in the recognition of property rights for environmental values.

Reforestation does produce many environmental benefits. The benefits may be regional, where the establishment of a native species plantation increases structural and floristic diversity and provides food or nesting sites and shelter for fauna. Benefits may be global—carbon sequestration is a good case in point—or, in the case of salinity, they may be local and even landowner specific. Tree crops that lower the water table to alleviate saline flushing through the profile are one of the few solutions to Australia's degraded agricultural land problem. It is in the national interest to integrate these local, regional and global benefits and to provide incentives to ensure that reforestation proceeds, especially for dry lands. This can be achieved through the recognition of property rights for the non-wood benefits from plantations.

I suggest that plantation forestry is a green, job-rich industry with solutions for global climate and land degradation problems and it should be encouraged. The plantation industry needs to capitalise on the provision of these free benefits if it is to earn its true worth. Property rights for carbon are a new market and a value has to be attached to these credits. Transpiration credits to offset dryland salinity are a new product also and have a value that remains an unexploited opportunity for the investor. Where native species are reintroduced to reduce salinity problems, there may be biodiversity credits that could be applied. Whether these can be elevated to the

level of tradeable products is a moot question, but I would point out that there is opportunity through property rights for carbon, transpiration and biodiversity credits.

One of the points that we made in our original submission was that there was much research that needed to be done to improve the way that we could both manage plantations and process the outcome from them. We are at the moment seeking to secure a cooperative research centre for tree technology. A bid has been put through and it is being assessed at the moment. There are many benefits available from support for this bid. I will just deal with one of them; that is, the improvement in fibre yield that we could obtain through better tree breeding, which would on its own produce flow-on transport benefits. If fibre yield could be increased from, say, 48 per cent of log mass to 51 per cent, that three per cent change represents a reduction in the stump-to-mill transport task of one truck in every 16. That increased fibre yield also produces environmental benefits elsewhere and other pressures are reduced. The resource uses less chemicals. Cooking times and processing effluent are also reduced.

While our plantations are increasing, we still have a timber trade deficit of \$1.7 billion, mainly in processed products. We need to attract investment in processing. To do that, we need to improve the yield and processing characteristics of our roundwood and fibre. A tree technology CRC equipped to carry out essential research in these subject areas is essential if we are to achieve more domestic processing and reduce our reliance on imports.

It is essential that Australia's forest industry has access to research through a cooperative research centre. The centre as proposed will provide research on better systems for inventory and health surveillance to improve forest management and improvements in wood quality and integrated pest management to reduce the use of chemicals. Insect defoliation in plantations is a perennial problem and a CRC program places special emphasis on research in that quarter. The decision on funding will be made in the next few weeks, and I would ask you to consider supporting a cooperative research centre for forestry.

As a case in point I will mention two investments in research that we have made through the current CRC and that would be carried over into the new one if it were awarded—that is, finding alternatives to the use of sodium monofluoroacetate or 1080. The two projects that we are funding form the basis of a strategy of industry wide significance to introduce non-lethal alternatives to 1080 to manage browsing. The first involves the use of repellent cover crops and would be carried out by Dr Clare McArthur and Dr Philip Smethurst of the CRC for Sustainable Production Forestry branch. It is termed 'manipulating vegetation and seedling quality to reduce browsing damage'. There are quite a number of aims and objectives of that experiment that I will not go through here because it is rather longwinded. If you were interested I could supply the greater detail that you may seek. The proposed work would establish whether smart management of vegetation on plantations, including protection through unpalatable species, can produce an operational system for reduction in browsing by non-lethal means.

Another project that we have funded is prediction of browsing risk in eucalypt plantations and native forests. Again, that would be supervised by Dr Clare McArthur, and Andrew Walsh would be the likely student in that case. The project is designed to provide information on the spatial and temporal distribution of browsing damage in plantations and young regeneration, the movement of browsing animals when foraging, methods of predicting the risk and location of mammal browsing and the effectiveness and limitations of alternatives to 1080. Again, the outcome will be the production of a strategy to reduce browsing that uses knowledge of animal

movement and alternative browsing control technologies to provide a predictive model for risk and spatial distribution of browsing damage.

Information from both projects and previous work will be combined through Forestry Tasmania and CRC sustainable production forestry studies with the aim of building an integrated mammal browsing strategy to enable the forestry industry to grow trees economically without the use of 1080 poison. A full report on browsing damage management would be available from the academic group administering the full suite of this work. There are many other things happening beside these two PhDs that we are involved in, and I have alluded here only to the recent FFIC involvement.

The Forests and Forest Industry Council has also maintained a longstanding, active research program, both from its own resources and through industry partnerships with CSIRO Forestry and Forest Products division and the Forests and Wood Products Research and Development Corporation, on the sawing and drying of young eucalypts. The program is designed to acquire the knowledge essential to make a commercial transition to the use of resource with a much higher proportion of regrowth and plantation material in it and of logs of smaller diameter than have previously been utilised. Mr Blakesley did mention that the FFIC was involved in these areas. I have not come prepared to exhaustively answer every question you might ask about individual experiments, seeing as they are complex, but we have been involved in devising empirical and mathematically derived drying model schedules for back-sawn and hardwood material and optimum sawing patterns for board recovery from regrowth logs of a range of ages. Where more sapwood is included in the board, which you get with smaller logs, we have also looked at options for treatment of Lictus prone timber from regrowth hardwood which would allow us to expand our potential timber markets.

We have also funded research into interrelationship between genetics, site and silviculture and wood properties for plantation hardwood with the CRC for Sustainable Production Forestry. We have also looked at other hardwood kiln drying technologies, including solar drying. Wherever possible, the information that we have obtained from this has been transferred to industry and we regularly communicate with industry partners. We have an active liaison program and we have an advisory committee for the work that we do in this area composed of industry people. We also provide financial assistance on a case by case basis to enterprises investing in new technology. Another area we have worked in is product development, and we have been active in working with industry in product-to-market development of new engineered wood products. We have sponsored trial manufacturers and funded research into reconstituted board products, rotary peeling and veneer and laminated lumber products. Plantation logs are recognised as a ready source of material for these end products. We have also funded a number of studies in plantations on canopy manipulation to optimise growth rates where pruning and thinning are required to concentrate biomass production on the best stems. It is this wood that will become the high-end processing material from plantations in the future. Most of this work leads to a reduction of knotty core radius to produce more valuable stems.

In summary, we see three stages to working in plantations: there are problems with zoning and planning approvals impeding more reforestation; we think there should be recognition of the benefits of afforestation and acknowledgment of these to the vehicle of property rights for environmental credits, carbon credits and transpiration credits; and we see a need for more research on growth, wood quality characteristics and processing that will enable us to turn out higher value products. While most of the plantation yield lies in fibre we will remain at the

mercy of the commodities marketplace. A CRC for tree technologies would be an appropriate vehicle to assist progress on the latter suite of requirements. That was the new material that I wished to introduce and I am happy to speak about any aspects of anything that we have put before you.

Senator MURPHY—In your submission you spoke about sponsoring investigations into various opportunities for development. One of those was rotary peeling. What trials of rotary peeling have you sponsored? Where have they been conducted and what were the outcomes?

Mr Bird—Bearing in mind that I am not the person directly responsible for this, I have to give you a general answer.

Senator MURPHY—You can take the question on notice and provide me with a specific answer if you like.

Mr Bird—I would be quite happy to do that because there are amounts involved that I am not completely au fait with.

Senator MURPHY—The third paragraph on page 2 of your submission says:

Plantations offer one of the few viable alternative forms of land use for many landowners.

What work has the FFIC done with regard to the costs associated with plantation establishment, taking account of that statement?

Mr Bird—We did at one time have a program, called the Intensive Forest Management Program, that was involved in a plantation exercise. I think some 7,000 hectares of plantations were put in the ground under the supervision of Mr Peter Bennett of the Forest and Forest Industry Council, working with Forestry Tasmania district people. It was a very short-term joint venture program that was not particularly successful in terms of uptake at that time. Since then, many other people have become investors in plantations. I am not sure why we were ahead of the game at that time.

Senator MURPHY—When did that commence?

Mr Bird—The joint venture would have been in about 1994—that would be my best estimate. It resulted in, I think, only about 700 hectares being established.

Senator MURPHY—Do you mean the plantation establishment under the intensive forest management plan?

Mr Bird—That started in about 1990 or 1991.

Senator MURPHY—What results have been drawn from that?

Mr Bird—It was a learning exercise, firstly, and that was one of the reasons it was funded in the way it was. Some of those plantations will be close to reaching maturity in terms of the pulp crop that could be extracted from them. Every one of them has been designated as a sawlog

crop. They have been pruned and thinned, where growth rates have been sufficient to sustain the economics of thinning.

Senator MURPHY—There would obviously be details of that information, wouldn't there?

Mr Bird—We would have details available, from compartment registers where the plantations occur, of their growth rates and so on. To the best of my knowledge, none of them has been harvested.

Senator MURPHY—Could you undertake to provide that information, nominating the compartments, to the committee?

Mr Bird—Sure.

Senator MURPHY—Could you also tell me what work you have done in respect of the economic break-even aspect of plantation viability—that is, the cost to yield for the purposes of establishing when it becomes a viable proposition and at what price?

Mr Bird—We have done no such economic evaluations within the FFIC.

Senator MURPHY—Why not?

Mr Bird—It was not seen as part of our charter. We are a rather small organisation with a couple of staff, none of whom is an economist. That is not work that we would be able to carry out in a specialised sense. It could be something that we could have specialists look at.

Senator MURPHY—Are you aware of any such work that has been done?

Mr Bird—I imagine that investors do such work—investment companies, especially.

Senator MURPHY—Would Forestry Tasmania do any such work?

Mr Bird—I cannot tell you, I am sorry.

Senator MURPHY—Also on page 2, you make a statement in the fourth paragraph about the RFA and the application of the forest practices code. It says:

... harvesting of plantations also ensures that environmental protection is practiced. These systems form a plank of the Australian Forestry Standard ...

And it goes on. In the national forest policy statement—which I am not going to cause you to remember—you might like to read the column to the right-hand side of page 13. In respect of ecologically sustainable management and codes of practice, it says:

The Governments agree that it is desirable to maintain and protect the extent and ecological integrity of native forests on public land.

- Accordingly, the Governments will adopt the policy that further clearing of public native forests for non-forest use or plantation establishment will be avoided or limited, consistent with ecologically sustainable management ...

Does the FFIC think that Forestry Tasmania has been applying those principles?

Mr Bird—From my recollection—and it is hazy—of the national forest policy statement, Tasmania was one of the states that were singled out as being able to continue to harvest, to a degree, native forest and convert it to plantation.

Senator MURPHY—You would recall, of course, the forest and forest industry strategy.

Mr Bird—All too well, Senator Murphy.

Senator MURPHY—Recommendation 2, on page 34, says:

Crown regrowth forests that have sawlog potential will not be clearfelled for pulpwood supply except where:

- There are no ecologically feasible alternatives; and
- It is for domestic pulp and paper production; and
- It occurs as part of a transition strategy to transfer domestic pulpwood production from native forests to supply sourced primarily from specific plantations.

My question is in the context that Tasmania no longer has a pulpwood manufacturing process, as you would know. In terms of economically feasible alternatives, I would be interested in what the FFIC view is. In terms of the plantation aspect, I would suggest that that of itself would take up the issue of what the NFPS had said governments would agree to—and that was all governments, with no exclusion for Tasmania. To save time, you can take that on notice. On page 4 of your submission, under the heading ‘Alterations to overcome impediments, and the subheading ‘Shooting’, you say:

A government permit is required to shoot native animals.

I suggest that that is not quite accurate. You go on:

Many properties have government accredited game management plans ... Shooting is moderately successful but is limited by the lack of professional, trained and insured shooters ...

I would be interested in where you got all of this information because I have to say I disagree with it. I would appreciate some advice on that. On page 3 on plantation health you point out:

Plantations can be hampered by slow growth or internal defect. Growth suppression will result from periodic defoliation, either from phytophagous insects such as *Chrysophtharta* spp., or leaf blights such as *Mycosphaerella*. Elek (1997) found trees protected from Chrysomelid attack to have 50% greater diameters and 25% more height. Exposed trees register one-third the wood volume of protected trees and over a 20-year rotation returns in volume are 50% less.

Could you please provide me with the reference for your source for that information or is that from research the FFIC has conducted itself?

Mr Bird—Yes, I refer you to the last page of our submission where the reference to Jane Elek’s work is cited.

Senator MURPHY—Thank you.

Senator O’BRIEN—Mr Bird, your submission mentions using taxation incentives to encourage the use of plantations in the abatement of dryland salinity. How might that work? What sorts of incentives would we need?

Mr Bird—My notion in forming that proposition was that it might be something that comes over a long time, rather than being some opportunistic benefit where you put in a plantation and say, ‘I want a tax credit for attempting to reduce salinity.’ It may be that tax credits should apply after you had demonstrated that you had abated salinity.

Senator O’BRIEN—So there would not be any effective financial assistance at the point of—

Mr Bird—Up front? No. That was my view of one way it might work.

Senator O’BRIEN—Going back to your bid for funding for the cooperative research centre for tree technology, you said that the decision on the bid is due in a few weeks. What information can you give the committee on its chances of success?

Mr Bird—There were originally 65-odd bids proposed. Some of those fell by the wayside early on—they were assessed as being not robust enough to stand assessment. Forty-two went into the final round and I understand that 26 are to be funded, so we are hopeful that we have a good chance of getting that CRC up. I understood that the final assessment process and winnowing of grades and so on was to occur around 26 November—that is, a few days ago—and that we could expect a government announcement before Christmas, perhaps in mid-December.

Senator O’BRIEN—I do not think this committee will be making any deliberations in time for that process. In regard to your comments about the retrieval of solid wood from plantations, achieved with or without pruning techniques, what work has FFIC done—or what work is FFIC aware of—which would substantiate the claim that progress has been made towards achieving more than pulpwood from Tasmanian plantations?

Mr Bird—We have had a program of research over some five years on different sawing patterns for small logs to try to achieve a greater element of quarter-sawn boards than would normally be the case from small logs. We have also looked at drying problems with back-sawn timber. Surface splitting is a big problem—it is difficult to convince the normal customer that a board with a natural surface of many small splits is attractive and there is also a problem of internal collapse—so we have worked on drying regimes, humidity and temperature control, pre-drying, reconditioning and so on to try to alleviate these physical problems in sawn timber.

Senator O’BRIEN—Which particular species have you been working on?

Mr Bird—I understand that it has mostly been *obliqua*. There has been some work done on *globulus* and we do know of some work on *Eucalyptus nitens*. We do not have much *nitens* of sufficient age or size to do this sort of work, so some of that work has, I understand, been done by CSIRO in Melbourne and so on.

Senator O’BRIEN—Who should we ask about that?

Mr Bird—I could get back to you with information from our people who have worked in this area to give you an idea of all of the work that has been done—a compendium of work that has been done—on plantation timber in this area.

Senator COLBECK—I am interested in the comments that you have made about salinity and water quality objectives. What body of research exists with respect to the issues relating to water around plantation forestry?

Mr Bird—I understand that there is quite a bit from the Melbourne Metropolitan Board of Works and from CSIRO divisions that are involved in catchment hydrology. I am sure that there would have been a bit of work done by the Department of Conservation and Land Management in Western Australia, because they embarked on a very large blue gum planting venture which was aimed at reducing salinity—I understand that fibre was secondary.

Senator COLBECK—I might ask the secretariat to try to get some of that information.

Mr Bird—It was western blue gum, I think.

Senator BROWN—Following up on Senator Colbeck's question, have you seen any work on the cost to water suppliers in Tasmania of plantations which absorb water and retain water during their growth period, thereby preventing the water from going down the catchment into the river systems?

Mr Bird—I am aware that there have been a couple of studies. I am not familiar with them to the extent that I would normally be expected to be as a former CSIRO scientist, so I cannot comment on that work with any knowledge.

Senator BROWN—Who did those studies?

Mr Bird—There were some done by CSIRO catchment hydrology people and there were some done by—

Senator BROWN—In Tasmania?

Mr Bird—I think there is a report from them on the Launceston water catchment. There has also been some work done by Bren and O'Shaughnessy from the Melbourne Metropolitan Board of Works, but I am not familiar with the detail.

Senator BROWN—That latter study showed a potential cost of over \$100 million a year in terms of water retained, and a recent report in the *Financial Review* put a potential cost of some thousands of millions of dollars a year nationally from plantations in terms of their effect on water. Do you think it is warranted that we do a study into that impact in Tasmania to ascertain just what the cost is?

Mr Bird—I remind you that all catchments were forested at one time in the past and there have been various rates of land clearing in those, so present day water yields are an artefact of previous clearing programs. I would think that the re-establishment of trees in those catchments was a natural thing.

Senator BROWN—But you are also aware of studies showing that where native forests are replaced by plantations the water retention increases?

Mr Bird—Young trees intercept and transpire more water than older trees.

Senator BROWN—Do you think a study should be done into the cost of water of the plantation industry in Tasmania so that we at least know where we stand in terms of costs to other industries and, for example, potential power users?

Mr Bird—In terms of power users I doubt very much that many of the catchments used to capture water for power generation have any plantations in them whatsoever.

Senator BROWN—But the question is: do you think a cost study should be done?

Mr Bird—It is not for me to determine whether power users, power suppliers or municipal councils put their money towards these things or not. If there are councils that have worries about their future water yields, no doubt they will commission the relevant studies.

Senator BROWN—Do you think it is better for the populace as a whole to be ignorant of what the cost is or to know what the cost is?

Mr Bird—I do not think that the populace as a whole should be ignorant of anything in real terms.

Senator BROWN—Thank you. You said that genetic engineering had been looked at by you or your associates; can you give us more information on that, please.

Mr Bird—I think I said that tree breeding that increased fibre yield—and it is the same sort of breeding as has gone into increased yields in wheat, maize, rice, sorghum, sheep or anything else that we harvest from our land—could produce some gains in terms of fibre yield. Gains in fibre yield have results across the board. We would be transporting less water and therefore we would use fewer trucks to get the same amount of fibre to a mill.

Senator BROWN—Have there been genetic engineering studies done in Tasmania?

Mr Bird—I am not sure what you mean by genetic engineering. I have talked about trees—

Senator BROWN—It means interfering with the DNA structure to gain attributes by either inserting components or taking components out of the natural DNA structure to—as you say, with maize, corn and so on—bring in attributes such as faster growth, bigger volumes and disease resistance.

Mr Bird—Not to my knowledge.

Senator BROWN—You talked about carbon credits and the need for them to be available to the plantation industry. Do you support the signing of the Kyoto protocol?

Mr Bird—Yes.

Senator BROWN—I asked that question because the international carbon credit system will depend on that signature, on that ratification. I have two short questions. You say that 23 per

cent of total state manufacturing value comes from the industry. What do you mean by manufacturing?

Mr Bird—I meant gross domestic product. All the things that bring value to Tasmania, employment and export, 23 per cent of that is taken up by forestry pursuits.

Senator BROWN—So forestry accounts for 23 per cent of gross domestic value for Tasmania?

Mr Bird—To the best of my knowledge, yes.

Senator BROWN—What is meant by manufacturers?

Mr Bird—The conversion of wood on the stump to a product.

Senator BROWN—Including woodchips?

Mr Bird—Yes. They are a forerunner of pulp, as you would be aware.

Senator BROWN—You said that local government is an impediment. Are the members of the Forests and Forest Industry Council elected by a democratic process?

Mr Bird—I said that a mishmash of planning ordinances was an impediment to the plantation industry and that can come about through local government having different views and different planning requirements.

Senator BROWN—You say:

A critical impediment to achievement of the aims of 'Plantations for Australia: The 2020 Vision' strategy lies in the obstacles created by Local Government.

Is FFIC a democratically elected body?

Mr Bird—No, there is no franchise for election to the FFIC.

Senator BROWN—Why do you cavil with the people-elected local government acting in a way to look after the people's interests?

Mr Bird—I do not cavil with them acting like that in any way. I say that lack of uniformity is a problem.

Senator BROWN—Do you then think that all local governments should be a rubber stamp of each other and not reflect local attitudes and local people's opinions?

Mr Bird—No, I do not subscribe to the notion for a moment. It is just that some councils and planning officers are probably easier to get on with than others.

Senator BROWN—Do you think local governments should have power over plantationists to determine both quality and quantity, and so on?

Mr Bird—There are various regulations in place. As I understand it, there is also a private timber reserve system. I think they adequately cover the jurisdiction in that area.

Senator BROWN—My question was: do you think local government should have jurisdiction in that area?

Mr Bird—I am saying that there is a process. It is not for me to comment on that system as an employee of the Forests and Forest Industry Council. There is machinery in place. Those decisions have been made by elected governments and my job is to carry out the wishes of those people.

Senator BROWN—I will put it another way. Should elected local governments have power over land use in their municipalities?

Mr Bird—I think that is a matter for discussion between tiers of government, Senator Brown.

Senator BROWN—Not for local government and local people?

Mr Bird—Local people elect state governments also and federal governments and there are three tiers. Arrangements are made between those tiers of government.

Senator BROWN—I will take that as read. Finally, have you any concern about the new monopoly of Gunns on the plantation and woodchip industry in Tasmania and its ability to influence price into the future to the detriment of smaller plantation owners and investors who are looking for a return in the future, which can be greatly affected by the power of Gunns in the marketplace?

Mr Bird—No, I do not have concerns about the operation of Gunns. Gunns, as I understand, are a well-run and respected organisation. Their share price reflects that. In a commodity sense, they provide pulp products to the world market.

Senator BROWN—I am asking about the smaller plantation operators. Do you think it is in their interests to have Gunns in a near monopoly position?

Mr Bird—To whom would these small plantation operators sell their fibre? Would they form some sort of market where they could take a container load or two to Korea, for instance, off their own bat? I do not know. You need agents to get into the pulp market.

Senator BROWN—Do you think that into the future there will be any effect on the smaller operators by the near monopoly power of Gunns and that Gunns in that position is good for their investment?

Mr Bird—I think having a channel to market is very useful for small operators.

Senator BROWN—Yes, but that is not the question. I am asking about the near monopoly position of Gunns, not the marketing process.

Mr Bird—Gunns forms part of that marketing chain. They provide a chain or link to market for small plantation owners.

Senator BROWN—You think it is good for small plantation owners that they are in that near monopoly position?

Mr Bird—I think it is good for small plantation owners that they have a link to the market.

Senator BROWN—Yes, but I am asking about the near monopoly position, not the link to the market. Can you differentiate between the two?

Mr Bird—Without Gunns, how would these people sell their produce? It is worth nothing where it is; it is worth something when it gets to Japan.

Senator BROWN—I think I understand what you mean. Thank you.

CHAIR—Mr Bird, I have one final question, which you can take on notice. It follows up one of the questions that Senator Brown raised in relation to local government restrictions and what you identified as impediments. Could you provide the committee with specific examples of planning restrictions in terms of lack of uniformity and where the industry sees this occurring?

Mr Bird—Sure.

CHAIR—The final issue is that, once the *Hansard* is available, the secretariat will be able to assist you should you need to check any matters that you have taken on notice. I ask you to provide that information to the secretary of the committee. In closing, thank you for assisting the committee today and a copy of the *Hansard* will be available at some time in the future.

Proceedings suspended from 10.22 a.m. to 10.44 a.m.

DRIELSMA, Dr Johannes Hendrik, General Manager, Forest Management, Forestry Tasmania

SMITH, Mr Paul Robert Cowper, Assistant General Manager Operations, Forestry Tasmania

CHAIR—Welcome. I invite you to make a brief opening statement before I invite members of the committee to ask questions.

Dr Drielsma—We have a little bit of information to add to our submission, and we can leave some written copies of that. It does introduce some new material. We welcome the opportunity to address the committee on this matter. I will outline the role of Forestry Tasmania and its plantation activities in general terms. Forestry Tasmania is a government business enterprise responsible for the management of approximately 1.5 million hectares of state forest in Tasmania. It produces forest goods and services for local and international markets. We produce approximately 3.5 million tonnes of wood annually, comprising veneer logs, peeler logs, sawlogs, pulp logs and fuel wood. Hardwood is produced from plantations and native forest, and softwood is produced from plantations.

We have a long history in the establishment of plantation forest, commencing with pine plantations in the 1920s. Eucalypt planting commenced in the 1970s and has expanded in recent years in line with the Plantations 2020 Vision. Forestry Tasmania's eucalypt plantation estate currently stands at approximately 28,000 hectares. We also have a number of plantation joint venture arrangements with private sector and prospectus investment funds. Forestry Tasmania's plantations are being grown primarily to produce high value or veneer products. This is being achieved with intensive management techniques such as pruning and thinning.

Before I address some of the terms of reference for the inquiry, I would like to address some of the public issues facing plantation forestry in Tasmania. Plantations are highly productive and will form an increasingly significant component of Forestry Tasmania's production capacity. However, they will continue to form only a minor proportion of the forests on public land—up to about five per cent over the next 10 years. Currently eucalypt plantations cover an area of approximately 28,000 hectares of state forest, as I have said, while softwood plantations cover an area of 49,000 hectares. This represents about 3.3 per cent of public forest land, with planned extension over the next 10 years representing about a further 1.7 per cent. Forestry Tasmania's eucalypt plantation estate has shown two peaks. The first followed the Helsham inquiry and the second followed the regional forest agreement. In both cases, the expanded plantation program was designed to replace the flow of wood from native forest that had been allocated to the conservation reserve system.

I know that yesterday you had an opportunity to look at some of the operations in the field. I make particular reference to the good neighbour charter for commercial tree farming in Tasmania. I think copies were provided to the committee yesterday, and I will provide a copy here now. The expansion of plantations into rural Tasmania has raised concerns among neighbours regarding the impacts of plantations and plantation management on their properties. In response to these concerns, Forestry Tasmania, together with other major plantation growers in Tasmania, initiated this good neighbour charter. It was released in August 2000 after being

developed in consultation with local government and farming groups, and it commits plantation managers to a set of principles for managing a range of issues that affect landowners whose land adjoins plantations. All plantation managers active in Tasmania at the time were signatories to the charter. We are currently initiating a process in the industry whereby that charter will be subject to review and further consultation with stakeholders in the community.

The other initiative I would like to draw attention to is the fact that over the last two years Forestry Tasmania has implemented an environmental management system. We have had that system certified to ISO 14001 standard. We currently have that certification subject to six-monthly independent external audits of the system. Within the system, we are managing a range of environmental issues, including those associated with plantations. For the committee's information, I would like to present a copy of our first public report on the outcomes of that environmental management system and the objectives and targets that we have adopted within it. The report is titled *Forestry Tasmania sustainable forest management report: environmental, social and economic outcomes 2000-2001*. I also mention the recent completion within Australia of the Australian Forestry Standard. Forestry Tasmania has indicated its intention to implement that over the next 12 months and to seek independent third-party certification against that standard in due course. I would like to now hand over to Paul to run through some further details of an operational nature.

Mr Smith—Firstly, I want to provide some comment on the good neighbour charter, which has now been operating in the marketplace for a couple of years. The whole premise of that charter was to ensure good communication between plantation owners and our neighbours. I will give a couple of examples of where Forestry Tasmania has negotiated successful outcomes with neighbours. The first example is in the Wilmot area, where Forestry Tasmania purchased a 54-hectare block of land adjoining a main road. Following discussions with landowners in the community, a land exchange was negotiated with adjoining owners to ensure that particular viewsheds were maintained as well as minimising the proximity of plantations to existing dwellings. In the Roger River area in the north-west of Tasmania, where we purchased a 160-hectare property, dwellings and an area of high-productivity land that was suitable for cropping were subdivided off and sold to an adjoining landowner.

I also want to make a brief comment on the value of rural land. There has been a lot of talk about the fact that plantations devalue rural land. In the document we have tabled, I have an outline of some recent revaluations in northern municipalities that show an adjustment factor of 10 per cent for rural land values over the period 1998 to 2000, depending on when particular valuations were done on properties.

On the issue of managing biodiversity and the landscape, one of the key provisions set by the forest practices code provides for integrated and sustainable forest landscapes. The code covers the establishment and maintenance of forests and maintaining the natural and cultural values such as water sources, flora and fauna et cetera. All forest operations must follow the code and it is implemented for individual sites through forest practices plans. I will not go through all the detail now but the paper provides an example of how we have managed biodiversity in the Togari area of state forest, where we have maintained what we call a 'spine' of native forest through an area that was suitable for plantation forestry. So we have actually minimised the area of plantation forestry that will be going in to make sure that we protect the biodiversity values.

On the processing industry side, Forestry Tasmania is seeking to build an economic scale resource that will attract a range of new industries and allow us to grow the forest based sector in Tasmania. It is very important that that resource be of a scale that is world competitive in both supply and standard. In our efforts to attract international secondary processing investment, Forestry Tasmania has been exporting export peeler logs to China, Japan and Korea with the aim of developing and establishing a market for eucalypt veneer products, which will ultimately be domestically produced. While that is a significant investment in itself, we have now successfully achieved an international recognition of Tasmanian eucalypt as a structurally suitable product for plywood and laminated veneer lumber. All of our management regimes for plantation forestry are based around providing a resource for future LVL plants that may be established in the state.

From the point of view of the 2020 vision, I will reiterate some key issues that we consider are important. On the communication side of things, we are of the view that we need to reinforce the role of the regional plantation committees to communicate with local government and communities. The key part of the communication should be to concentrate on the economic benefits of plantation forestry and ensure that the linkages to future development are clearly understood. In some quarters, plantation development is seen as a replacement of existing industries rather than a potential for a new industry. Investing in forestry is a long-term business and security of investment is essential to maintain or increase the level of investment and we need to ensure that the right signals come from the Commonwealth to give comfort to investors. The most important is the maintenance of a consistent and supportive policy position. Regular changes to policy, including taxation treatment, lower investment confidence and can lead to erratic annual programs. On the infrastructure side of things, plantation development in rural areas is seen as placing increased demand on roads and infrastructure in a climate where local government is already having some difficulties in maintaining roads to acceptable standards. We need to investigate actions that will assist local government to assess future infrastructure requirements and have them integrated with the pattern of development of not just forestry but other rural industries.

On the tax reform side of things, we are very keen to see that the tax regime will encourage longer term investment in plantations. Currently investors are reluctant to commit to 20 to 25 years for eucalypt solid wood plantations and those longer rotations are required for pruning and to get the value. As I said before, we are growing longer rotation hardwood crops for sawlog and rotary veneer production and we have the object of encouraging new industry to utilise these plantation products. It would be good to see a resource grown on private property that complements that from state forests. In the expansion of processing industries, I guess the Commonwealth could assist in attracting timber investment to the state and in doing so expand the processing industry by compiling information on the comparative advantages in infrastructure, land and labour costs and make that available to potential investors.

In summary, Forestry Tasmania supports the fundamental objectives that underpin the 2020 vision. They are: competitive import replacement, increased domestic processing, increased scale of plantations and support from government for the right climate for investment. The expansion of the plantation resource will be an important part of the intensive management strategy developed through the RFA. I make the comment that Tasmania is well placed to achieve a contribution to the 2020 vision targets through the existing RFA in its legislated form in Tasmania, the commitment to plantation expansion by Forestry Tasmania and other forest companies, the forest practices code with its emphasis on practical protection of environmental

values and also the security of investment through the concept of private timber reserves and forestry rights. I will provide a copy of that additional information.

CHAIR—Thank you for that. I have looked at one of the web sites that has been produced by Forestry Tasmania on the Southwood project. You talked about some modelling that was done on the effects of forestry operations and tree growth on the landscape over the next 15-year period. Are you able to give us some information on forecasts for the future that include growth in the number of forests to meet the 2020 vision strategy? More particularly, can you tell us about the sustainable nature of standards under the regional forest agreement and the national forest policy statement? There is quite a lot in that, but the information that you can provide will be useful.

Dr Drielsma—I am trying to come to grips with the breadth of the question. You started off by making reference to some modelling, which I think was a specific reference to a scenic visual modelling exercise that we had undertaken. I am not sure whether it is available on the Internet, but it certainly can be made available. It is not specific to the Southwood project and not specific to the plantations. It is a visual modelling that looks at the growth and development of the landscape over time, with various areas being harvested, regenerated and grown to show the dynamic nature of forest growth over time. The second part of that is more general.

CHAIR—I would have thought that, with modelling being done to forecast future outcomes or projected growths, some basic research would have been done to provide some initial data.

Dr Drielsma—Remember that Forestry Tasmania is a government business enterprise; it is not a government department. We are not undertaking modelling or scenario planning on a state-wide basis for a governmental purpose. Our planning and modelling are related to our particular enterprise. The most recent work that we have done on that has been a review of our sustainable yields, which is publicly available on our web site. We can provide you with a copy of that most recent analysis. That explicitly incorporates the hardwood plantation component into our longer term sustained yield strategy. It is quite explicit how that feeds into the production of high quality logs—or what have been traditionally called sawlogs—pulp and other material. Those scenarios are based on our forward planning for state forests within Tasmania.

CHAIR—Earlier this morning, I asked our first witness, Mr Blakesley, from the Tasmanian government, how you achieve balancing the public interest with industry expectations. You are in a very unusual position, being both a government business enterprise and in the business of sustainable development of plantation forests. Does that become a particular issue for you as a government entity, or do you see yourself as being fairly much in the same category as Gunns or Forest Enterprises Australia—out there competing in the marketplace?

Dr Drielsma—It is a mixture. It is not quite as simple as the latter, although we do have a fairly strong commercial charter. There have been many changes to the legislation under which we operate and to national competition policy. In many ways, we do operate under much the same rules and environment as a commercial entity but, at the end of the day, we are publicly owned and our shareholder is government. We operate under a ministerial charter that has expectations that certainly go beyond what a private sector operator would need to operate under. At the end of the day, there is a Forestry Act, and that act is very clear about multiple use management of state forests. So how we operate is a mixture.

CHAIR—That leads me to the next question. I understand that part of your mandate is the management of state forests. How do you manage state forests in the public interest as opposed to being a government business enterprise and operating in a commercial way that is no different from Gunns or Forest Enterprises Australia? You presumably provide advice to the government on the management of state forests. How is that achieved? The national forest policy statement has a number of objectives, including looking at environmental, cultural and biodiversity values. What I am looking for is empirical evidence of reviews that may be undertaken either systematically or from time to time to show that it is achieving what the national forest policy statement seeks to bring about.

Dr Drielsma—Clearly that is what happens. It is very clear in Tasmania. Both the forest and forest industry strategy in the early nineties and, subsequently, the regional forest agreement, tied down quite specifically the framework within which public forests and state forests in particular would be managed. We also operate under the Forestry Act, through a series of forest management plans, which have to be prepared, put out for public review, comments taken into account and finally approved by the minister. So those formal processes set the parameters within which state forests must be managed. It is not really an issue for Forestry Tasmania to be balancing this public interest. A lot of that is given to us in terms of those public processes. Within that, we manage on a commercial basis to provide a return to the state from the management of that asset.

Senator COLBECK—One of the issues that came out of yesterday afternoon's inspection related to weed management, and Mr Smith might be able to help with this. I am interested in your perspective with respect to weed management related to plantations specifically. Do you believe there is a need, in a broader context, for a weed management strategy that covers use of property on a broader basis? Could the two be integrated?

Mr Smith—We are certainly involved in regional weed management strategies. The latest example is the west coast weed management strategy, which was put together by forestry, local government, Tasmanian Fire Service and Parks and Wildlife. There can often be weed issues in the early stages of plantation development before you get canopy closure that controls the weeds. On a number of sites, we have adjoining existing landowners. We talk with neighbours and manage the weeds in the short term before the trees start to control them through light. Is that what you are asking?

Senator COLBECK—I was looking at a more general context. Having spent some time on a rural property myself and having looked over a fence to another property, but not necessarily a plantation, I wondered whether weed management control could be dealt with in a broader sense so that the outcomes are more positive across the board.

Mr Smith—As I said before, FT is involved in a number of regional weed strategies around the place. So that is at the higher level. At the local level, we are involved with our neighbours and, if there is a problem, we will deal with it.

Senator COLBECK—I want to move on to your comments with respect to the export of whole eucalypt logs to China for the development of a veneer industry. How do you see strategies working to transplant the downstream processing from overseas back to Australia? Given the establishment of plant and equipment, and those countries perhaps becoming used to

receiving the raw product, how do you then convince them that they should go to a processed product?

Mr Smith—The whole strategy around the export peeler logs was to get the product out into the marketplace, to give it a profile and to eventually get the customer who will buy the product from the manufacturer more comfortable with it. It is a matter of sitting down with those producers and working through the economics. At the end of the day, they are taking logs from Tasmania and transporting them across the equator, which for all intents and purposes is probably reducing their potential recovery when compared with using fresh logs in Tasmania. We are of the view that we will get new industry in Tasmania once we have our Southwood site set up and we have all the ground rules in place. Development is required for various industries and they could gain efficiencies through manufacturing here on site rather than transporting halfway around the world.

Senator COLBECK—I have one final question with respect to local infrastructure. You mentioned that during your presentation. Are there any specific projects or initiatives in place at the moment to develop long-term plans for maintenance and development of that long-term local infrastructure that will be required for management of the product?

Mr Smith—Yes, we have on the short- to mid-term horizon. The forest industry sits down with local government every year to review its three-year production plans. That gives local government an idea of where the pressure will be in the system, and we can plan for that. In the longer term, I know of a study that is being done in the Cradle Coast in the north-west of Tasmania. They are looking at infrastructure requirements over the next 10 to 15 years. It is being done through DIER, and it is looking at integrating the infrastructure requirements of a whole range of industries.

Dr Drielsma—The significance of the planning and investment that we are making in the Southwood project is that it is very tangible evidence that we are not just sitting back waiting for industry to beat a path to our door. It really requires some active planning to achieve the sorts of investments that will be required for the nature of the resource that is coming on stream, which will be regrowth and plantations. Dealing with the infrastructure and trying to optimise the way that that is organised will take some quite active effort because it is a different resource and a different challenge from what has gone on in the past. That initiative is very tangible evidence of our trying to make things work and move us into the future, rather than just letting it happen.

Senator BROWN—I want to begin by asking about stumpage prices and the royalties that are paid on plantation wood as against native forest wood. This is hardwood that I am talking about. Can you tell me what the difference is between those two entities?

Dr Drielsma—Only in general terms. We are at a very early stage with regard to the hardwood plantation resource, as you would appreciate. I think the best statement of our expectations would be found in the prospectuses that Forestry Tasmania have put out for the Forestry Tasmania Trees Trust in recent years. I would not wish to go beyond what was published in those reports. Clearly the future value of hardwood plantation products is to some extent an untested marketplace. We are starting to get some early indications on pulpwood from hardwood plantations, but it will be some time yet before we get commercial quantities of

veneer or sawlog out of plantations. One can really only conjecture what those values will be, and we have done that in those prospectuses.

Senator BROWN—What are the royalties or stumpage prices on those?

Dr Drielsma—I cannot quote them. I would have to go back to those prospectuses and refer to those.

Senator BROWN—I would appreciate it if you could do that for the committee. Can you give us a ballpark figure?

Dr Drielsma—As I recall, the prospectus talks about pulpwood prices in the order of \$30.

Mr Smith—I cannot remember. I think it is \$35 or maybe a bit more. That is in dollars when it will be harvested.

Senator BROWN—What is the current royalty returned from native forest for pulpwood?

Dr Drielsma—They vary, depending on the contracts. They would be variable within the range of \$10 to \$20.

Senator BROWN—No lower than \$10?

Mr Smith—I think some of the stuff in the north-west might be about \$8. It varies because we do not just sell wood on straight stumpage as we used to; we are involved in supplying logs to industry mill door these days. The residual stumpage is a calculation of the mill door price less your harvesting and transport costs. By and large the further away from a processing facility, the less stumpage that is there in your residual stumpage calculations.

Senator BROWN—Does that apply to plantation?

Mr Smith—I was just going to move on from the plantation point of view. That is why, in our analysis of our capital investment and plantations, we make sure that we are not putting them 200 kilometres away from the mill. We are keen to have our establishment as close as we can to the processing facility, and that gives the grower the chance down the track to get as much for the wood as possible.

Senator BROWN—In a press release of April last year, the ACCC was talking about Gunns. It said:

In response to concerns, the ACCC sought undertakings from Gunns that would facilitate greater price transparency within the industry. The undertakings require Gunns to make available to certain entities including Private Forestry Tasmania for publication over the next five years the average weighted freight on board price to be received by Gunns for each grade of export woodchips and the average stumpage paid by Gunns for each grade of hardwood pulp logs for each of its woodchip mills.

Can you give us those figures?

Dr Drielsma—No, you will have to ask Gunns.

Senator BROWN—It says that, amongst others, they will be made available to Private Forestry Tasmania.

Dr Drielsma—We are not Private Forestry Tasmania.

Senator BROWN—So you do not have those figures?

Dr Drielsma—I cannot give you those figures, no.

Senator BROWN—The question was: do you have those figures?

Dr Drielsma—No. We provide some inputs to Gunns. We do not provide them with their full intake of wood and therefore they are only figures that could be obtained from Gunns.

Senator BROWN—So you do not see those figures and you do not know what they are?

Dr Drielsma—I am not personally aware of those figures.

Senator BROWN—Forestry Tasmania is not aware of those figures?

Dr Drielsma—I doubt that we are, but there is no requirement to provide those figures to us. If they are published in accordance with those requirements, no doubt they will be available to us.

Senator BROWN—Would you find out for the committee if Forestry Tasmania has those figures and, if it does, provide them to the committee?

Dr Drielsma—I can find out whether we have those figures, but I doubt that we do. I am not aware of them.

Senator BROWN—If you do have these figures, could you then supply them to the committee? Thank you for that.

CHAIR—Senator Brown, I am mindful of the time constraints and the need for other senators to ask questions.

Senator BROWN—Yes. I want to ask about the ABARE figures that show that the supply of hardwood pulp logs will increase by 820 per cent nationally between now and 2005-06. Where is the market for that hardwood pulpwood going to be? That is an 820 per cent increase.

Dr Drielsma—I am not sure that we want to make statements for the whole of Australia about where that is going to be. We can only look at our own markets and our own views about where we can sell the products that we are looking at. I remind you that our primary strategy with regard to plantation development is in the production of higher value materials, such as veneer and sawlogs. That is not to say that there will not be a component of pulpwood that will be produced in the process of doing that. We believe that markets for that will be found in the Asia-Pacific region.

Senator BROWN—An 820 per cent increase?

Dr Drielsma—They are your figures and I cannot comment on them.

Senator BROWN—No, they are ABARE's figures.

Dr Drielsma—I can only look at our markets and where we see those markets developing. We are quite confident that there will be markets for the products that we are looking at producing, both domestically for the value-added products, the higher value products, and in the Asia-Pacific region for pulpwood.

Senator BROWN—You referred earlier to the early returns. How do the prospective projections, including your own, for hardwood pulp logs compare with those early returns that you referred to from hardwood plantations?

Dr Drielsma—I am sorry, I do not understand the question.

Senator BROWN—You are now getting early returns.

Dr Drielsma—I see, yes.

Senator BROWN—How does that compare with the prospective projections that are given to potential investors?

Dr Drielsma—They are consistent, but there is a great deal of variability in both the quality and the nature of the plantations that are currently being harvested. We are talking about very small quantities, and therefore the ability to harvest and market them to full potential is variable. At best, all I can say at this stage is that those results are variable but not inconsistent with the modelling in the projections that we have for the future.

Senator BROWN—To expedite the questions for the chairman, I want to read a summation of the industry. I would ask you, if you could, to correct me on the factors involved. The summation reads:

Gunns buys an estimated 70% of the sawlogs and 95% of the woodchips sold by Forestry Tasmania, making an estimated 80% by value of wood sales (revenue from the GMO joint venture and other minor sources is excluded). In 2001/02, Forestry Tasmania's Forest Sales Revenue was \$95.9 million out of the total revenues of \$144.2 million. If Forestry Tasmania had earned 5% return on equity (equal to the bond rate), it would have had to earn an additional \$28 million in forest sales; if it had earned a more commercial return of 7%—

which is modest in business terms—

on equity it would have had to earn an additional \$39 million in forest sales. Gunns would have had to pay 80% of the increased price (\$22 million for a 5% return; \$31 million for a 7% return).

Firstly, do you have any cavil with those figures? Secondly, doesn't that amount to a massive subsidisation of Gunns, which is hugely profitable, at the expense of the average Tasmanian's right to expect a bigger return from Forestry Tasmania?

Dr Drielsma—I do not think you would expect me to agree with that, and I will not. To the extent that you are putting forward a proposition, I cannot argue with those figures and all I can indicate—as I think we have indicated to the Tasmanian parliament through their estimates committee processes—is that we have plans and strategies in place, including those through our Southwood investments, to achieve a significant lift in our profitability—

Senator BROWN—How will those do that?

Dr Drielsma—Through capturing added value.

Senator BROWN—Have you got the figures for that? I do not ask you to have them right now, but could you supply those to the committee?.

Dr Drielsma—I think there is a limit to which we could do that, given that it is part of commercial-in-confidence planning of investment propositions. The fact is that we have outlined in public statements the general strategy that we are adopting there and I am certainly happy to provide that material to the committee as we have to the Tasmanian parliament through their estimates committee processes.

Senator BROWN—I have two short questions, Chair. Firstly, genetic modification was mentioned earlier.

CHAIR—I presume I can hold you to them being two short ones.

Senator BROWN—Yes, you can. Can you give us any information about experimentation that has taken place—for example, at the University of Tasmania—or will take place or is being designed which is in the area of genetic modification or engineering?

Dr Drielsma—No, I cannot. We are not involved in any such research and I cannot add anything further to that.

Senator BROWN—You were not involved in the University of Tasmania experimentation?

Dr Drielsma—No, if you are talking about genetic engineering.

Senator BROWN—Yes, I am. I am talking about answers I have had in the Senate indicating that that has taken place regarding eucalypts.

Dr Drielsma—As I said, it is not research that we have been involved with.

Senator BROWN—Thank you. What is the value of Tasmania's forests as carbon banks? I am talking about old-growth forests here.

Dr Drielsma—Forests are carbon banks—that is a correct statement—and carbon banks are important.

Senator BROWN—Do you foresee a future in carbon trading?

Dr Drielsma—I think there has probably been more hype than actuality in that, but I do not discount the prospects for that in the future.

Senator BROWN—Has Forestry Tasmania done an evaluation of the carbon component of its estate and the value of it in such a world carbon trading scenario?

Dr Drielsma—We have given general consideration to that issue and come to the view that, because of the uncertainties involved in that and the lack of precision in just what any future carbon trading framework might be, it is not seen as a high priority at this point in time to take it much further.

Senator BROWN—Do you think—

CHAIR—Senator Brown, I am mindful that the two questions have now become six.

Senator BROWN—I have a last one. What about—

CHAIR—I am going to move on, because there are other senators that do need to—

Senator BROWN—I have one more question, Chair.

CHAIR—If there is time allowed I will come back to you, but I am going to go to Senator O'Brien now. We need to be able to make use of the time for all of the senators that are here. If you could cooperate in that sense that would be helpful.

Senator BROWN—Likewise.

Senator O'BRIEN—Mr Smith or Dr Drielsma, one of the submissions before the inquiry today says that the processing industry for pine is at risk because of the mature resources being exported overseas as whole logs. What is your response to that statement?

Mr Smith—At the end of the day, I guess that is an issue for Rayonier, who are managing the softwood estate with the joint venture. My understanding is that the softwood whole logs that are being exported are not required by the domestic industry.

Senator O'BRIEN—Is Forestry Tasmania aware of the state of the resource in terms of its rate of use and rate of replenishment?

Mr Smith—Yes.

Dr Drielsma—In general terms, yes. We clearly are members of the board of that joint venture and certainly are aware of the general management of that resource. I think it is fair to comment that if we expect commercial investment in plantations then we have got to allow the owners of the plantations to manage them in the most commercially profitable way that they can. If that means using export markets—usually at the margin—to gain that value then I find it difficult to see why that causes a problem if it means that those plantations therefore become more commercially attractive and that that maintains and attracts further investment into that industry.

Senator O'BRIEN—Is the processing sector not important to the state?

Dr Drielsma—Absolutely.

Senator O'BRIEN—The suggestion in the submission is that the processing industry in this state is at risk. I am asking you if FT has a view whether that is the case or not. It is a submission which we are asked to take serious note of and I presume that asking you the question would get a serious response.

Dr Drielsma—I do not think that is a concern we would share. It is not an issue that we would see in that light. There are contracts with local domestic processing industries, and that is not a concern that we would raise.

Senator O'BRIEN—Are you able to say that, at the rate that the domestic industry is processing, there is resource available to them for the foreseeable future at prices consistent with their commercial viability?

Dr Drielsma—Given that Forestry Tasmania is not directly managing that resource but is part of a joint venture, there is no basis on which we are concerned by those issues. Let us put it that way.

Senator O'BRIEN—Another aspect of the submission is that the supply of suitable specialist timbers for furniture, buildings and craft industries will be severely diminished as the present rate of clearance of native rainforest for plantations is unsustainable. How would you respond to that statement?

Dr Drielsma—We have an explicit policy of protection of rainforest, both for its conservation value and also in terms of its ongoing management for special species timbers. So I do not believe that is an issue in terms of rainforest. That concern is one that is more relevantly raised in terms of the arising of special timbers from wet eucalypt forests and that is certainly an issue that people raise from time to time. I do not believe it is an issue for the long-term supply of those special species timbers. We are currently engaged in some work to pull all of that together and to prepare and publish an overall strategy or statement that will provide the basis for confidence that there is a sustainable supply of those timbers into the future.

Senator O'BRIEN—When will that work be completed?

Dr Drielsma—We would hope to complete that some time in the middle of next year.

Senator O'BRIEN—Thirdly, the submission I am talking about says that the destruction of flowering leatherwood trees in Tasmania's native forests by the woodchip industry is threatening the livelihood of beekeepers. Presumably that is related to clearance for plantations as well. I am not sure if that is true.

Dr Drielsma—That is an issue we are currently engaged in with the Tasmanian Beekeepers Association. We have a good relationship with them. We have had an agreement with them over a number of years, including guidelines for the management of leatherwood. It is true that over the last six to eight months the beekeepers in the south of the state have raised concerns. We take those concerns seriously and we are engaged in a process with them at the moment to fully

understand and scope that issue so that we can manage it into the future. We do have a commitment to the leatherwood resource and to the maintenance of it for its values, and we will work that issue through with them.

Senator O'BRIEN—In terms of weed infestation—I think, Mr Smith, you were talking about some weed management strategies—is it fair to say that in plantation developments being managed by Forestry Tasmania you accept a specific obligation to control weed invasion and spread within and from those plantation areas?

Mr Smith—In general terms, yes.

Senator O'BRIEN—What processes do you follow to manage any weed outbreaks that might threaten it or adjoining plantations?

Mr Smith—You do not establish a plantation and walk away from it. There is a process whereby we keep an eye on things from the point of view of the health of the plantation and what is happening around it. If there was a particular weed infestation that needed treatment, then we would put in place a strategy to deal with it.

Senator O'BRIEN—Do you assess each of the plantation sites?

Mr Smith—We have staff that monitor the plantations that they are growing. They are monitoring them for height growth, diameter growth, for pre-pruning assessments. We have people out in the forests on a regular basis and, if there was a developing problem with respect to weeds, that would be picked up and dealt with.

Senator MURPHY—With regard to Forestry Tasmania's prospectus offerings in the plantation industry, what price did you propose for investors on a per hectare basis?

Dr Drielsma—As I recall, I think our last prospectus was \$3,300 per hectare for a half share.

Senator MURPHY—When you are determining the price that you should ask an investor to pay, is it based on a return from that investment?

Dr Drielsma—Certainly we would look at both costs and the return, yes.

Senator MURPHY—So, yes.

Dr Drielsma—The costs and the return.

Senator MURPHY—Can you tell me what costs—within the ballpark—Forestry Tasmania incurs in establishing a plantation on both cleared and non-cleared land?

Dr Drielsma—I will refer that to Paul to give you the detail of that but, before answering that, I would caution that, if by the line of questioning there is an intent to take that answer and compare it to the investment price that I have quoted to you, you need to be aware that investment in a prospectus that we put out covers the whole-of-life of a plantation. It is an upfront cost—

Senator MURPHY—I do understand that, Dr Drielsma. I understand that very well.

Dr Drielsma—and it is the establishment and maintenance for 20 or 25 years or whatever period that we are managing the plantation.

Senator MURPHY—Or for 10 or 11 years. I understand that. You can take that on notice, if you would like to provide that in writing.

Mr Smith—I can give you ballpark figures, if you want.

Senator MURPHY—It is just because of time. It would be useful, though, if you could provide that in writing. I think I heard you say earlier that you purchase land. With regard to the joint venture arrangements you have, are any of those on purchased land?

Mr Smith—I think, in general terms, the purchased land would be 100 per cent FT.

Senator MURPHY—Public land?

Mr Smith—No. There would be very few of our eucalypt joint ventures that would end up on purchased land, if that is the question you are asking.

Senator MURPHY—Do I take it from that that the joint venture arrangements are all on public land?

Mr Smith—By and large, yes. I can think of a couple of areas that are on purchased land but, generally, it is very complex because land values and all that sort of thing are part of the equation. For simplicity, our joint ventures are generally on public land.

Senator MURPHY—What happens in the case, years down the track, where a joint venture partner wants to sell their timber, for instance, and you may not want to sell it? Who makes the decision?

Mr Smith—It is a joint venture. We have to agree. As part of the joint venture arrangements, we have usually set up management agreements and sales agreements as well, so I would doubt that there would be an issue.

Senator MURPHY—In your written response, would you give me an outline of that and of the cost aspects in the decision making process. I have some questions about the Southwood project and your responses to questions about increasing the value of the resource off the public forest estate. I think Senator Ridgeway showed you an extract from the Internet of the Southwood project. You say there, ‘Only market ready products will leave the site based on quality’ et cetera, and you list the processes and products. You also refer to ‘residue for clean electricity’ and ‘the power used on site and sold into the network’. Can you tell me if you have any contracts with Hydro Tasmania or Aurora Energy or anyone else for the purchase of that power?

Dr Drielsma—We do not have any such contracts at this point in time.

Senator MURPHY—Have you had any discussions with Hydro Tasmania or Aurora Energy with regard to the cost of the generation versus the cost of putting that power into the network?

Dr Drielsma—I cannot respond to that in detail. I am not aware of what discussions may or may not have taken place in terms of those sorts of matters. I doubt that we have been talking directly with Aurora or Hydro Tasmania. Our discussions would be with proponents for investment in a power station, and the value of the electricity and how they would acquire it would be matters for them to consider.

Senator MURPHY—Forestry Tasmania has been the driver of the Southwood projects, which are integrated projects. It causes me a little concern that you would be talking to a potential investor in a power plant or in the overall process but you would not be able to tell them whether or not there is an opportunity for a contract for sale of the power?

Dr Drielsma—That would be a matter for them to sort out, I would have thought. Our discussions with them would be about the value that they saw in terms of the markets within which they operate in the purchase of that raw material.

Senator MURPHY—In your submission, you say that export of logs has been taking place since 1997; I understood that it was since 1994. I might stand to be corrected, but I think a Hobart Port Authority annual report would indicate that the first log shipment, which I think went to Mr Simon Kang in Korea, was back in 1994.

Dr Drielsma—There may have been a few container loads that went earlier on.

Senator MURPHY—That was 20,000 tonnes. It is a bit more than a few container loads.

Dr Drielsma—I am talking about the larger scale export. If I was incorrect, I apologise.

Senator MURPHY—With regard to criticisms that I have heard about the export of logs, you say that they have been exported for the purposes of establishing a market for the product, in particular, for its use in the manufacture of plywood. Has Forestry Tasmania determined exactly where the logs that they have exported to China, for instance, have ended up?

Mr Smith—What do you mean by ‘have ended up’? Presumably, we have a customer over there, and the logs have gone to those customers.

Senator MURPHY—I am asking you this question on the basis that you say that these logs are being exported for the purposes of trials in the manufacture of veneer for plywood. Has Forestry Tasmania followed up on those trials?

Mr Smith—The answer is yes, but I do not know the detail.

Senator MURPHY—Could you provide the committee with the detail of the manufacturing places and exactly what the veneer, once rotary peeled, was used in?

Mr Smith—Yes.

Senator MURPHY—If you have followed it up, you should be able to tell me that.

Dr Drielsma—We can look it up.

CHAIR—Senator Murphy, do you have more questions?

Senator MURPHY—Yes, I do.

CHAIR—Do you want to put them on notice?

Senator MURPHY—No, I do not. If we are going to get Forestry Tasmania to appear before the committee again, then I am happy to leave that questioning until that point in time.

CHAIR—I believe we are holding another hearing here.

Senator MURPHY—At page 5 of Forestry Tasmania's *Sustainable forest management report*, it says:

What is sustainable forest management? The National Forest Policy Statement of 1992 provides the following definition ...

The definition, I assume, is an extract from the national forest policy statement. It says:

The integration of commercial and non-commercial values of forests so that both the material and non-material welfare of society is improved, whilst ensuring that the values of forests, both as a resource for commercial use and for conservation, are not lost or degraded for current and future generations.

Can you inform me as to where I could find that in the national forest policy statement?

Dr Drielsma—I cannot give you chapter and verse on that.

Senator MURPHY—Would you take that on notice and provide me with that advice.

CHAIR—Thank you, Dr Drielsma and Mr Smith, for your assistance to the committee.

[11.47 a.m.]

BAKER, Mr Les, Executive Director, Gunns Plantations Ltd

BLANDEN, Mr Ian Martin, Manager, Gunns Plantations Ltd

CHAIR—Welcome. I now invite you to make an opening statement after which we will ask questions.

Mr Baker—Thank you for the opportunity to address this committee. I will give a brief background on Gunns Plantations Ltd. We are a public company operating in forest products in Tasmania. We are a large hardwood company. We are fully vertically integrated. We have businesses in veneer, sawlogs, woodchip exports, construction and hardware and merchandising. We employ some 1,800 people direct in this state and somewhere in the order of 2,000 to 2,500 people indirect. We have 170,000 hectares of freehold land on which we operate our forest operations. We source wood from that land. We source wood from private property—farmers et cetera—and from state forests. We operate a managed investment scheme, our prospectus business, which is Gunns Plantations Ltd. It has been a successful operation, particularly in the last 12 months, and has added substantially to our plantation resource. I have mentioned that we have about 170,000 hectares of land; some 80,000 hectares of that now has plantation on it and most of the rest is native forest.

In relation to the terms of reference and the 2020 vision, our company would like to say that the 2020 vision has had and continues to have a very positive impact on the plantation forest industry in Tasmania and Australia. From either an individual perspective or a corporate perspective, it is certainly of comfort to people to know that the Australian government is backing, if you like, the expansion of plantations throughout Australia, and that certainly has a very positive impact. Our view is that there is a need for the government to continue to embrace that vision, to articulate that to the community and to continue to support that. It is a terrific vision, and we think it certainly has the potential to be realised.

The amount of investment in the industry would be significantly lower if it were not for the taxation incentives for individuals. In the history of plantations in Australia, a lot of the plantations were put in by the states and funded for many years by them, and that has been discontinued. For a while corporations invested in their own right in plantations. In relatively recent times, initiatives by corporations to run their businesses in a capital efficient way have meant diminished investment by corporations in plantations. In the last 10 years, it has been very much the incentives that have applied to individuals that have certainly fuelled the expansion of plantations in Australia. That has been very effective.

As an observation, those incentives that are given to managed investment schemes really are not that much different from an individual investing in a plantation in their own right—that is, buying a block of land and getting contractors to do the planting. They still have the same tax benefits, except there is a timing difference in relation to the 12-month rule which makes managed investment schemes work better.

Senator MURPHY—The cost of the land would not be deductible.

Mr Baker—I am not sure that it is now. Under a managed investment scheme people lease land, they do not buy it. Maybe I should have given a parallel: an individual can lease land from a farmer—the same as they do under a managed investment scheme—and invest. It allows people who are wealthy and who have more money to do that because it requires large licks of capital, whereas under a managed investment scheme smaller people can invest in the same way. So it levels the playing field, if you like.

In relation to taxation laws, our view is that there needs to be a continuation of the current tax laws as they stand. If the government wants to encourage the MIS industry, the 12-month rule and the change to the legislation earlier this year were quite important. Under the Ralph review that occurred a couple of years ago, the 13-month rule as it stood at the time was removed, which certainly had a destructive effect on the MIS industry. One public company went under, and it is quite possible others would have followed. The level of planting significantly decreased. In that regard, we certainly are happy that the government in the Senate passed that change to the legislation.

If the government wants to continue to encourage private investment in plantations, I think it would be helpful if that 12-month rule continued past the four-year arrangement. It is quite difficult in the industry if tax laws change. It is a moving target which makes it difficult to market under managed investment schemes. I do not believe that MISs are necessarily the be-all and end-all in terms of investment. In some ways they can be an inefficient way of getting capital together. You have to put together a prospectus and deal with all the legal issues associated with that, which can be quite expensive. Then you have to go out and market it through financial advisers, accountants and whatever, which also can be quite expensive.

There are possibly other efficient ways of getting investment into the industry. If the playing field was levelled from a taxation perspective in relation to corporations so that corporations had a similar tax benefit, for example, to individuals, I think there would be more incentive there for corporations to invest. It probably would not have any significant revenue impact on Treasury to have individuals investing versus corporations investing; it could be done that way. Also there are the superannuation funds, whether it is an individual's personal superannuation funds or collectives, such as unit trusts and things like that. If there were more incentives there for superannuation funds to invest in plantations, that would be helpful.

For example, an individual who is on high marginal tax rates can invest in plantations—either in their own right or through an MIS—and if they are on a tax rate of 48½ per cent, that is the tax savings accrued in accordance with that. If you have your money invested in a superannuation fund, the taxation rate is about 15 per cent. So if you personally had a choice about whether you invested in your own right or through your superannuation fund, you would invest in your own right and not through your superannuation fund because of the taxation advantages. Why is that the case? It ought to be a level playing field and then you would probably attract more funding into the industry.

I will move on from the taxation part of it. In this state, there is an issue in relation to local government and plantations. Corporations find it difficult to operate, at times, when you have quite a number of local government agencies—I think there are 28 or 29 local government agencies in this state—with different rules and regulations. If you want to establish an orchard, vineyard or anything like that in this state then it is basically an as-a-right use: you do not have to go through planning schemes and whatever. If you want to grow potatoes, wheat or any other

agricultural crop, you just go ahead and do it. Forestry in this state is the most highly regulated agricultural industry. We have the Forest Practices Act and all the rules and requirements associated with that. Not only do we have that; when you want to grow trees, councils want to get involved and when you want to harvest trees, councils want to get involved. It is not a level playing field with the rest of agriculture, and it ought to be. We urge the Senate references committee send a clear, strong message to state government in relation to this issue.

In regard to infrastructure, development and approvals processes it is quite clear that Tasmania has a natural advantage in relation to our forest industry. We have an advantage compared with many countries in the world. We have a rich resource of native forest. In relation to that, we have one of the best—if not the best—reserve systems in the world. We have very good opportunities to expand our resource in the plantation arena. We have corporations that are interested in doing that and interested in expanding. That is also done in collaboration with Forestry Tasmania and the state government; the two act in unison very well in that regard.

Tasmania has certainly achieved critical mass in terms of the amount of suitable land and the amount of wood that is available, but from a world perspective we are certainly well behind the eight ball in terms of development of industry. From a historical perspective there is a whole host of reasons for that. When you look at other countries such as Thailand, which has a relatively recent plantation base of eucalypts and quite a large pulp and paper industry compared to Australia, and Brazil, which is quite large—Chile is another country that has eucalypt and radiata pine plantations put together of relatively recent times and they have massive and recent investment going on as we speak in relation to infrastructure—whether it be sawmills, veneer mills, pulp mills or whatever, Australia is certainly well behind the eight ball. We have something like \$2 billion negative in terms of our balance of payments in relation to forest industries. Most of that is in the pulp and paper arena. With the growth of markets in Asia it makes economic sense that there be further investment in this state and throughout Australia to further process resources from the forest industry.

There are impediments within this state and within Australia in relation to approvals processes—rights of objection, rights of appeal and holding up processes—that have stifled a lot of investment in this state. There are organisations in this state that object and appeal to just about everything that is being constructed, whether they are in the forest industry or other agricultural industries, the tourist industry and so on. A lot of those are frivolous objections and appeals and they really stifle the development of industry. We urge this committee to make representations that government ought to be further supporting investment, supporting approvals processes and becoming more actively involved in approvals processes. In this state there is an issue in relation to infrastructure and development, particularly in the area of roads and the interface of that with councils, particularly in the use of high productivity haulage equipment.

CHAIR—I am mindful of the time needed for questions.

Mr Baker—I will wrap up within two minutes.

CHAIR—Thanks.

Mr Baker—So there are inconsistent rules in relation to councils and B-double haulage routes—high productivity haulage routes. We would urge that there be investment in that area in relation to bridges and also better coordination in that area. Thank you.

Senator O'BRIEN—Bearing in mind the time, we might see what we can get on the record and think about questions on notice later. A submission we have before us which is critical of your company's activities in the Preolenna area quotes the R.M. Moreton Inglis report titled *Land capability survey of Tasmania*, by the Department of Primary Industries, Water and Environment, dated 1999, which stated in relation to land preparation:

Deep ripping is considered unnecessary on this land where the soils are naturally well structured and freely draining with little impediment to root development for trees.

How would you respond to that? Is that sort of activity always necessary?

Mr Baker—I will ask Ian Blanden to respond to that.

Mr Blanden—Ripping is a part of some of our land preparation techniques on some of our plantations. As to whether it is deep ripping, the term 'deep ripping' would need to be defined. We rip on a number of our sites to aid in the cultivation to enhance tree growth. It is not necessarily done to deep rip, because, as the report points out, those soils are fairly uniform. Deep ripping, in the common use of the term, is used to interrupt or break up an impervious layer within that soil. That is not a practice that we undertake on those soils because it is not necessary, but we do rip—I would not call it deep ripping; I would call it shallow ripping—to aid cultivation and enhance tree growth.

Senator O'BRIEN—Has your practice changed since that report was handed down?

Mr Blanden—No, the practice has generally been to take a similar approach. Ripping is done to aid cultivation and enhance tree growth.

Senator O'BRIEN—Yesterday, this committee saw a plantation managed by Gunns where there was a large infestation of thistle weed, and there were complaints about it from an adjoining private rural property. It was claimed that subcontractors on the plantation were poorly supervised and they were not necessarily practising proper weed management strategies, and also that the infestation may well have been introduced by machinery used in the establishment of the plantation. How would Gunns respond to those claims?

Mr Blanden—I would respond to that by saying that if we were aware of any weed infestations, we would generally deal with that in an operational manner and in a prudent and timely manner. In terms of transportation importation of weed species, I would say that it is a policy of ours, where contractors' machines are working on sites where there are known infestations of weeds, to wash machinery. That is done where there are known infestations of large areas of weeds to try to contain the spread of that weed. I am not sure of the exact case you are referring to but that would be our general approach.

Senator O'BRIEN—I think it was pretty close to the plantation where we had looked at the thinning. We did see a large quantity of thistle next to the adjoining property. I obviously did not go through the whole plantation but there was a lot there.

Mr Blanden—Routine maintenance spraying would normally be undertaken when those trees are of a sufficient size. The weeds would generally be limited to plantation edges, and that is dealt with in routine maintenance. Perhaps the timing of the senators' visit was such that they have seen some weeds prior to maintenance spraying being undertaken.

Senator O'BRIEN—If a neighbour on an adjoining property had concerns about weed infestation and there was potential for it to impact on their land as well, how would Gunns respond to that? What is your policy in relation to that?

Mr Blanden—We would strongly encourage open, frank and honest dialogue with all of our neighbours. We are a signatory to the good neighbour charter; in fact, we were one of the founding companies pushing the development of that code of practice, and we would like that frank and open dialogue with our neighbours.

Senator O'BRIEN—What fire management practices are followed by Gunns? Do they include firebreaks, slashing and the like?

Mr Baker—Gunns is actively involved in maintaining firebreaks; it is a requirement under our insurance.

Senator O'BRIEN—Is there a set rotation of clearance and slashing and the like?

Mr Baker—Yes, it is regular and can either be grading the firebreaks or weed control on firebreaks, but the fire danger of plantations is very low compared with native forests and grassland.

Senator O'BRIEN—Nevertheless, there is some fire danger?

Mr Baker—Yes, but it is extremely low.

Senator MURPHY—I want to ask about tax related issues and your concerns about corporate investment, either superannuation investment or just straight-out corporate investment. Most of that would be based on the returns out of that investment, wouldn't it?

Mr Baker—That is correct.

Senator MURPHY—Has Gunns given any thought to the entry fees—the management fees—that are being charged as part of the prospectus based managed investment proposals for plantation development that are around the country at the moment?

Mr Baker—We, of course, have an MIS. We have a very competitive MIS; we look at our competitors and we price to be competitive against those.

Senator MURPHY—And you price to get a return on that investment?

Mr Baker—From the investor's perspective?

Senator MURPHY—Yes.

Mr Baker—Yes.

Senator MURPHY—Can you provide us with an indication of the plantation establishment costs?

Mr Baker—No. That is commercial-in-confidence.

Senator MURPHY—But you would know the run-of-the-mill cost in the marketplace today that is identified in any number of publications by primary industry departments around the country and in other documentation—you would be aware of that?

Mr Baker—Yes.

Senator MURPHY—It ranges between, say, \$800 and \$1,500 or \$2,200—is that a fair comment?

Mr Baker—I am not going to make any comment on commercial matters.

Senator MURPHY—I am not asking you to make a comment on a commercial matter; I am asking you to make a comment on whether what I just said is an accurate reflection of what is published in documentation available through various state departments of primary industries in respect of the cost of establishing a blue gum plantation, for instance. I am not asking you to comment on Gunns commercial practices; I am asking you to comment on my comment. Is that an accurate reflection of the cost in the marketplace?

Mr Baker—It must be, if it is published in government documents.

Senator MURPHY—What is the projected per-hectare yield for Gunns plantations?

Mr Baker—Are we talking about volume?

Senator MURPHY—Yes, volume yield—the MAI volume of wood.

Mr Baker—In our prospectus it is an MAI of 27.

Senator MURPHY—What is the stumpage price quoted to the investor to indicate what return they might expect to get?

Mr Baker—In our current prospectus it is approximately \$31 for pulpwood.

Senator MURPHY—What is your view—if you have a view—of prospectuses that say their stumpage return will be in the order of \$45 to as much as \$68, I think, per tonne?

Mr Baker—If it is in 2002 dollars, I think that is a bit optimistic.

Senator MURPHY—Gunns have acquired some plantations that have been in the ground for some time. What research work has been done on the growth rates of those plantations?

Mr Baker—Growth rates are continuously monitored. They are measured at age seven on every plantation we have.

Senator MURPHY—Are you able to provide us with any information as to the outcomes of those assessments?

Mr Baker—No, I am not willing to provide detailed information. I can give you anecdotal information from plantations grown in the state. You can see plantations in this state growing at rates of anything from an MAI of five to an MAI of 45. It depends on the quality of the land.

Senator MURPHY—What is the average?

Mr Baker—I could not say what an average is—I would only be guessing.

Senator MURPHY—I will take a guess.

Mr Baker—No. I am not in the business of guessing.

Senator MURPHY—What is the average at Surrey Hills?

Mr Baker—I cannot answer that. I do not know.

Senator MURPHY—Could you provide the committee with an answer in writing?

Mr Baker—No, I will not.

Senator MURPHY—Is there any reason why you will not do that?

Mr Baker—This information is confidential to our company.

Senator MURPHY—When did Gunns first put out a prospectus offering as a managed investment scheme?

Mr Baker—Three years ago.

Senator MURPHY—How many hectares have you put in under managed investment scheme arrangements?

Mr Baker—We have sold a total of about 17,000 hectares.

Senator MURPHY—I have one question on the issue you raised of problems with local government. The system for complaints et cetera is there to allow the company, the local government body or a member of the particular municipality to lodge a complaint. You have other systems in terms of the Forest Practices Board and another process—the name of which escapes me for the moment—that allow for consideration of complaints. Is that not working well?

Mr Baker—We do not have any problem with complaints. We get thousands of them every year and we deal with them either directly with people or through third parties.

Senator MURPHY—I will leave it there, thank you.

Senator BROWN—The ACCC said in April last year that it had undertakings from Gunns for the publication over the next five years of the average weighted FOB price to be received—that is paid on board price—by Gunns for each grade of export woodchips and the average stumpage paid by Gunns for each grade of hardwood pulp logs for each of its woodchip mills. Can you tell the committee what those figures are?

Mr Baker—No, but what I can say is that Gunns has met its obligations in relation to the requirements of the ACCC.

Senator BROWN—Will you supply those figures to the committee?

Mr Baker—I think if you ask the ACCC, they may.

Senator BROWN—No, I am asking you.

Mr Baker—Those figures are publicly available.

Senator BROWN—Will you supply them to the committee.

Mr Baker—Yes.

Senator BROWN—Thank you. What role do Gunns have in setting woodchip prices with Japan?

Mr Baker—We are talking about a market environment. Prices are not set.

Senator BROWN—So there are no discussions?

Mr Baker—As in most markets, there are negotiations and prices are arrived at through negotiations.

Senator BROWN—Are those negotiations held here or in Japan or in both places?

Mr Baker—Currently they are held in Japan but they have been held in Tasmania.

Senator BROWN—Are discussions under way at the moment in Japan about woodchip prices?

Mr Baker—No.

Senator BROWN—What was the last price setting that Gunns obtained in Japan.

Mr Baker—That is a commercial matter that I am not prepared to discuss.

Senator BROWN—Does that affect the royalty price then that you pay to Forestry Tasmania?

Mr Baker—That is a commercial matter and I am not prepared to discuss it.

Senator BROWN—Is that discussed with Forestry Tasmania?

Mr Baker—That is a commercial matter between us and Forestry Tasmania.

Senator BROWN—I am not asking for the figures; I am asking if there is a process where you discuss that with Forestry Tasmania as a consequence of discussing the prices in Japan.

Mr Baker—Yes; we have the normal supplier-customer relationship with Forestry Tasmania.

Senator BROWN—When were the discussions last held with Forestry Tasmania?

Mr Baker—We talk with Forestry Tasmania on a weekly basis.

Senator BROWN—Is it true that less than 10 per cent of Gunns shareholders are in Tasmania?

Mr Baker—I cannot answer that question. I do not know.

Senator BROWN—Would you find out for us?

Mr Baker—I think it could be in our annual report.

Senator BROWN—Would you find out for us please and supply that information to the committee?

Mr Baker—Yes.

Senator BROWN—Thank you. What amount of money did Gunns spend on public relations and advertising in terms of radio, TV and newspapers in Tasmania in the last financial year?

Mr Baker—I do not know.

Senator BROWN—Would you find out for us?

Mr Baker—I think that is a commercial matter and I will not provide that information.

Senator BROWN—Will you check if it is a commercial matter? You think it is but would you find out for sure and, if the information is available, would you be so good as to supply it to the committee?

Mr Baker—If our managing director is willing to supply it, I will. But I have to say I think it is unlikely.

Senator BROWN—I thought we might come to him. That is John Gay. I read in the press that he has a take-home pay of over \$600,000, which means that he must have the highest take-home pay in Tasmania by a long shot. How is that remuneration worked out?

CHAIR—Senator Brown, I ask you to be mindful of the terms of reference of the inquiry and that the questions being asked are relevant and specific to the terms of reference.

Senator BROWN—Yes, I will link that up if you would like me to, Chair. But I will leave that to the gentleman.

Mr Baker—Mr Gay's salary is a matter between Mr Gay and the board. Mr Gay is a high performing executive in Tasmania's largest company.

Senator BROWN—I expect so.

Mr Baker—His salary is noted in our annual report.

Senator BROWN—Do Gunns make political donations?

CHAIR—I am going to rule the question out of order.

Senator BROWN—I object to that because it is very germane to the questions I am asking.

CHAIR—Your objection is noted. I ask you to observe the terms of reference for the inquiry. I would also instruct the witnesses to answer the questions in the context of the terms of reference. I understand that there are issues that you may want to know, and it is our proposal to return, but the terms of reference are very specific, so I ask that the questions be confined to the terms of reference and be relevant to the terms of reference.

Senator BROWN—Thank you, Chair. I note your overruling there. I ask you to seek a ruling from the President of the Senate about your ruling, and I will make a submission in kind. I think you are wrong.

CHAIR—I will undertake to do that, Senator Brown.

Senator BROWN—Thank you. You spoke about frivolous objections, Mr Baker. What are they?

Mr Baker—It is an observation that I have made in this state for many years.

Senator BROWN—Could you give us an example?

Mr Baker—I can, in fact. A family from Sydney went to develop a fishing lodge at Lake Leake.

Senator MURPHY—Lake Lea.

Mr Baker—Yes, I am sorry—Lake Lea, near Cradle Mountain. It was on freehold land. That particular development, which I understand involved accommodation for seven people or maybe a few more, was vigorously objected to and appealed. That family came to the conclusion that it was not worth investing here. To give a few other examples, we have had consultants over the years help us with environmental management plans for businesses and they have said it is incredibly difficult for developers to get development up in this state. It does not matter whether it is a fish factory or whatever, every development—

Senator BROWN—We are talking about Gunns here, though.

Mr Baker—I am talking about others as well.

Senator BROWN—Let me ask you directly: do you think that the objections of residents and the Kingborough council's action in the wake of Gunns failing to get adequate approval before logging in that municipality is a frivolous matter?

Mr Baker—No, I do not believe that is.

Senator BROWN—What action is Gunns taking to remedy its failure to abide by the process of the law, including local government law in that particular instance?

Mr Baker—Can I say in relation to that block that there were a number of administrative errors made by a corporation that Gunns acquired. They were made some two and three years ago. Gunns certainly picked up and saw that there were administrative errors. In terms of the development of that block there has been no environmental harm, no environmental damage. We are talking about the harvesting of a block and the subsequent development of a plantation. The Huon Valley council has granted a development application there and the Kingborough council has not. I am not sure if it is productive to get any further into the specifics of that.

Senator BROWN—So logging of native timbers of that variety involves no environmental harm or impact?

Mr Baker—No.

Senator BROWN—On the good neighbour policy, do you think a good neighbour should not pay for impact on a neighbour's property if it comes from their offence?

Mr Baker—I think you would have to be specific.

Senator BROWN—Where weeds escape from Gunns plantations into a neighbour's property, ought not Gunns pay for it fully—and rectify the damage and reimburse the costs that a neighbour bears from such an escape?

Mr Baker—I think that is fair enough, yes.

Senator BROWN—Is that Gunns policy?

Mr Baker—I think it is a reasonable assumption—where we impact on neighbours we make good.

Senator BROWN—What about beekeepers? There have been objections to the loss of the leatherwood resource due to deforestation by Gunns and Forestry Tasmania. Ought not Gunns pay the beekeepers for the loss of the resource that leads to a loss of their productivity?

Mr Baker—I am not sure if this fits within the term of reference of the 2020 vision. We are talking about native forests here.

Senator BROWN—I am talking about the establishment of plantations being involved here.

Mr Baker—I am not sure of the detail—whether there has been any loss of that resource. I do know in my dealings with beekeepers over the years that they would not have had access to that resource if it had not been for corporations building roads into those areas. Companies have bent over backwards over the years to help beekeepers to get access to those sorts of areas.

Senator BROWN—You are not aware of complaints by beekeepers in Tasmania at the moment?

Mr Baker—There are some, yes.

Senator BROWN—Do you not think, where the resource is lost due to Gunns logging activities, rectification should be made to the beekeepers?

Mr Baker—I am not aware of any resource loss.

Senator BROWN—If it were, would it be a good neighbour policy?

Mr Baker—That is a hypothetical question.

CHAIR—I just remind you again of the time constraints, Senator Brown.

Senator BROWN—It is not, Mr Baker; it is a very important question.

Mr Baker—I think it is hypothetical.

Senator BROWN—Finally, if it were shown that Gunns activities were leading directly to a loss of water amenity to people downstream in a catchment, do you think Gunns should pay for that loss?

Mr Baker—I do not know. We get criticised for harvesting trees in this state. My understanding is that, when you harvest catchment areas, you increase the water yield.

Senator BROWN—There is an increased run-off and then the plantation does the reverse. Under good neighbour policy, is it not logical that, if there is a detriment due to loss of water, Gunns or any other plantation owner should pay for that?

Mr Baker—It is good that you are recognising that a forest estate in Tasmania is expanding. By definition, if you believe there is going to be a decrease in water yield, there must be an expansion of the forests and the trees in this state.

Senator BROWN—You are being cute, Mr Baker. The question is—

CHAIR—Could I intervene for a moment, Senator Brown. I am mindful of time constraints. You need to share the time with the other senators here. We will be returning in the new year. We will have another opportunity to ask further questions. We are intending to recall a number of witnesses who have appeared here today. I am now intending to move to Senator Colbeck.

Senator BROWN—Chair, you have just shielded the witness from an important question and I object again.

CHAIR—The objection is noted.

Senator BROWN—We will have that taken to the Senate.

Senator COLBECK—Mr Baker, are Gunns involved in any discussions with Forestry Tasmania or local government entities with respect to management plans for local infrastructure?

Mr Baker—You would have to be more specific. I am not sure about the question.

Senator COLBECK—The use of local infrastructure such as roads, bridges and the like has been raised this morning in discussions and in evidence. My question is: are Gunns involved in discussions about the maintenance and long-term sustainability of those in conjunction with the development of investment in plantations? Are they involved in discussions with those groups?

Mr Baker—We are continuously involved in discussions in relation to general issues associated with roads and infrastructure. There is nothing large and specific that comes to mind at the moment.

Senator COLBECK—Some of the submissions that we have received indicate that species being planted by Gunns, particularly *Eucalyptus nitens*, are not suitable for sawlog or veneer production. Could you comment on that?

Mr Baker—We are growing eucalypts in plantations but not for sawlogs. It is possible that that may eventuate but at this stage they are not for sawlogs. We are growing them for veneer and we have done trials on older trees. We believe that *Eucalyptus nitens* is eminently suited to that purpose.

Senator COLBECK—So it is not specifically pulpwood that the plantations are for? There is an intention to use some of the plantations for other purposes with high value adding capacity.

Mr Baker—Absolutely.

CHAIR—I understand that Senator O'Brien wants to put a question on notice, if you could take that on board, Mr Baker.

Senator MURPHY—There was one question that I wanted to ask in regard to the export of logs by the public forest owner, Mr Baker. What is Gunns view about the export of logs?

Mr Baker—I really do not have a view on that. They are running a business and they are entitled to run that business.

Senator MURPHY—Can I ask you to take that question on notice. You might see if there is a response from the company perspective as to whether or not it is having any effect on their sawmilling business.

Mr Baker—Okay.

CHAIR—I understand that Senator Brown is also going to put a number of questions on notice, Mr Baker. I thank you for providing assistance to the committee.

[12.30 p.m.]

SHERIDAN, Ms Gwenda Margaret (Private capacity)

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Ms Sheridan—I work as an independent consultant in and around Hobart in southern Tasmania. I have postgraduate qualifications in landscape, recreation and planning and for most of my working life I have worked in land planning. I am a corporate member of the Planning Institute of Australia. I have given the committee a document that I was going to read out. In view of the time, I will simply read from certain sections which are quite new compared to my original submission.

My belief is that if the 2020 vision and the RFA are allowed to continue as presently conceived, the ramifications for Tasmania will be enormous. There will be a massive loss of biodiversity, an increase in land clearing, effects on fundamental ecosystem sustainability and, most importantly, changes to communities, people, settlement patterns, land use, landscape, tourism, cultural heritage and cultural heritage landscapes. Those latter two are the areas in which I work. The 2020 policy would appear to have been put in place without any strategic overview or planning for the effects of anticipated change in all the variables I mentioned. I want to stress that Tasmania has a very different framework of natural landscape and subsequent settlement from mainland states; this was apparently not considered by those in the business of effecting the policy. One broad concept brush across Australia simply will not do. This place is different, and its differences have to be clearly understood and respected.

There is going to be a massive loss of biodiversity and much land clearing. It brings into question fundamental ecosystem sustainability. In my submission I have gone, from 1996, through the instruments in place. I have come out at the district plan level at the other end. This is a system full of holes. It is opaque and closed when it comes to obtaining required in-depth information. You will not be told about the holes, but they are most apparent. The science is very selective in what it offers and the devil is in the detail, which is often unavailable to members of the public. It is not what the public is told that is the issue, but what it is not told.

A great deal of weight is put on the RFA, the forest practices code and this independent system. It is absolute nonsense to think that no species are being made extinct. The system suggests that the compiled endangered species lists for flora and fauna are exhaustive—100 per cent complete—when in fact this is far from the case. You can look at the *State of the environment* report 2001 which noted, for example, that only five per cent of fungi in Australia have so far been identified. When we come to reporting for invertebrate species, it is not very much better. Even for vascular plants, only 70 per cent of the Australian species have been identified.

Research into relationships which connect various aspects of forest ecology is critical to understanding the way the whole ecological system operates. The lack of research into the interrelationships in forests is a critical aspect that the industry is able to capitalise on. I want to give you some research which came to me only in the last few weeks. This research into

interrelationships can be very subtle. The swift parrot is endangered. It has been discovered that *Eucalyptus nitens* can hybridise with both *Eucalyptus globulus* and *Eucalyptus ovata*. Although the parrots feed on flowers of most native Tasmanian eucalypts, they do not feed on *E. nitens* flowers. An invasion of *E. nitens* into native eucalypt forests by seed dispersal or hybridisation could adversely affect the birds which feed on the native eucalypts. This type of thing just has not been factored into the thinking. Celery top pine can live up to 900 years, but its seed is killed by fires, even low intensity ones. Myrtle can live up to 500 years. I want to give you some information from an Italian study which appeared in *New Scientist* on 26 October. Critically, this study noted:

Forest soils and the organic matter buried in them typically contain three to four times as much carbon as the vegetation above ... when the ground is cleared for forest planting, rotting organic matter in the soil releases a surge of CO₂ into the air ... old forests actually accumulate more carbon than young plantations. This suggests that conservation of old forests is a better policy for tackling global warming than planting new ones.

The study also noted:

If the politicians had known in 1997 what we know now, they would never have agreed to its rules on carbon sinks ...

As a result of the Commonwealth government's Renewable Energy (Electricity) Act 2000, clause 17(1)(f), the forest industry can send even more carbon from the forest floor into the atmosphere to help global warming by burning wood waste. I have a picture here. It is a picture that was taken this year showing what forest burns in Tasmania are like. In Tasmania, at Southwood in the southern forests, burning wood waste is a future planned strategy.

What I want to concentrate on is the fact that we have these two systems in Tasmania which are mutually independent of one another. In our LUPAA system, we have objectives at the back, one of which is to safeguard the life supporting capacity of air, water, soil and ecosystems. I am of the opinion that, with the presently conceived RFA and the present 2020 vision for plantations, such an objective is being severely compromised on a number of these variables—and that is the picture that is going around.

The forest industry as a land use remains outside our planning system, having its own self-regulated system. This is the Forest Practices Act and the forest practices code, and I just want to spend a minute talking about these things. I believe that this system is open to monumental challenge at the forest practices plan inception. As I understand it, the forest practices plan is constructed by the forest practices officer; he is responsible for any particular plan. It would appear that, for the past 15 years that plans have been in operation, the system could have produced as many as 15,000 plans—or 1,000 a year.

It would also appear that these are not being wholly archived for future research or reference purposes. The Forest Practices Act does not seem to address this anomaly, the time frame for any one particular plan appearing to cover a period of two years. From my personal experience, it is very difficult for the ordinary public to access these plans, much less formulate a pattern of what is actually happening on the ground as you put them together. I have been told variously that they are the copyright of any officer or that they contain confidential information. Plans are formulated as part of the private timber reserve function when coupe logging is intended, or they can form a part of a local government development or subdivision application, but it is as a permitted use of right in what would be old planning schemes. Either way, the public is denied

access to what is going on. Coupes can be of enormous size. I have come across one that is 1,000 hectares and contains 31 titles.

My understanding is that the training of the forest practices officer is extremely variable. He may be tertiary trained but not necessarily so; he may be TAFE trained but not necessarily so; he may simply have had limited in-house training. Yet the job of this officer is to assess at the coalface for the forest practices plan a whole range of enormously complex natural and cultural determinant land assessment parameters such as soil, slope, topography, vegetation, landscape, cultural heritage and cultural landscapes which will take other professionals years to acquire just for one specialty. In my opinion, it could appear to be a box ticking-off exercise in which there are forest industry manuals—some of which are not very current—which the officer consults. Therefore, if any particular variable, whether it be for soil, or flora or fauna, or a cultural heritage site, for example, is not registered or does not appear in a manual, the plan will subsequently not reflect its significance.

The interrelationships within the coupe, or of the coupe to a wider area beyond it, appear not to be considered. Construction of the forest practices plan may more often be a desktop job process using forestry GIS and other map data not available for the public to peruse. The committee might like to ask a forestry practices officer from, say, Gunns Ltd whether their FPOs complete field transects as part of any particular plan and whether these are different for the different parameters in the plan. For example, soils transects would be quite different from those that you would collect for slope, landscape or cultural heritage. It would appear to be at the discretion of the forest practices officer whether or not the Forest Practices Unit specialists are consulted and whether they subsequently issue a report as a part of any particular plan. The forest practices officer and the forest practices plan appear to underpin the independent forest system. In my opinion, this hole in the system is so large that it negates the system.

Then we have another objective in LUPAA which says that ‘areas or other places which are of scientific, aesthetic, architectural or historical interest or otherwise of special cultural value’ are to be considered. It is precisely some of these parameters in the old growth forests which are being lost. I would refer you back to my submission, because it details these fairly significantly. Most recently, ISO 14001 has been put forward by the industry as a measure of its adequate environmental management. ISO 14001 has been described by two Canberra academics who have researched the question of environmental management systems as follows:

Indeed as a result of compromises reached largely between the European Union, the United States and developing countries, much of ISO 14001 reads as a lowest common denominator approach, and one which American corporate interests were particularly influential in shaping.

By no standards is this system to be considered as an ecological management system. The one being developed by the Forest Stewardship Council worldwide, backed by major ecological organisations such as the World Wide Fund for Nature, stands in distinct contrast to ISO 14001, which is being adopted in Australia.

When we come to land settlement, community land use, cultural heritage and cultural landscape change, there are considerable areas in my submission which talk about this. But it is my professional opinion that, if the present pattern is allowed to continue, Tasmania’s unique set of cultural landscapes, which are different in different areas of the state, will be severely compromised if not quite destroyed in places. Industrial farming of trees in the 21st century is a very different scenario to traditional farming in its methods, its characteristics, its ownership, its

internal farm boundaries, its economic bottom line expectations and, in the end, what landscape is there.

It would appear from the Commonwealth research arms for agriculture and forestry, which you would be aware of, that the natural advantages for plantation tree development were identified early in the 2020 vision process. Tasmania has a great many of these. The corporate industry has picked up on this fact. Its latest prospectuses highlight such facts to prospective wood lot buyers. Gunns, for example, notes that we have a 'more reliable rainfall, lower risk of plantation drought death and significantly less fire risk than in other states' and all the while it shows images of Tasmanian green farming landscapes and rich, fertile soils. The Forest Enterprises group goes even further. In its Project 2002, it states that 'already 185,000 hectares of the state is under plantation'.

Since the signing of the regional forest agreement in 1997, 847,000 hectares have been identified as suitable for the development of plantations. This agreement and other strategies supported at state and federal levels, such as the 2020 vision statement, helped to remove impediments for a major expansion of the planted area. So here we have it in black and white: a projected land conversion of over one million acres targeted for plantation tree lots. The *Australian Financial Review* notes that, of the top 20 companies, Gunns has recently come in at No. 2 and it has been spectacularly successful at selling its wood lots. It had sold 13,000 hectares, or about \$60 million worth, of wood lots for the financial year to 2001. This represents a 765 per cent increase on the previous year's sales of 1,700 hectares.

At the rate of plantation development, bipartisan government, Forestry Tasmania and the corporate forest industry very soon will be faced with an unmistakable fact. What is the total real cost of the Tasmanian landscape loss to the tourism industry of this state? It is not possible to have the presently conceived forest industry—with its management practices, growth projections, self-regulated land use legislation and administration—as well as a viable, growing tourist industry. They are on a direct collision course with each other. The tourist experience is something which apparently has not been factored into the thinking. The experience does not stop at Tasmania's crown jewels—places like Port Arthur, Freycinet, Cradle Mountain, Strahan, the Lavender Farm, the Channel or the South West—but extends along the miles of connecting roads which take the tourists from jewel to jewel. Appropriation of the landscape has been with us as long as people have travelled and it formed a part of the tourism experience ever since the Grand Tour of Italy at the beginning of the 19th century. Essentially, people are seeking to capture an Arcadian momentum, even if only briefly, and a piece of golden harmonic Eden.

Pastoral agricultural landscapes have supplied this need. They are seen as an escape experience for people from large urban, overcrowded capital cities and suburbia and an escape from places which are essentially artificial, often polluted, highly controlled and planned, industrialised and no longer natural and not always beautiful. Tourists are not going to want to travel along miles of roads—and there is also a picture of that in New Zealand—where the appropriated views are of monoculture eucalypt tree farms. The near view in which the road essentially becomes a corridor between trees and the middle distance view and the far view all have to be considered, but, for all three, tree farms are an unmistakable landscape pattern and are extremely difficult to disguise, especially when they are large scale. I refer you to appropriation of the landscape in section 11.4 of my submission.

What is being sacrificed in Tasmania are natural and cultural attributes—an inherent beauty and incredible natural and built form diversity which makes the richness of this island so distinct from places elsewhere. Wherever you stay whilst you are here, at all levels of society what is being pushed by public and private enterprise alike is an image. It might be labelled ‘Brand Tasmania—clean, green and beautiful’. I say to you that, if you destroy the perceived Eden of the tourists’ perception, you have destroyed Tasmania’s tourist industry, as well as the hundreds of small businesses which depend on the tourists who come here—it is as simple as that. Saul Eslake is a leading Australian economist. In a recent article in the *Mercury* he had some very pertinent observations to make on Tasmania’s future. One of these was:

Places that succeed in attracting and retaining ‘creative class’ people prosper; those that fail don’t.

He also noted that, significantly, for strong productivity growth:

An educated, skilled and motivated workforce—more important than cheap labour.

... ..

A culture which rewards and values innovation, excellence, diversity and change—as Richard Florida puts it: talent, tolerance and technology.

It may just be that the collective population is well ahead of government thinking on what is good for Tasmania in respect of forestry. In an island purporting to project an image that is clean, green, clever, innovative and forward thinking, the Tasmanian forest industry needs to become smart and green.

CHAIR—Thank you, Ms Sheridan. Do you wish your additional paper to be accepted as a supplementary submission?

Ms Sheridan—Yes, please.

CHAIR—It contains seven recommendations. Do you want to speak to those?

Ms Sheridan—I want those added in as well, please.

CHAIR—I presume there is no objection to including this as a supplementary submission.

Senator O’BRIEN—Not all the recommendations may be relevant to the inquiry; certain recommendations seem to go beyond the terms of reference of the inquiry.

CHAIR—Do you want to speak to the seven recommendations? I have a number of questions in mind in relation to the RFA and some of the recommendations that you have made.

Ms Sheridan—I will leave that for now.

CHAIR—You heard the comments that were made by the representative from the industry council, who spoke about seeking support or the need for the establishment of some sort of cooperative research centre to look at research, development and innovation. You speak about ‘a culture which rewards and values innovation, excellence, diversity and change’. Is that

something that you would agree with, or does it depend upon what is proposed to try to get it to what you describe as becoming 'smart and green'?

Ms Sheridan—What has to be happening in Tasmania is that it has to be planned for as a whole. This whole raft of things over here, which are not really being considered at all, come into play and have equal credibility and equity. It is very difficult at the present time. It is just not possible for that to occur under the system which we have.

CHAIR—After hearing the earlier witnesses, particularly the presentation in relation to the RFA being under review—and there are a number of other reviews in relation to some of the practices here—are you contributing to that as well in trying to bring about some change?

Ms Sheridan—I actually contributed to the second round of the RFA. On the first round I was doing this, so I could not contribute.

CHAIR—What sort of response are you getting generally?

Ms Sheridan—That is still in process; I have no idea what the final document will be. I have put in a response to the RFA basically saying—as one of my recommendations also does—that the central tenets of the RFA have to be changed. One of the problems with the regional forest agreement, as I have tried to illustrate in this submission, is that information gets left out. Back in 1996, a whole series of things were put forward, for example, in the final report of the independent expert advisory committee, and it is an interesting exercise to see what gets left out on the way through.

The RFA is no different. If you look at the RFA recommendation review process that we have just gone through, you can see that quite specific clauses are left out—they are back here; they are somewhere else—but they were not in the agreed milestones so they are not talked about. This is what I mean by the holes in the system, and to try to get your head around it as an independent person with limited time—I have spent a lot of five o'clock mornings doing this—is very difficult because, on the one hand, you are met with obfuscation everywhere you go and, on the other hand, it is an enormously complex process to try to get your head around. You also have to have a degree of, if you like, financial commitment because you have to buy maps, reports and those sorts of things. In my estimation, the whole process is not a level playing field at all. It takes a great deal of commitment. You may well ask me what I am doing here having committed myself, and I would say that it is probably quite altruistic: for the love of Tasmania. There is no hidden agenda in this. I am one of those people who came to this island because it was a beautiful, special place. I do not especially want to see it stuffed up.

CHAIR—I take you to your third recommendation, where you talk about the need for one system of legislation to cover all forms of planning and land use in Tasmania. To clarify, does that mean that you would support some of the views that were expressed this morning regarding looking at uniformity—

Ms Sheridan—No. At the end of my submission you will find a series of 11 resolutions. The Planning Institute of Australia, along with the Environmental Defenders Office in Hobart, ran a conference earlier this year. At that conference, which was very well attended, 11 resolutions were passed. I think I have put those in one of the appendices. I would support those recommendations that were passed at that conference.

Senator COLBECK—So you do not see any need for a standardisation or a simplification, if you like, to use the current term that is being used in Tasmania, with respect to definitions and land use classification in planning schemes and some level of consistency across the state?

Ms Sheridan—No, I would actually be a planner who goes the other way. You will find increasingly now that our planning schemes in Tasmania are going towards what we call the performance based approach. The Break of Day scheme does that; the Kingborough scheme does that more. It is harder for the planners on the ground at the local government level but it is much more respectful of the differences in the land use and the variables that make up the land use. Tasmania does not have a broad brush of land use. All these things are quite different and should be looked at differently. I would belong to the group of planners who are going towards this performance based approach. If you talk to the planning industry, you will find that there is a general recognition that that is the way to go, rather than what the industry wants to do.

Senator COLBECK—But what you are saying is, in a sense, exactly the same thing except you are looking at a performance versus a prescriptive type of land use process, which is common as a basis across all local governments.

Ms Sheridan—One of the differences in a performance based scheme would be that, whereas now forestry can go through a permitted use right process that just has standard conditions, it would become a discretionary use process and therefore be open to the whole third party appeals system.

Senator COLBECK—But under the process that you are prescribing, you are not looking at having a classification such as a permitted use in any classification? You are looking for a performance base for every use classification within the planning system?

Ms Sheridan—In relation to forestry, it would depend on the scale of the operation and a whole series of factors could be built into schemes in relation to whether it was discretionary or not. The particular coupe that I am citing is one in southern Tasmania; it went through as a permitted use of right in a local government situation. One thousand hectares is a hell of a large coupe to go through with standard conditions. This is simply not good enough because of the effect that will ultimately have aggregated on the landscape of Tasmania and, therefore, on tourism in Tasmania.

Senator COLBECK—So you are saying that in every local government planning scheme in the state, forestry use should be a discretionary use, not a permitted use?

Ms Sheridan—Yes.

Senator COLBECK—You are looking for some sort of standardisation; it is just the level of classification that that standardisation gives.

Ms Sheridan—Yes.

Senator COLBECK—In that context, where the industry is saying that it would like a standardisation of classifications, you are saying the same thing but for a different outcome, essentially.

Ms Sheridan—Very.

Senator COLBECK—To take that one step further, there is, in your view, a basis for a standardisation of the base theme of planning schemes across the state, given that you get the objectives that you are looking for with respect to your views. You are saying that local government in Tasmania are looking at performance based rather than prescriptive type planning schemes. Do you believe that there is an underlying basis for a common approach to planning in local government to be put into place across the state?

Ms Sheridan—I do not think I am the person whom you should be talking to, because I am not intimately involved with that particular process. It would be better to talk to some of the planners who are intimately involved day to day with that. Certain things in planning schemes can have that common standard approach, but there have to be other parts—huge parts—of planning schemes that are really quite integral to each particular area.

Senator COLBECK—I understand that, but don't you think there is still a capacity for descriptions of different classifications to have some commonality so that people know, wherever they go, what the rules are? It is no different whether you are a user of the scheme from either side of the system. If you can pick up a planning scheme and the rules, descriptions and underlying principles are the same, it makes it just as easy for someone who is proposing a project, someone who is assessing a project or someone who is objecting to a project to get across it quickly, at least cost, if there is some commonality.

Ms Sheridan—I am not sure that planning schemes should be there for the economic bottom line.

Senator COLBECK—I am not saying that. I am looking at it as a user.

Ms Sheridan—This is what that sort of standardisation tends to do. A problem in Tasmania is that planning is really very new compared to mainland states—

Senator COLBECK—I would agree with that.

Ms Sheridan—and a lot of the schemes here are what we might call old schemes. The whole process takes time; it has to be put in a public exhibition and so on. This all takes an enormous amount of time to get change into the scheme. What is happening on the ground, at the coalface, in Tasmania is that land use is changing very quickly, and will change more quickly in the future, and there is really nothing there to check it.

Senator COLBECK—I do not think I am going to get anywhere with this, Chair. I will leave it at that.

Senator BROWN—I understand that you are saying that planning schemes should be appropriate to the area and the people who live there, not to the needs of a national or global industry that wants to invest there and seeks the ease of knowing what the plans are going to be before it gets there.

Ms Sheridan—That is exactly what I am saying.

Senator BROWN—You spoke about invertebrates and fungi being very poorly studied. As a planner, what do you say to those who say, ‘We have ecologically sustainable logging in Tasmania,’ and who approach the establishment of plantations by the removal of native forest first, if that work has not been done or, in other words, if we do not know what is there?

Ms Sheridan—I think this is what can be capitalised upon. They are capitalising upon what I see as holes. They do not tell you about the holes, but this is what it is all about. It is as though we know all the science, we know the way the whole system works and we know every interrelationship in the system. We have all our manuals sitting over here on the side and we tick it all off, then we go ahead. That is absolute rubbish.

I am not a scientist studying the area of invertebrates or fungi, but from the work that I have done and the research that I have unearthed so far, I note that one of the things about scientists is that the science is so much in arrears of what is happening on the ground. If you like, the economic bottom line and the corporate vested interests are just way out ahead. It will never catch up. It cannot; because it takes time to do the research, it takes time to put it in a refereed journal and it takes time to get it out into the public domain.

Senator BROWN—But you do not think it could catch up if there was a requirement that invertebrate and fungi experts were to comb the area before it is logged, or indeed to comb the area for Aboriginal heritage before it is logged, independently and do the work that is required to establish if there are new species there?

Ms Sheridan—That is actually no different to my own area of expertise. If it has not been studied from the cultural heritage point of view then it gets a tick to say that there is no cultural heritage. We know that in Tasmania the cultural heritage act only came in in 1997. The Tasmanian Heritage Council took up 5,000 listed properties; they were taken from the National Trust. They have not got the funds to actually go out and do the coalface research. So forest industry has been very dependent on what has been done over here. It is all site identification. It has been done by archaeologists. But private companies are not part of that system at all, so the greater part of the private forest estate in Tasmania probably has not had any cultural heritage work done on it at all. That is another hole in the system.

Senator O’BRIEN—I am just trying to get a handle on the figures on pages 20 and 21 of your original submission. How much area of native forests is there in total?

Ms Sheridan—Taken out of the RPDC, the total forest area, including plantations, is just over three million hectares. The total area of private forest is just over one million hectares and the total area of agricultural land is about 1.9 million hectares.

Senator O’BRIEN—So we are talking about total native forest logging in various forms of somewhere around 15,000 to 16,000 hectares, on average, per annum?

Ms Sheridan—If you have a look at figure 5, which goes right over to the back—I think it is pages 77 and 78; I have taken these figures from the RPDC figures which were supplied—you will see that you had 4,822,200 hectares of old growth that was estimated in 1750. The old growth in 2002—

Senator O'BRIEN—That is not the question I am asking you; I am asking you what is there now in terms of understanding these figures. What was there in 1750 has been changed by the history of the last 250 years, predominantly of white settlement, hasn't it?

Ms Sheridan—Yes, but it is particularly relevant because of what percentage of old growth forest has been lost. They keep coming back to the 1996 figures or things like that; they are not taking it off the original base.

Senator O'BRIEN—I presume a good part of that 1.9 million hectares of agricultural land would have been old growth forest in 1750.

Ms Sheridan—Yes, very possibly.

Senator O'BRIEN—As would have a large part of the many millions of hectares of agricultural land on mainland Australia.

Ms Sheridan—Yes, that is right. But what I suggest to you is that, if you actually look at the maps at the back of my submission, on pages 75 and 76, it shows you the paucity of forest in Australia altogether, the paucity that was there, say, in the beginning of white settlement and what has happened since white settlement. Now we are getting another enormous land grab, as I would classify it, in terms of the fact that it can occur without any real checking process over here on the side.

Senator O'BRIEN—In terms of the current area available for agricultural land, how much of that in your view ought to be considered available for plantation forestry?

Ms Sheridan—It is not a question of giving you hectares. This report was put out by DPIWE, and it talks about planned capability. It is for the Derwent; they have not done a lot of the regions yet. When you look at reports like this, lands in there are classes 4 to 7. Class 6 lands in there are not supposed to have their natural vegetation cover removed. There are problems with removal of vegetation when you get onto some of these capability lands. Forestry will probably tell you that most of the land that they are occupying or intending to occupy are class 4 to 7 lands. It does not seem to make sense that we have one government arm producing this sort of material and another quasi-government arm doing something quite different. That seems to me to be the inconsistency. I would like to get some overall consistency into this whole process.

Senator O'BRIEN—Perhaps we can talk about the two uses. You do not equate plantation forestry to normal agricultural activity, I take it.

Ms Sheridan—No, I do not.

Senator O'BRIEN—The permanent removal of coverage may be seen as different from the temporary removal of natural coverage—trees, shrubs et cetera. Is that a fair comment?

Ms Sheridan—What do you mean?

Senator O'BRIEN—If you take off cover and allow it to regrow, it is different from taking it off and planting some sort of grass type crop—wheat, canola or pasture. That would be quite different in terms of the ongoing use, wouldn't it?

Ms Sheridan—I think it is a huge problem now, in relation to global warming and land clearing, that we really should be not focusing—

Senator O'BRIEN—Could you answer the question, please? Is one form of use different from the other, in terms of the comparison you made about what DPIWE might consider appropriate as distinct from what Forestry might consider appropriate?

Ms Sheridan—One form of use is generally a lot smaller than another form of use, in terms of the scale of operation.

CHAIR—I do not believe there are any other questions. Ms Sheridan, I thank you for providing your assistance to the committee and for what is a very comprehensive report. A copy of the *Hansard* of your evidence will be made available to you shortly. It is likely, as I say, that the committee may want to pursue some of the issues that are identified in the report and may come back to you with more specific questions, but the secretariat will notify you of that. Thank you again.

Proceedings suspended from 1.08 p.m. to 1.39 p.m.

DEVITO, Mrs Evelyn Maude, (Private capacity)

DIBLEY, Ms Colleen May, (Private capacity)

CHAIR—I thank you both for giving your evidence together. I invite you to make some brief opening remarks, and then we will continue with questions.

Mrs DeVito—I should point out that I am testifying not as an expert in anything except what has happened in Preolenna-Meunna. That is the area that I live in, and I have watched the developments happen there. One of the very relevant things is that Preolenna has become almost a catchcry in terms of plantation developments, because it is the best example of where the plantation developments have spread so rapidly and so inclusively. It has resulted in a lot of arguments on both sides. Rather than going through my submission, I thought I would start out by responding to a bit of what we have already heard today, because these are points that we have been arguing right along, and we have been told that they are not the case.

One is that plantation companies do target better quality growing conditions: they do look for the deeper soils and the good rainfalls. We have been told consistently that they are just going for poor quality soil that is not suitable for any other purpose. Certainly we have been told that taxation has no bearing on the development of the plantation industry in Tasmania. As we heard today, it certainly is very relevant. The other one that we were told was that *Eucalyptus nitens* were being planted around us and they would be harvested in 12 years for veneer logs. Today we have heard further testimony about the fact that research is still under way looking for a way of usefully processing *nitens* for anything other than wood fibre.

As far as I am concerned, Preolenna raises questions of planning for the country in terms of actual food production. We are hearing more and more about the drought in the mainland. We have seen the dust clouds. We know that there are areas of Australia that should never have been cleared and used for agricultural purposes. The Wentworth Group is talking more and more about the need for changes to agricultural practice in Australia. From my point of view as an onlooker, areas that have been producing high-value food for nearly 100 years, which has been causing that environmental damage, should continue to do so. There is a place for plantations in Australia, I believe, but on the ground that should not have been cleared or on small wood lots—and they should be planted as mixed species and not as a giant monoculture.

We have heard in great detail about how the plantation owners care for their plantations and watch over them. What has not been raised today is what happens when the plantation developers get into financial difficulties, as was the case with Forest Enterprises, who have plantations on two sides of our property. For over 18 months there was no-one on the ground because there was virtually no business running at that point. The firebreaks were not sprayed during that time, and there were no workers at all. We had been told that there would be fire crews available from the company in the event of bushfire, but if there is no company solvent and able to employ people then who is responsible?

One of the other issues that we have certainly heard about is the various protections that are there. We have heard about various codes for the timber industry. We are watching what happens. So many of those codes are advisory and not mandatory. Often they say that things

should be done in such and such a way, but when it comes to the work actually been done things are done in contravention. One of the most striking examples of that, which I have personally witnessed, was on a day when the wind was blowing very strongly. Spraying was done with herbicides on the plantation. We could see the herbicide blowing in sheets, and we could smell it.

All the spray complaints went to the department of the state government, and we really did not get any satisfaction. The company continued to spray through—they finished their job for the day. In that particular case, the only victims of that spraying that we could recognise were some trees planted by one of the other timber companies. We later found out from a spraying inspector that the sprayer was working for the other company, but the wind speed was well over 22 kilometres an hour. The ground spray rules advise that spray not be applied at wind speeds of more than 15 kilometres per hour. But there is nothing legal to say that they could not be spraying under those conditions and we could not watch. So what happened happened.

Another issue—one that results in great frustration and a certain degree of cynicism at times—is the lack of independent evaluation of what is actually happening. The closest thing to it is *Rural land use trends in Tasmania*, which was produced by the state government and which really does not address the effects of plantation development in Tasmania at all. It uses statistics from different years, so it is very difficult to put things together, and it is certainly not a scientific or comprehensive document at all. But we were told that that would settle the questions about what was being done in our area and the longer term planning for the state. One of the things we hear a lot about plantation development is that it is good for employment and good for the local economy. According to this document, Waratah-Wynyard and Burnie municipalities between them have the highest rate of plantations in the state, yet the north-west coast of Tasmania continues to lose population on a regular basis and we still have the second highest unemployment rate in the country.

CHAIR—What is that document you are referring to?

Mrs DeVito—This is *Rural land use trends in Tasmania*.

Ms Dibley—The Wise Lloyd and Ferguson report.

CHAIR—Are you proposing to provide us with a copy of that?

Mrs DeVito—We can certainly do that.

CHAIR—Thank you.

Mrs DeVito—I should point out that after listening to this morning's proceedings I have tossed aside what I had written, so I am just trying to make sure I have covered the relevant points. As plantation objectors we are seen as unreasonable people; we are countering the same arguments all the time and the arguments are quite fallacious. One of the ones we hear constantly is that farmers have the right to sell to whomever they please. Certainly they do. This whole plantation issue is an issue of long-term planning and valuing agriculture output, and we have no quibble with that. But the following argument is that farmers have the right to plant any crop that they want. I would suggest there are several crops I could plant that would increase my economic standing greatly—and I would be in great trouble if I planted them. The community

has decided it is not in the community's interests to grow those crops. The state of Tasmania has said plantations are crops and therefore beyond control. It is one of the arguments we face and never really have a chance to answer directly.

I have covered the main part of what I would like to say, except that I see it as a much bigger issue than growing trees in Tasmania. I see it as a national problem: how much timber does Australia need, in what form should it be grown and where is it best grown for the country as a whole. I do not think that is a decision to be made on a state-by-state basis. To try to come up with one big planning scheme for the whole country that suits everyone would be a disaster. The conditions within each state need to be taken into consideration. At the same time, there needs to be a clear and transparent decision-making process that has to establish what needs to be accomplished and how it is going to be accomplished and to look at what has been accomplished. We need to consider what has actually happened in the development of the Preolenna and question that as a continuum for where the 2020 vision goes.

CHAIR—Thank you. Ms Dibley, do you wish to make a statement?

Ms Dibley—Thank you for visiting the Preolenna area yesterday and having a look at the issues, as we sought to illustrate them, from our submissions. I would like to make a few general comments. Daryl and I consider that the basaltic derived soils of the north-west coast—

CHAIR—You will need to clarify for the record who Daryl is.

Ms Dibley—My husband, Daryl Dibley. He is in my ear the whole time as well. There is very high rainfall, particularly at Preolenna, which has 1,600-millimetres of rainfall per year, or 60-inches in the old parlance, and a very temperate growing climate. These are assets this state has over virtually the rest of Australia. These are such good areas of land with that sort of rainfall, given the drought the rest of Australia faces and the population and residential pressures on the prime soils particularly on the east coast of the Australian mainland. Look at areas like Byron Bay—where there are deep rich red soils—and some areas near Lismore. Look at the pressures on the Hawkesbury River flood plain now after they have dug up the Penrith flood plain. The Hawkesbury River flood plain is probably the great amenity area in terms of food and the growing of lawn type crops for the Sydney region. If it is dug up, the hundreds and hundreds of years of work the Hawkesbury River floods have done to replenish those flood plains is going to be lost as a food supply to future generations in Sydney. It will all be hydroponic, I think.

We need to look at those areas of Australia that have these absolutely natural assets and treasure them. This is not being done on the north-west coast in relation to Preolenna, Moorleah and some 36 other small communities along the north-west coast that do have significant patches of good basaltic soils. The productive capacity of the soils is really immense. Most people see the vision of Table Cape—its deep rich soils, the pattern of cropping there and the very picturesque changes that take place there. The soils of Preolenna are similar—possibly not quite as good or deep, but they are similar and have the productive capacities.

In the Flowerdale-Preolenna area and the axis moving south—which was usually seen as a dairy and spuds growing area—we have had pyrethrum, poppies, annual cut flowers, lilliums, proteas, cherries, apples, emus, chestnuts, hazelnuts, broadacre herbs, vegetables and nurseries. We are really a very small area of the north-west coast. We have people pioneering those horticultural enterprises—pioneering them in the sense that it is within the capabilities of many

people to develop their relatively small farms, and even bigger farms, to these more diversified crops. Traditionally, both hemp, as flax, and hops were grown up until the end of the Second World War west of the Cam River on the north-west coast. So we are looking at an incredibly versatile and productive area for high-value cropping.

With the advent of the whole of the major farms of Preolenna going under plantations, we have had the transfer of a lot of spud growing to the northern midlands. The Department of Primary Industries, Water and Environment is extremely concerned because, now that potato growing has been introduced into the rotation, the duplex soils in the northern midlands are not structurally supporting themselves very well at all. They are undertaking research now to try to mitigate a problem that did not exist in the soils of Preolenna. In the planning area, I have had a long argument with state government bodies. The draft state policy on the protection of agricultural land defines plantations as an allowable use on prime agricultural land. The Waratah-Wynyard model planning scheme, which I participated in the development of and where I made my submissions known, defines them also as an allowable use, with no differential for land suitability or allowing council discretionary use. The government also says that it cannot separate it from the definition of 'agriculture'. The Australian Bureau of Statistics differentiates plantations from agriculture and horticulture using the Australian and New Zealand standard industry classification. The Land Titles Office and the Valuer-General's Office define the land use as 'artificial plantations'. So there are definitions. I would ask that you look carefully at the issues I have raised in my submission on private timber reserves. I do not think I need to say any more.

I would like to draw your attention to studies that have been done, particularly the one entitled *Plantations, farm forestry and water* from the CSIRO. On your visit to the area yesterday you would have seen the absolute extent of plantation development across the catchment area, particularly the Flowerdale River. That particular report raises issues of water flows and plantations in catchments. But the researchers say that there is always a mosaic of cleared and vegetated land, as though they believe that the worst could not happen; you would not have a worst case scenario in a catchment. The ABARE report *Forest plantations on cleared agricultural land* did a lot of work on valuing plantations and on what land was available, regardless of whether it was land held by forestry commissions or timber companies or whatever. It looked at all land suitable for plantations, which took in, of course, all of Australia's agricultural land as well. Even though it went through all of the lovely statistics on how it would be good for us, it made no allowance for the opportunity lost when high-value agriculture and horticulture are replaced by low-value plantations.

Plantations in Preolenna are not an additional use. They have replaced dairy and cropping. That is the key. A couple of studies have been done, one by the Rural Industries Research and Development Corporation on the socioeconomic impacts of forestry and another by ABARE on country towns, and both observe that farmers spend locally the majority of their income flow. In terms of the figures for Preolenna, that is \$4.1 million a year in income flow lost from those 16 high-value dairy and cropping properties to the north-west subregion—that is per year—and that is a lot of money sloshing in a bucket.

On policy changes with taxation incentives, Mr Ralph has become my hero, because he is the only person who seems to understand level playing fields and competition policy in a correct environment. What has happened is that the taxation incentive to allow this carry-over from one taxation year to another now only applies to plantation developers and development and

investment schemes. It does not apply if Daryl and I want to dig out our chestnut trees and put in emus, with a few investors in tow, or go into a boutique winery or whatever. Any taxation incentives in the primary production area, the timber area, the forestry area or anything else should apply to all sectors. We have heard today that it would seem that the tax incentives are absolutely essential to the success of plantation investment schemes. We should not have to set up such artificial schemes to get those taxation incentives.

As orchardists, if we buy 50 high-value chestnut trees and put them in the ground, we cannot claim 100 per cent for the purchase of those trees. We can claim only a proportion of that over the productive life of the trees. Chestnuts grow for 200 years. Our capital tax incentive deduction has to be divided over the purchase of that tree over 15 years. That is the way the taxation department sees it. We do not get it in year one; we get it over 15 years. It is not a level playing field between farmers, orchardists and plantation developers.

I have a couple of solutions for you. I think that after your four-year reintroduction of that 12-month rule the taxation incentive should only apply to farmers where they are mixing plantation development within an agricultural setting and where they are integrating within farm agriculture for the establishment of plantations on degraded, salinated or classes 5 to 7 land under the land capability scheme. I am really concerned about the Natural Heritage Trust funding to Private Forests Tasmania for their very informative leaflets which do not hit the deck in the farming community, I can assure you. I would like to see their arguments for establishing and integrating plantations within farm agriculture. I do not think there has been enough attention and I do not think there has been enough pressure and prodding on organisations like that to get out there in the field and talk to farmers face to face.

We have heard a lot today on the good neighbour policy. I was absolutely amazed. Evelyn and I talked about the good neighbour policy and thought it is just a local thing on the ground, the Senate will not be interested in that, but it appears that everyone is interested in it and it seems to be very important. It seems to be the icon that is held up: 'Don't worry about the plantations in Tasmania. We're doing it right. We've got a good neighbour policy.' The good neighbour policy says only that they will do what is required by law. They will obey the boundary fences act. They will not break the law when they undertake the use of chemicals. They will generally be what I would consider to be normal citizens. But it is not happening even at that level. A lot of the problems—and the problems you saw with our particular situation—such as weeds I put down to lack of supervision and decisions being made in another climatic zone, in this case Launceston, a totally different climatic zone, and the efficacy of herbicides does depend a lot on local conditions and when they are applied. Machinery hygiene is another problem. As for the lack of a farmer presence, we had the example of the failing water infrastructure. We have looting in Preolenna, which is a continuing problem and causes us great angst, and the trashing of the tremendously valuable asset, I would have thought, to the plantation developers of extensive wallaby-proof fencing in the subregion. That has been probably the biggest tragedy of all. On boundary fencing, when we finally got an agreement with Gunns through the good offices of the Forest Practices Tribunal that we would move the fencing to its correct boundary realignment and they would provide the fencing materials, it took them nine months to deliver a few rolls of second-hand rabbit wire. We made three phone calls over that period of time. I do not think we should have to do more than that—because obviously nobody was listening.

The other issue that I would like to just touch on is the relationship between the plantation industry and councils. Forestry Tasmania makes an ex gratia payment to Waratah-Wynyard Council of 60 per cent of previous rating levy on land it buys for plantations. That land was previously rateable. They are getting a discount of 40 per cent. The other particularly interesting one—

Senator COLBECK—Can I just ask a question. Are you talking about the relationship between the plantation companies and local government?

Ms Dibley—No, I mean plantation developers. I am sorry.

Senator COLBECK—There is a difference. Forestry Tasmania is a state GBE—

Ms Dibley—Yes, but it is buying private land and developing plantations.

Senator COLBECK—I just wanted to clarify that. Thank you.

Ms Dibley—The other was the matter of councils and capital works—roads and bridges and things. Over 2001-2003, the two capital works programs that I have got pamphlets for from council show that \$470,839 has been allocated to resurfacing and sealing roads in the Preolenna area. We have 22 households in Preolenna. In the next valley, Myalla-Milabena, which has an estimated 45 households and is mostly a dairy cropping area with some plantation in the back country, a total of \$101,647 has been allocated for the same two financial years. That is just two years worth, but you can see there are problems, particularly in the case of Preolenna. We need to rework and reseal two kilometres of Preolenna Road. That is going to cost \$198,000. We have had a whole winter of log trucks burning up and down there from the various clear-felling operations that are going on in the remnant vegetation on Gunns's properties and from the small plantations that have been coming down. The roads do not hold up in winter in Tasmania, particularly in the high rainfall country. I think that there is a lot of work the committee can do on rationalising the whole business of roads, the timber industry and plantations. The locals get a bit toey. Thank you very much.

Senator COLBECK—In your submissions—and you mentioned it again this afternoon—you indicate that you had been told that the *Eucalyptus nitens* would be harvested in 13½ years. There seemed to be an implication that these trees were a low-value commodity. That is what you are saying in your submissions, yet this afternoon you are saying that the fact that they will be there for longer than you were promised is also a problem. Can you clarify this for me. You were told that the trees were going to be harvested in 13 years, and now they are going to be there for longer. I want you to expand on your thoughts with respect to—

Mrs DeVito—We were told that the plantations were developing around us, that trees would be planted, they would be harvested in 11 to 12 years and that at that point they would be suitable for use as veneer logs. That came directly from Forest Enterprises, an employer with whom we negotiated the development around our land.

Senator COLBECK—Ms Dibley, you were just talking about the investment that the Waratah-Wynyard Council is making in roadworks in two specific areas. Can you tell me how that relates to their rolling works program and how it might relate to time frames prior to possibly increased usage due to the development that is taking place in the Preolenna area?

Ms Dibley—I think it snuck up on them, basically.

Senator COLBECK—Do you have evidence that they have had to specifically change their works program to do extra works in the area? Has it been part of their works program?

Ms Dibley—Put it this way: I was surprised to see that large amount of money being spent in the Preolenna area, given that the majority of traffic is log trucks and there is very little servicing of areas like Coal Mine Road, which is not used by log trucks. It seemed to me that, over two years, a lot of money was being spent to facilitate—

Senator COLBECK—But you do not have any evidence of whether that is the context of a rolling works program of resealing in other areas or whether it is related to length of road or anything of that nature?

Ms Dibley—No, I would have to look at council business papers for that.

Senator COLBECK—Do you have any evidence or a perspective on why the dairy and cropping farmers were selling out on their properties in the first place?

Ms Dibley—I have a good perspective. There was a lot of angst in the dairying community with regard to the problems of dairy deregulation, because a lot of the implications for the future were not clear. We had in our midst four very productive and innovative New Zealand farming families who were leading the way with regard to the modernisation of farms and rebuilding: they had in the late nineties rebuilt some four dairies from scratch. They were quite successful farmers, although perhaps a little overcapitalised, but the plantation developers bought the outlying properties around the edges and then came in and bought a major property in the middle of Preolenna. It was like a hole in a doughnut, and people just panicked. They all decided that was basically the end, because they did not know who was going to sell next. We ended up with one dairy farmer left who could not get any sort of promise from the milk company that he would have a daily milk tank.

Senator COLBECK—But surely if they were making reasonable returns on their properties—as you indicated earlier in your evidence, as did the cropping people—why would they sell in the first place?

Ms Dibley—Were they getting a decent return? I do not know.

Senator COLBECK—You were saying earlier that that was the impression you had.

Ms Dibley—I am saying that it is not so much the return but the high value use of the land. That is what I am talking about.

Senator COLBECK—But if you cannot make a living off it, why should you be prevented from selling it for something that you can?

Ms Dibley—Are plantation developers making a living off it? In the eighties one of the state's agroforestry pioneers pioneered agroforestry in Preolenna. There is a situation now where there is a receiver in, the trees are out there and nobody knows.

Senator COLBECK—Are you aware of where the dairy farmers and croppers are now and what they are doing?

Ms Dibley—Yes. We unfortunately lost to this state two of the best New Zealand farmers I have ever met: they have gone to Victoria and they are managing extremely large properties there. A couple of others went sharefarming and two or three retired. I do not know what has happened to the rest.

Senator BROWN—Thank you very much for your presentation. Following on from Senator Colbeck's questions, would it have made a difference to those farmers if they had had the tax breaks that the plantation industry is getting?

Ms Dibley—Yes. When the young New Zealand farmers first came to Preolenna they told me that the bank did not consider cows as assets, and even getting loans was a problem.

Senator BROWN—So there is effectively a distortion there of the agriculture industry and the choices available through the tax mechanism, which favours plantations—

Ms Dibley—Now it is plantations only.

Senator BROWN—Following up on the roads question, has Waratah-Wynyard Council done an assessment of the cost of logging traffic on its roads?

Ms Dibley—I am not aware of it, but I did hear today that there is some form of infrastructure—I think Senator Colbeck mentioned it—going on with Waratah-Wynyard Council. I will certainly have a look at that.

Senator BROWN—Could you find out and let the committee know?

Ms Dibley—Yes.

Senator BROWN—Do either of you know whether, anywhere in Tasmania, anyone has assessed the real cost of those big trucks on the Tasmanian road system?

Ms Dibley—No.

Senator BROWN—I do not know the answer to this, but maybe you do: why not?

Ms Dibley—It has always been interesting that every time there have been huge problems with developments designed to go into an area that does not have the infrastructure, that has our little back country roads—and you know what they are like: they are all over the place, they are nice to drive along but they are not really suitable for industrial transport, which is what we are talking about, be it log trucks, quarry trucks or anything like that—it seems to me that one of the biggest issues the planners and developers shy away from is answering citizens who sit on the sides of the roads and do traffic surveys. We have done that: the New Zealand dairy farmers and I did that in Preolenna over the question of a blue metal quarry proposal by council out at Meunna. We did traffic surveys over a month on how many trucks went by, what tonnage they were, whether they were going this way or that way, and we had another lady down at

Flowerdale doing the same thing. We were astounded at the amount of traffic, and they were too.

Senator BROWN—I well remember a premier—I think Premier Field—pointing out in the parliament that the impact of a big truck can be 30,000 times the impact of a car on the same corner. But there is no study that we know of?

Ms Dibley—No.

Senator BROWN—I find that astounding. Thank you very much.

Senator O'BRIEN—On the taxation comparisons you were making in your evidence, how much relevance should we give to comparing a crop like trees with a return at the end of a long period and a crop such as fruit trees which might have an intervening period of nonproductivity but then an ongoing year-by-year productivity creating income? Is that relevant?

Ms Dibley—Yes, given that the sweet chestnut, *Castanea sativa*, is one of the preferred species on Forestry Tasmania's preferred species list for timber. It has dual uses.

Senator O'BRIEN—But you sell the chestnuts; you are not growing it for timber purposes, are you?

Ms Dibley—We are some, yes.

Senator O'BRIEN—Do they produce fruit as well?

Ms Dibley—Not gradable fruit really—it is catch as catch can.

Senator O'BRIEN—In terms of work that is going on with some of the plantations, as we observed in the Preolenna area, and the fairly obvious pruning that we saw when we travelled with you yesterday, should there be any special consideration given to investments of that nature which have a very long time span for providing a return from the investment?

Ms Dibley—I would agree with you; I would put it at 25 years or over. But I would also suggest that the shorter term pulpwood could well again be grown on the land that is degraded or has lower level values. The industry says that it takes longer to get even pulpwood out of that, but that is where you get your tax incentive—to leave it there and endure with it. What they are basically getting from their tax incentive is that transpiration credit or land re-stabilisation credit—there has to be something.

Senator O'BRIEN—Elements of the industry suggest that they are able to derive a much better rate of growth and guarantee a much more viable rotation of timber for both pulpwood and solid wood purposes—be it veneer or sawlog outcomes. You are effectively saying that they should get no tax concession if the land is not below a certain standard.

Ms Dibley—I am not saying 'no tax concession'. I am saying that it should not be spread over two tax years. The price of the tree or whatever should be at that level playing field—it should not be spread over two years. The situation, it seems to me, is that the plantation

investment scheme is introduced to investors in about April or May, they all rush in with their money before 30 June, get their tax deduction, the plantation developer then goes out—

Senator O'BRIEN—It is more to do with the cycle of investment.

Ms Dibley—What about us?

Senator O'BRIEN—Some farmers have access to things like farm management deposits through which they can defer the tax status of moneys by investing them—which is another form of tax concession.

Ms Dibley—We are not that big, but we still invest hard cash in our property.

Senator O'BRIEN—Yes. I am not pointing to any particular farmer, but there are other tax products that are of assistance in deferring tax liability for more than one tax cycle potentially by the investment of earnings, as distinct from the deferral of the tax liability in the hands of the investment company over the 12-month period. I do not have any more questions about matters that I have not seen with my own eyes. I will leave it at that.

CHAIR—Ms Dibley and Mrs DeVito, I thank you both for providing assistance to the committee this afternoon. I thank you for assisting us in making up time and for yesterday's inspection of the Preolenna-Meunna area. A copy of the *Hansard* of the evidence that you have provided will be made available to you shortly—no doubt the secretariat will be in touch with you about that. If there is anything that you need to chase up with us, please feel free to contact the secretariat. I believe that you are going to answer some questions which were put on notice and chase up some information for us.

Ms Dibley—Yes.

CHAIR—The secretariat will be in touch with you about that. Thank you for your assistance.

[2.25 p.m.]

RYAN, Mr Malcolm Stuart (Private capacity)

CHAIR—I now welcome our next witness, Mr Malcolm Ryan. Are there any comments you would like to make on the capacity in which you appear?

Mr Ryan—I have been campaigning for the last nearly four years against this rapid expansion of plantation forestry in Tasmania. I am not opposed to forestry per se, as I grew up near a sawmill and I had my own small plantation establishment—macrocarpas, for a fine timber resource in the next 30-odd years.

CHAIR—Would you like to make an opening statement, and then we will move to questions.

Mr Ryan—I would like firstly to put on record my disappointment that some senators did not attend yesterday afternoon's tour. They attended the tour with the forestry industry in the morning and chose, for whatever reason, not to attend the afternoon tour with Colleen, Evelyn and I.

I would like to make a few quick points. I believe this strategy is forcing good, law-abiding citizens to think and act as criminals in this state. There is a lack of political will to listen to people. On that front I would like to point to the strategy in Tasmania called the 'Tasmania Together' process, which took into account the views of all Tasmanians. The findings of this were first released and quoted on the front page of the *Sunday Tasmanian* of 23 April, under the heading 'Timebomb: forums of discontent'. The article stated that 'they don't want private tree farms, logging in old-growth forests, woodchipping, GM crops and out-of-touch politicians and bureaucrats'. I hope this committee will take into consideration the wishes of the Tasmanian people and not force upon them the wishes of, for instance, the then federal forestry minister, as quoted on Friday, 18 August 2000 on the front page of *Tasmanian Country*. The article states that Minister Tuckey told *Tasmanian Country* that Australia needed 'a plantation state'. He said:

Let's have an environmental fight and, if the people say they don't want investment money ... then tough for Tasmania ...

Senator O'BRIEN—Did he have an iron bar with him at the time? I withdraw that.

Mr Ryan—Somebody should have taken to him with an iron bar. I point out to you to this stack of paper here. Each sheet represents a title which represents a farm that has been sold to plantation companies in this state in the last three years. There are over 400 that I know of—and I stopped collecting them at the end of January 2000. I also show you a map called 'The Disappearing Landscape', which was produced by Bushcare. On the left is a satellite shot of the Burnie municipality in 1991. The light green represents pasture, the dark green represents forest and the pink represents plantations. We skip to the 1999 shot and you can see the massive conversion with plantation establishments in the Burnie municipality in that time frame of eight years. That was three years ago. There has been a massive conversion going on since then. I would like to see the 2002 satellite shot.

I also point out, while I have the map up, that the black around there represents my mail run. In the PowerPoint presentation I will make to the committee as part of my submission, you will see photos that were taken on my mail run on Wednesday. I did not deviate off my run. If I can gain that series of photos of damage just on my mail run, it shows how many problems there are in forestry developments in this state. I am quite happy for someone to fire away with some questions. I have a couple of pages of dot points that I could run through and you could expand on those, if you would like to.

CHAIR—I have one question that follows on from what Senator O'Brien was asking the last two witnesses in relation to tax schemes or tax product rulings. In relation to the plantation forest of the macrocarpa species that you have established, in attempting to set up something for the future do you attract any sort of favourable treatment in the tax scheme as a result of that?

Mr Ryan—Absolutely not. In fact, I incurred great costs in establishing that, mainly because of the forestry rights system in this state which was supposed to be set up to help people get forestry rights and protection on forestry developments. Through no fault of my own, I went to great expense to get a forestry right on that. I propagated the trees myself, I did the establishment work myself and I maintain it myself.

CHAIR—Why is it that you do not receive the same sort of treatment as others? Is it something in relation to the species or the way that you have established the plantation forest or the timing?

Mr Ryan—I do not have the resources to set up a scheme in the same way that Forest Enterprises, Gunns or Forestry Tasmania do.

CHAIR—I will let you go ahead with your presentation.

A PowerPoint presentation was then made—

Mr Ryan—I will skip through this and I will talk about each shot. You can have a look at it in your own time; I will email the presentation. The first shot shows a plantation at Hampshire which has been smothered with gorse and broom. There has been absolutely no management. The second shot is a close-up showing the gorse right in amongst the trees. There is an absolute mass of it up there. You saw the thistle problems at Preolenna yesterday; this is the gorse problem at Hampshire. The next shot shows what was known to any of the locals or historians as the Hampshire settlement, where Henry Hellier first settled in 1824. Just for the record, that is where my great-great-grandmother was born. She happened to be the first white woman born in that settlement. You can see the absolutely massive amount of gorse and broom in amongst the plantations. The cultural value of that settlement was all but decimated by the plantation developers at that time.

The next shot shows the upper reaches of the Cam Valley, where the headwaters of the Burnie City water supply come from. That also flows on to the Waratah-Wynyard catchment. We pan out from that to see a view of that valley. There are plantation establishments at both sides of the headwaters for as far as you can see, and in amongst those is an infestation of gorse and broom. The next shot shows a rock wall in between two rows of plantations. That was known as Narajinda Park; it was an Aboriginal settlement. They had a tourism business there, with backpacking. They were forced out of that area—there is no question about that. They had their hall burnt down, and there were all sorts of tricks by the forest industry to try and force them

out. In the end, the industry realised that they would have to pay them a great sum of money to get them out, and that is what happened. Once again, that is forcing people off the land.

The next shot is of Tollana Road at Hampshire where, right as we talk, there are major roadworks occurring. I have been driving on that road for the last 12 months. There were no problems with that road whatsoever until they started logging in that region six months ago and the log trucks started carting through there. Now they have been there with backhoes, bitumen hot-mix equipment et cetera, patching up that road from one end to the other. Last year we saw the Burnie City Council spend \$160,000 on the section of road from the South Riana turnoff to Upper Netone purely to accommodate log trucks carting off crown land at Lyatea through to the chip mill. Crown land does not return any rates to the local government body and therefore we as the ratepayers of that municipality had to foot the full cost of that road maintenance for the forest industry.

The next shot shows a section where they had to dig out with a backhoe and make repairs. Here is another section of it. This is a close-up of a plantation establishment on what was known as the Old Research Farm at Tewkesbury. We pan out from that and have a look at a distance shot—and I can assure you I would not like my money in that plantation development.

The next one shows blackberries smothering the base of the trees—no management whatsoever. Again, there is the same problem. That is the hill at Tewkesbury and once again it shows the extremely poor management and growth rates of this plantation establishment here. This is another shot showing one of the supply tanks that was on that property and the poor growth around it. This is a close-up of a section right against the road, which they should not have touched in the first place—it was very steep, with man ferns, and it was wet. You can see there is a creek running there—and that was only Wednesday and it is starting to get quite dry here. Panning out a bit further, this shows you the man ferns that were burnt in about March of this year. Going out a bit further, this shows you a bigger picture of that. That was a high conservation area. I estimated that if they had even salvaged those man ferns and sold them there would have been at least \$10,000 worth of man ferns that they just blackened, just put a fire through.

On top of that, the day they put a match to that area and burnt it I had an AFL footballer over here who had investments in plantation developments and I was taking him for a look around. We went up there when that was on fire and I said to him, ‘I guarantee this will get away on them.’ Next day in the paper, guess what: ‘Fire Escapes at Tewkesbury’. I talked to the landowners up there two days later when I went around my mail run and found that not one tanker from Gunns attended that fire and no firefighting personnel. It was all fought by three volunteer fire brigades.

The next shot is of radiata pine growing up in between the plantations. No management is being done there. This suppresses growth of the nitens that are the primary growth they want there. These are just some other trees and, to a certain degree, suppressed growth and therefore poor returns to the investors once again. This is a shot looking from a distance. I do not know whether you would call this next one a plantation establishment because it is certainly not up to anywhere near a satisfactory standard. It is very patchy with no growth in a lot of areas and, once again, if I were an investor, I would certainly not like my money in that. Here is a close-up shot and if you look at that photo closely you can see the radiata growing up in between. Once again, a panned back shot shows the radiata growth growing in between the patches of the

nitens. Here is a similar shot of some poor growth in the foreground as well. This shot is of the Guide River which is getting close to the catchment of the Guide Dam which flows into the Burnie water supply. You can see there how they just rout out all the native forest right down to the water catchment on both sides.

The next one is a new development. You can see that they have just routed out another patch of bush right down to the river again. In the next one, which is back on the other side of the creek looking from the other way, there is no contour ploughing, just straight up and down. Any erosion goes straight down into the creek. Once again, a patch of nitens, if you can call them that, at West Ridgely. I would like someone to tell me what sort of tonnage they will get off them.

CHAIR—Mr Ryan, do you have many other presentations?

Mr Ryan—That is the final picture.

Senator O'BRIEN—In terms of weed management strategies, what recommendation would you suggest this committee make?

Mr Ryan—One of the suggestions I would make is that the taxation concessions are approved after, say, five years, when they have established and done some of the maintenance work, or certainly part of it, or call back some of it if they are not meeting a certain standard. There is a Forest Stewardship Council that has a certification system up and running globally. I am not saying that is the system to use, but I will use that as an example. Each plantation would be assessed annually by a body such as the FSC and if they were not meeting a certain standard, penalties would be imposed.

Senator O'BRIEN—How does the current tax concession work for plantations, do you know?

Mr Ryan—There are so many angles to it. Basically, they go to the Taxation Office and they get a product ruling. It depends on the case they put forward to the taxation commissioner or whoever is handling that product ruling. Each one can vary, depending on how much clout they have or their credibility.

Senator O'BRIEN—With regard to productivity, we saw in at least one of the plantations you took us past yesterday evidence of pruning, obviously with the intent of creating a more valuable product and probably two harvestings: the harvesting of the pulpwood that was not pruned and, at some subsequent time, the harvesting of the pruned timber for higher value purposes. Should that be treated differently in terms of any tax concessions or other arrangements to encourage a higher value outcome from plantation forestry, given your criticisms about their use of valuable farmland?

Mr Ryan—Firstly, in relation to the pruning, you saw yesterday about one-thousandth of the plantation establishments on the north-west coast. You talked about prunings: the last three months is the first time I have seen any plantation developments pruned in this state. There is a private one at East Ridgely that is being pruned and I noticed for the first time yesterday that there were a few limbs coming off a few trees at Preolenna. I do not know whether that was the same as the roadside mowing and verge tidying up around there for the visit that went through

there yesterday—whether they snipped a few limbs off to make it look good for the senators. But I can assure you that if you spend some quality time with me or the other members in this room and tour this state, you will not see too many plantations being pruned.

Senator O'BRIEN—I suppose it is pretty obvious to see them after the event.

Mr Ryan—It is pretty obvious if you spend as much time as I do in this state travelling around. The problem is that you know pretty well what is going on, I would suggest.

Senator O'BRIEN—We were told by representatives of Gunns that pruning takes place after a period of growth because they need to leave at least 50 per cent of the foliage on the tree at each pruning so that it is not damaged by the pruning.

Mr Ryan—Yes, I can go along with that.

Senator O'BRIEN—That would be two or 2½ years old. How many of the plantations that you were talking about are older than that?

Mr Ryan—The majority.

Senator O'BRIEN—So most of them have not been pruned.

Mr Ryan—Absolutely. I can take you to nearly any plantation establishment of up to 10 years of age here and you will not see any that have been pruned. Gunns may be a slightly different case. They have downstream processing and one thing or another, and they might be looking for some downstream processing. But I suggest that, if you talk to any sawmiller in this state, there will not be too many who will say there would be much downstream processing coming out of these nitens that are going in.

Senator O'BRIEN—They say it is for veneer, not sawn timber.

Mr Ryan—Once again, how much veneer are you going to have? Look at Peru, Argentina, Chile and Uruguay. Portugal has 500,000 hectares in. China is going mad. How much veneer do you want?

Senator O'BRIEN—I cannot answer that. If you will let me ask the questions, you might be able to get some answers.

Mr Ryan—I am saying there is going to be a massive oversupply. When you start looking at a report like Judy Clarke's from the ANU, it says that by 2014 we are going to have to find the equivalent of two new world-class pulp mills just to meet the supply coming from plantations in WA alone. If you talk to people like Evan Shield, who is a global wood flow forecaster, he will tell you there is an oversupply of eucalypts for pulpwood. He has said:

Especially in South America, delays in developing new pulp and paper projects in the 1990s has meant that vast areas of plantations are maturing with no fixed market in sight. This has forced growers to search for new outlets for their timber
...

Where will it go? That is in South America. I have just said WA has to find new markets for X million cubic metres.

Senator O'BRIEN—I understand there is 300,000 hectares of globulus plantations in Western Australia. One possible scenario is that the market for native forest woodchips will be put under some pressure. Is that a fair summation?

Mr Ryan—The figure of Judy Clarke's I used was if we totally stop logging native forests in WA; it was just off the plantations alone. That means we have to cease all native forest logging.

Senator O'BRIEN—In other words, you are suggesting that, on the evidence you see, there is going to be an oversupply just from plantation.

Mr Ryan—If they are being put in for a wood resource product. If we are going for carbon credits and that gets up, then it might be a different story. But if we are looking here at a pulp or a timber product, then we are going to have a massive oversupply on the figures that I have.

Senator BROWN—We know we are not going to have carbon credits, because Forestry Tasmania this morning said they are not interested. I just wonder if you could also answer, from your knowledge, whether there has been any real study done on the cost of roading to local government and the state, in terms of backup to the forest industry as a whole?

Mr Ryan—Senator, what you have to understand is that 2020 vision states that the responsibility for the infrastructure is going to fall onto local government. They are expected to pick up the tab for the infrastructure developments, such as roading.

Senator BROWN—Do you know whether there has been any study done—you might have heard me ask Ms Dibley about local government—about that cost on local government?

Mr Ryan—To my knowledge, there have been no studies done. The only information I have got is from planners and departmental managers that feed me information and say, 'It's costing us X amount here to maintain this road.' As I said, the Upper Netone Road is just one little example of where they had to spend \$160,000. We then had \$200,000 cut out of our parks and gardens maintenance. To my knowledge, there has been no broad study done of the costs, except that there has been a local government association committee formed, made up of different members, to look at forestry issues affecting local government.

Once again, the head of that committee is the mayor of the local council and sits on the Forest Practices Board. These are the problems we are dealing with all of the time—and every time there is a study. Wise, Lloyd and Ferguson was commissioned to do a study into the changing economics of the rural sector to determine whether plantation establishment was a driver or an outcome of rural change. Guess what they said!

Senator BROWN—You tell us.

Mr Ryan—After what you saw yesterday at Preolenna, you would certainly have to question that report, because it said that there would be no effect on beef production, no effect on dairy production and no effect on cropping. That company has very close contacts with the forestry industry.

Senator BROWN—I will not search into that one but I would like to ask another question about the Tewkesbury fire. You said that Gunns did not turn up. Do Gunns have firefighting infrastructure in that area?

Mr Ryan—Once again, I have not specifically gone to the company and asked them what they own. But I have certainly talked to people employed by both North and Gunns in fire maintenance for over 30-odd years. If you talk to those people, they will tell you that there is a massive fire waiting to happen. Recently, there was a letter in the local paper—

Senator BROWN—Just on the Tewkesbury one, you said that three local trucks turned up. Presumably they are volunteer brigades.

Mr Ryan—Yes.

Senator BROWN—Does Gunns finance that?

Mr Ryan—My understanding is that Gunns have cut back significantly on their firefighting equipment and maintenance teams. There has been virtually no work done in the last five years on the maintenance of firebreaks. There are some suggestions around—and I am not saying that this is right—that Gunns have done some deal with the fire service that they will fight their fires. Whose fire are they going to go to, if my house is on fire and a Gunns plantation is on fire? Which one are they going to pick?

Senator BROWN—We might put that question to Gunns in a supplementary question, and ask the fire service as well. Just finally—and I do not want to delay the committees, and so I will make this short—they have a good neighbour program so that they are good neighbour to their neighbours. Presumably, in some way they would make up for a fire that burnt into another property. I think we got the implication that they are moving to agree that, where weeds invade another property, that should be made up for. What is your view of the good neighbour policy?

Mr Ryan—In my opinion, it is just another piece of paper that they put out. It is nice and colourful and glossy. Basically, it is spin doctoring. It tries to tell you people that they are doing all the right things; but, when you get on the ground and become a neighbour, I can tell you now that you certainly do not think that the good neighbour charter is a very good document—because it is nothing. It means sweet bugger-all, Bob!

Senator BROWN—Does it have any teeth to it?

Mr Ryan—Absolutely none. It is like all the codes for forestry. It uses words like ‘shall’, ‘may be’, ‘perhaps’. There is nothing enforcing anywhere. If there is, it does not work.

Senator BROWN—Thank you.

CHAIR—Senator Colbeck, do you have any questions to ask?

Senator COLBECK—No. I was going to ask about the road funding, which has already been dealt with.

Mr Ryan—Can I just whip through a couple of quick points here? I will not elaborate too much.

CHAIR—Okay. I am just mindful that we have less than three minutes to go.

Mr Ryan—Okay, I will take 2½. Tasmania has 25,000 hectares of salinity-affected land. Not one of those farms there is on salinity-affected land. There has been no plantation establishment on the areas affected by salinity in this state. But I thought that was one of the reasons for establishing the 2020 vision: to help fix such environmental problems as land degradation and salinity. I will leave that one with you.

At the December 3 meeting last year, AFFA representatives gave a commitment that they would come back to this state and inspect the areas of concern being raised. They have not been here. They should be here and they should be made accountable.

I believe that Forest Enterprises Australia are claiming tax deductions for the completion of establishment work but are not completing all of that establishment work. They should be audited on some of their coupes, and I can certainly give you some directions on where to go for that. FEA established 500 hectares of plantations in Kingaroy in the year 2000, just before they almost buried themselves, and they walked away and left those plantations. If any of them are growing, I will be staggered.

We have just lost out on a \$100 million potential industry development by a European company wanting to set up a beverage industry here, using our ‘clean green’ image and our water: a representative was here and saw Forestry using the aerial spraying of Atrazine, which stuffed up an organic farm, and also saw the lack of political will to do anything about that.

Senator COLBECK—Can you tell us who that company was?

Mr Ryan—You should speak with Tony Richardson, who is a consultant from Hobart.

Senator COLBECK—I have tried to find out from Mr Richardson who the company was and he will not tell anybody. This makes me doubt whether there is anybody. That is why I asked you, I thought you might have known. Thank you.

Mr Ryan—My local council was not aware of this inquiry happening and expressed some concern that they were not aware. I imagine that the situation could be the same right around the state. Therefore no local government has had a say in what is going on here, yet the 2020 vision strategy says that local government will be consulted.

Senator O’BRIEN—It did not stop the local government bodies in Western Australia from having a say and they got the same notice.

CHAIR—It has been advertised nationally but, separate to that, what we have agreed to do is to write to each of the local government bodies here in Tasmania to seek submissions from them and, as I said earlier, there is a high possibility that we will return to continue our inquiries here.

Mr Ryan—Finally, I would like to say as part of this submission that the plantation establishments are part of the forestry problems in this state and to get to the bottom of it all we need a full commission inquiry or a royal commission into forestry in this state. Nothing short of it will do.

CHAIR—Thank you for that, Mr Ryan. A copy of the *Hansard* of your evidence will be made available to you shortly. Thank you for your assistance to the committee and particularly for yesterday's tour.

[2.58 p.m.]

HAYWARD, Mr John McClure (Private Capacity)

CHAIR—Mr Hayward, do you have any comment to make about the capacity in which you appear?

Mr Hayward—I am here as a private citizen and a frivolous objector.

CHAIR—I invite you to make some opening remarks.

Mr Hayward—I am just a private citizen who has had contact administratively with the forest industry. I have taken a great interest in what they are doing to the place. Some of you may have been confused by my submission. I was trying to stay within the terms of reference but I noted that they did not really provide for addressing the interests of anyone but the plantation industry. You simply were not allowed to criticise it, so I am forced to take the perspective of the plantation industry, which has done extremely well in Tasmania. It has the most rampant logging industry in the country and arguably in the developed world.

Amongst the salient traits of Tasmanian logging is the grotesque size of its harvest, proportional to the size of the state. I extrapolate that something like 7.2 million tonnes, or over six million cubic metres, was logged in 2000-01. This produced more export woodchips than the rest of Australia combined, despite the fact that Tasmania makes up less than 0.9 per cent of the land area and probably has about four to five per cent of the harvestable forest. So it is absolutely massive.

In that same year, 42,000 hectares were either partially logged or clear-felled. A bit over 85 per cent of that harvest went directly to chips. The rest of it is primarily milled automatically, which recovers only about 18 to 20 per cent of the timber, so we are looking at a figure of less than five per cent of an enormous harvest. It is very difficult to get the price of chips, even from a public resource. By ringing something like four Forestry Tasmania outlets, I finally managed a few years ago to get somebody loose-tongued enough to admit that it was \$72 a tonne. That was down from about \$94 three or four years before that. Timber is worth vastly more, of course, but it is not very attractive if you are in a big hurry. It employs a lot more people, a lot of equipment and a lot more investment.

Another striking feature of Tasmanian forestry is the extraordinary generosity to the industry. Forestry Tasmania was given control of 1.6 million hectares of Tasmania's 6.8 million hectares. The tax incentives for private investment in forestry give the industry very good access to the 900,000 hectares that probably remain, so we are looking at close to 2½ million hectares being pretty much under the thumb of forestry.

This is a very unproductive industry. Its only value comes from the fact that it employs very few people. It also encourages the destruction of the natural environment, which is valued at absolutely nothing here. The concessions made to this industry are inexplicable—none of the government explanations add up at all. When the RFA bill was passed, Senator O'Brien told the press that it was to save jobs in the timber communities, but the forest industry work force in

Tasmania has collapsed since 1997 from over 6,500 to 3,400-odd in 2000-01 and I have heard that 800 more jobs have subsequently been lost; so that is no reason at all. The legal immunities are staggering. For all practical purposes the industry are free of any planning or environmental legislation, as they regulate themselves. Their record of finding no fault in their practices, many of which are not allowed anywhere else, is amazing. Cable logging, atrazine spraying, poisoning of wildlife and so forth are just unbelievable to a European.

One of the speakers mentioned earlier that forestry should be made a discretionary use. Unfortunately, the issue has come up before. In 1998, after a court case which found that councils did have the right to make a decision where forestry was discretionary, the Tasmanian parliament passed the Forest Practices Amendment (Private Timber Reserves) Act of that year allowing a landowner to simply bypass a council and apply directly to the Forest Practices Board—which is dominated by the industry—for a PTR. A PTR, of course, removes the subject land entirely from the planning and environmental system.

Senator BROWN—That is a private timber reserve.

Mr Hayward—Yes, a PTR is a private timber reserve. It is an amazing device.

Senator O'BRIEN—Appeal to the courts is possible.

Mr Hayward—It is supposed to be the final review, but so far nobody has done so.

Senator O'BRIEN—I did not say they had done so; I said it is possible.

Mr Hayward—It is possible. But you can only apply on a point of law, not on the merits of a case and I am afraid the merits of the case do not do very well before forestry industry bodies. We do not have any political donation disclosure laws here so we are not allowed to know why our politicians might be so extraordinarily generous. They give us reasons, which obviously do not hold up, but we cannot look elsewhere because there is no right to know. Similarly, we do not have any right to a lot of Forestry Tasmania details as you heard earlier today, because it is commercial-in-confidence. If it is anything that might embarrass them, it is commercial-in-confidence. There is something like 350,000 hectares of Tasmania under these private timber reserves. They actually have a trigger in the legislation, which could allow them to remain easements to the logging industry indefinitely if the minister chose to simply state that the legislation is recognised by some other piece of legislation. It is something that General Suharto would not have thought of.

NHT—Natural Heritage Trust—funding is going to fund positions in Private Forests Tasmania, which is actually the spearhead for the 2020 vision, which is in turn trying to overcome legal, environmental et cetera impediments to plantation forestry. In other words, Natural Heritage Trust funding is being applied to overcoming environmental protection. It is amazing stuff. I was going to mention the constant reiteration of how much of Tasmania's forests are actually protected, which is continually put before us. It is actually quite small. Of the world heritage areas and national parks, I believe that there is 700,000 hectares of actual forest in there. So it is not a great deal and we have politicians in the major parties, Dick Adams and Wilson Tuckey, who are agitating to have the loggers let loose in our national parks as well. We cannot really count anything as safe under the present regime.

In short, my view is one of a public that regards itself as being completely disenfranchised due to the political influence of one industry whose intrinsic economic benefits are not apparent on any sort of analysis that I have been able to come up with. Their products are being exported when one of the main reasons for setting up a plantation industry was to give Australia independence and to redress the balance of payments problem. The pulp is still coming back to Australia as paper at a lot more than \$72 a tonne. In short, the system is a monstrosity.

Senator BROWN—I want to come back to the appeal provision. Do you know of any other industry or any other realm of governance in which the only right a person has is to appeal, after the case has been heard and decided upon, on whatever point of law they can pick up on?

Mr Hayward—That is highly unusual and it is also highly unusual that the rules of natural justice or some sort of formal administrative law do not apply to that, forcing them to at least have an impartial body deciding. First of all, the Forest Practices Board, which has an in-built majority of forest industry people, makes a decision; they approve 99 per cent of all PTR applications before them. The public has effectively no access to their forest practices plans or anything, which actually are subsequent to the decisions to take the subject land and the PTR's case out of planning or environmental jurisdiction.

The tribunal itself always contains at least one member of the logging industry, sometimes two members. They are all nominated by that sector, I believe, and there is no description of that mechanism. But you are up against a body that is strictly on the other side, and they are often joined by Private Forests Tasmania as a party to that other side even though they were supposed to be making the discretionary decision on whether this land should be turned into a plantation. It is amazing.

Senator BROWN—I failed to mention this earlier on but you mentioned it. Have you made any investigations as to the political donation situation in the industry in Tasmania?

Mr Hayward—I asked at the last Gunns board meeting how much they contribute or might contribute to political parties, directly or indirectly, and was told that I could take that request for information to the Electoral Commission. Of course, they will not tell you either, so we do not know. We have no idea. We know that there are quite substantial amounts contributed to the federal parties—well over \$250,000—but we do not know anywhere near the quantum of the donations here. From the degree of influence they have it must be considerable.

Senator BROWN—Finally, have you got any information on how well the forest practices code is observed in the plantation establishment industry in Tasmania?

Mr Hayward—As mentioned before, I think by Malcolm, they are not required to observe the code. They are sort of exhorted to attempt to reach certain standards but there are no real penalties if they do not. Even if they do, it is left to the Forest Practices Board to determine whether the breach was serious or not and, basically, if the sun still rises in the morning, it was not very serious.

Senator BROWN—Thank you very much.

CHAIR—I have a question from reading your submission. In the second paragraph you say:

The concessions, subsidies, exemptions and powers we have acquired from both major parties of government have in many respects exceeded those achieved in competitors such as Indonesia, Bolivia, and Cameroon.

I presume you are talking about the regimes that have been put in place. Are you able to speak more on that in terms of what the other regimes are that may exist in the three countries that you mentioned? Can you provide the committee with some information?

Mr Hayward—It is Rafferty's rules. In many of them, like in the Philippines, they have the offence of looting by politicians as a capital crime. That is on the books even if it is never applied. But, here, the public is dispossessed of its own property.

CHAIR—But are you familiar with the concessions, subsidies and exemptions that may exist in those other jurisdictions?

Mr Hayward—It is because they do not have a system that is enforced, which could be said of Tasmania, as well, even where rules do exist. The forest practices code is a case in point. In one coupe on the Mount Arthur scheme, where they dug up over five dozen breaches, including some quite serious ones, they were just brushed aside. They were refused leave to take it to court, which the Forest Practices Board is entitled to do.

Senator COLBECK—I found it difficult to tell from your submission, so could you perhaps give us a perspective on where you see the plantation industry having a place in Tasmania?

Mr Hayward—It has a place in Tasmania but it is an extremely prodigal one. According to our reports, 88 per cent of the logging of the last year was of native forest. So it is highly destructive and it is not very productive. If you are going to have it you should have it for high value products and it should be scrupulously supervised to make sure that they are extracting the most out of it for the land area used. Here, both the native vegetation and the land are treated as having absolutely no value at all.

Senator COLBECK—You have not really answered my question. I will accept the fact that perhaps I did not ask it properly. What I am trying to get at is: do you see a future for growth in plantation forestry in Tasmania? You said 'high value products'. Perhaps you can give me some examples of what high value products you see as coming out of that industry.

Mr Hayward—Sawn timber for one. The *Eucalyptus nitens* is frankly not good for much of anything but pulp, and that is the predominant feature of your eucalyptus species. If you look at the figures from Forestry Tasmania, most of the pine is also being pulped. We are destroying and not at all replacing the much more valuable rainforest species. We are not planting primarily Tasmanian oak type trees. Fast growing pulpwood is planted because it is all based on a very short-term rotation and return on investment, which might be great for the company involved and their mainland shareholders, but it is a disaster for Tasmania.

Senator COLBECK—Would you suggest that future plantations should be based on things like Tasmanian oak?

Mr Hayward—Yes. Let people with huge areas of derelict farmland plant these enormous pulpwood plantations, as they are doing in areas of South America but not here. This is a place which banks heavily on its natural beauty, and you are treating it as though it is nothing.

Senator O'BRIEN—Which year were you referring to when you said that Tasmania logged 42,000 hectares of native forest?

Mr Hayward—It was 2000-01. That was up 20 per cent over the previous year.

Senator O'BRIEN—Should we discount the submission that says that it was 17,850 hectares?

Mr Hayward—You are talking about public land. I am talking about public and private land.

Senator O'BRIEN—So there was greater logging on private land than public land in 2000-01?

Mr Hayward—It has really accelerated with these investment schemes.

Senator O'BRIEN—Presumably it was logged with the permission of the owners.

Mr Hayward—Yes, it was.

Senator O'BRIEN—In terms of your comment about the use of poisons, you suggested that it was not European. How should I understand that?

Mr Hayward—You could say in connection with a lot of them that it decidedly was not European in character. Atrazine is banned altogether in much of Europe. It is much less aerially sprayed. Using things like 1080 against native wildlife in Europe would be unthinkable.

Senator O'BRIEN—They would not use that. They would use something else, wouldn't they?

Mr Hayward—Generally speaking, the broadacre poisoning of wildlife is pretty well unheard of except for in New Zealand, which does not have any native land animals.

Senator O'BRIEN—What other poisons are used against native wildlife?

Mr Hayward—They might use Pindone or something like that. Pindone is an anticoagulant against rabbits. There are a variety of poisons.

Senator O'BRIEN—What other pursuits use poisons? Is it only Australia that uses poisons in controlling animal depredation on things that are grown?

Mr Hayward—No, but generally speaking the use of it is much more controlled and is not permitted to be used—as I say, there is a broad scale basis—indiscriminately against native wildlife. It is used in sheep collars. 1080 is used in the US, but that is pretty much targeted at coyotes, and even that is likely to be withdrawn altogether. It was banned for a certain period in North America until Reagan came in and basically gave the green light to everything.

Senator O'BRIEN—Is the processing of pulp for paper an acceptable use for wood pulp in your view?

Mr Hayward—That is the only use for wood pulp. The question is whether you turn a whole island—which has much more valuable uses of its land—over to this industry which benefits very few people, most of whom do not even live here.

Senator O'BRIEN—What proportion of the land should it be limited to?

Mr Hayward—That would have to be decided according to how much of the land has little other value, but it certainly would be a lot less. There is no reason why Tasmania should be leading the world in the rate of conversion—certainly the developed world.

Senator O'BRIEN—I guess we are not going to get too much in France when they can get so much for their subsidised sugar beet and wheat.

Mr Hayward—I do not think they would put up with it anyway. At least you can eat your subsidised wheat at home instead of sending it off to—

Senator O'BRIEN—I can assure you they do not eat what they produce. What about the use of native timbers in Scandinavian countries for power generation? Is that a valid use?

Mr Hayward—The use of forestry waste—where it is not generated on its own behalf—might be. But here in Tasmania it is used so extravagantly. In a rainforest coupe, they might be burning three-quarters of the tonnage on the forest floor—a lot of it very valuable rainforest species. In that sort of system you are going to get even greater waste, because they will find it cheaper to log more trees—which will be easier to transport with the trunks to the generator—than to gather up branches. It is going to lead to further abuses because there is nobody policing it except themselves.

Senator O'BRIEN—If it is not left on the forest floor but used to generate power, is that a valid use?

Mr Hayward—Even that is going to have its down side, because that is the nutrient replacement for a forest. You can only strip off all the organic matter from an area of forest so many times before you have got a wasteland. Have a look at the Amazon.

Senator O'BRIEN—Different soils, aren't they?

Mr Hayward—Different soils, but there they get washed away by the rain. Here they are getting burned and then washed away. But it is the same principle.

Senator O'BRIEN—In terms of what we should recommend about advancing the plantation industry, is there anything positive you can suggest for us?

Mr Hayward—Obviously, some plantation is fine. But let us get out of pulpwood per se—we do not have the land area to be indulging in this game. The only reason we are is because *carte blanche* has been given to an industry. Otherwise, economically, it is madness. Get it into limited areas and police the efficient economic use of what wood is grown. Target your species so that they have a maximal value.

Senator O'BRIEN—How much do you think this state should limit itself to?

Mr Hayward—I have not come to a figure because it is so far into the realm of fantasy—this state having an intelligent and coherent forest policy—that it has hardly even occurred to me.

CHAIR—Mr Hayward, thank you for appearing here today and providing assistance to the committee. A copy of the *Hansard* of your evidence will be made available to you shortly.

[3.24 p.m.]

de BURGH-DAY, Mrs Geraldine Rachael (Private capacity)

SIMS, Mr Peter Charles, Chairman, Launceston Environment Centre Inc.

STRONG, Mr Christopher, Community Representative, Launceston Environment Centre Inc.

WEARNE, Mr Simon Peter Graeme, Member, Mount Arthur Environment Management Group

CHAIR—Welcome. I invite you to make a brief statement; I understand that you are going to show us a video to begin with.

Mr Sims—Yes, if that is okay with you, Mr Chairman. We have already provided written evidence to this committee. I have two witnesses to support the submission today, to present new evidence to you and to update your committee on what we wished you to see by air yesterday or at some stage. This video is the next best thing; it is done at our expense and not at taxpayers' expense.

CHAIR—So you are not getting a film concession or any of that sort of stuff!

Mr Sims—No!

CHAIR—I am just being facetious. Do you have any comments to make on the capacity in which you appear?

Mrs de Burgh-Day—I am here at the invitation of the Launceston Environment Centre. I have some first-hand experience of a number of the issues that are involved in this inquiry. I am here as a private citizen, but at the invitation of the environment centre to support their submission.

Mr Strong—I am a community representative associated with the Launceston Environment Centre, and I am a fairly long-term resident of this part of the world.

Mr Sims—By way of explanation, the Launceston Environment Centre are a non-government, non-profit, charitable, apolitical, volunteer organisation. We receive some support from the federal government to run an office in Launceston that serves the northern Tasmanian region. We are in receipt of NHT funds for several community education and on-ground projects that support government environmental initiatives. I wish to confirm that the LEC do not have an antiplantation policy but support sustainable forestry, as defined in the national forest policy, which takes into full account the social and environmental implications. We do, however, object to the Plantations 2020 Vision objective that aims to remove legislative, technical, commercial or cultural impediments to plantation establishment.

We commend the Senate for this inquiry, and this opportunity to participate is welcomed, even though the submission preparation times have been short. Also, the scant publicity given to this 2020 vision inquiry has meant that many affected people have no knowledge of this hearing. It is disappointing that the committee has been unable to fly over some of the affected areas and has only half a day to learn from witnesses today about issues that affect the environment and the community. It is also disappointing that there are no representatives from the local government sector giving evidence, although I understand that you intend to write to local government to rectify that. Thirty-nine per cent of the submissions to this inquiry have come from Tasmania.

I would like to point out and have on record that the Australian forest standard, which was mentioned by the Gunns representative this morning, has been held up by that company as being something from which they are going to get advantage. However, it is important that this committee realise that the development of that Australian forest standard was done with non-environmental organisations' acceptance. The World Wide Fund, or WWF, and Tim Cadman, who represented quite a number of organisations in Tasmania, did work with that technical committee on the development of the Australian forest standard, but it got to the stage where they could not get agreement on the prerequisites that they felt from an environmental perspective were essential for inclusion in it. As such, they withdrew their support for the Australian forest standard as drafted to this moment. It was made very clear to Gunns AGM that the standard does not meet the true certification that would be expected of a forest standard for this country, which needs endorsement from the environmental organisations and from the Indigenous people of Australia as well. Those two things need to be incorporated for it to be a proper standard. I need to make that point quite clear.

In addition to my own volunteer work with the Launceston Environment Centre, which is represented on the Tamar Region Natural Resource Management Committee, I am on the steering committee of the formation of the Northern Region Natural Resource Management Association, and I represent the community in the northern region for the National Action Plan for Salinity and Water Quality.

Before I introduce the two witnesses, I would like to table three documents which have been given to the secretariat. One is an article from *New Scientist* which I think was mentioned by a previous witness. It is from 26 October and is titled 'Tree farms won't save us after all'. The author of that article claimed that the conservation of old forests is a better policy for tackling global warming than planting new ones. The second article was produced by the Tasmanian Conservation Trust in their newsletter in August. It is on plantation management and is titled 'Wood properties do matter'. Dr Cathy Allen is the author of that article, which relates to the inquiry's term of reference (d). The third document is an article titled 'Stung into action', which was published by the *Sunday Tasmanian* on 24 November and reported on beekeepers who are financially affected by the loss of endemic leatherwood trees found in old-growth forests in western Tasmania, which are being clear-felled. That point was raised this morning with an earlier witness.

There is so much mistrust and so many claims of corruption in sectors of the forest industry—you have probably heard of them, but there would be some you have not heard—which should be exposed. It is a pity that this committee cannot be exposed to that. It is apparent to us that the conduct and terms of reference of this inquiry simply do not go far

enough. What is really needed here in Tasmania is a commission of inquiry or a royal commission into the forest industry. It goes wider than the sphere of inquiry of this committee. Our organisation has been calling for this for several years, and we note that this was also called for by your committee member Senator Shane Murphy back in January 1999; more recently, it was called for this week by the Tasmanian Greens leader, Peg Putt MHA. Hopefully this will be the prime recommendation from this committee, together with a raft of responses to the environmental and social issues which the 2020 vision does not encompass, including legislation to control native vegetation clearance.

I now wish to call the two witnesses, who will provide the committee with examples, based on their first-hand accounts, of the impact of plantations on water catchment, land use planning and biodiversity in the north-east and north-west of the state.

Mr Strong—Our evidence is not an attack on the forestry industry per se. Our evidence is not an attack on malpractice or breaches of the forest practices code, though they are a constant feature of life and have resulted in the destruction of community esteem for, and any real degree of trust in, the forestry industry. We believe that there should be a forest industry, as Peter has said. Our evidence is representative of widely held views and concerns about proposals to continue, let alone extend, the present degree of conversion to monocultural plantations from biodiverse natural vegetation, regardless of how that vegetation is classified—degraded, modified, logged in 1980, native, old-growth or whatever people choose to call it—and our leaders often choose to hide behind a definition to avoid taking action. One is mindful of Nero.

Our evidence very much is a reminder, we hope, to this committee and the populace of the incredible recent rate of destruction of native vegetation, and our video will help to highlight that in terms of north-eastern Tasmania. It is seen in the community as an apparent movement by Forestry Tasmania and the industry to strip whatever they can get before commonsense starts to prevail and some sorts of constraints are arranged. That is the way it is seen.

Much of our evidence given to your committee is perhaps somewhat general and may not seem to be specifically related to the five terms of reference posed, but it is largely in relation to terms of reference (a) and (b). A key element is in support of a different kind of plantation, which Mrs de Burgh-Day will talk about particularly. If taken seriously, that could give to the plantation industry not only some environmental benefits but also the possibility of social cohesion and some acceptance, which is largely absent.

Regarding term of reference (d), of course there are benefits in longer rotation plantations and for local processing industries providing they are employment rich. There is little evidence that the forestry industry is actually devoting itself to employment, although that question of jobs is frequently held up as the *raison d'être* for plantation agriculture.

There is a movement in the community, which I have perceived, to question whether an industry whose main player generates a profit of hundreds of millions of dollars requires government assistance in financial terms or legislative protection, and I personally would strongly advocate a rethink of government incentives and the reallocation of money for real taxpayer advantage. All we say is supportive, as Mr Sims has said, of an overall sustainable forest management and industry providing it is in the long-term interests of humans, other creatures, our soils, our water quality and its quantity. I will hand over to Mrs de Burgh-Day.

Mrs de Burgh-Day—Thank you very much for hearing me. I live in a small community of about 50 people. We have a creek that flows into our community, called Olivers Creek. About eight to 10 years ago a plantation of *Eucalyptus nitens* was established in the headwaters of that creek and around the catchment area. The members of our community use that creek for drinking water and for the generation of hydro-electric power through many hydro schemes.

The assessment of the creek flow, if you are planning to use it to generate some power for your household, is important. Members who have lived in that community for more than 25 years have assessed that flow before the plantation went in was in excess of five litres per second. Now in the driest part of summer the flow is down to less than one litre per second. My arithmetic says that is about an 80 per cent decline.

I became really concerned about this when it began to dawn on me why the creek was drying up. The more I talked to people, the more I heard the same stories. I decided that I would speak at length to people both in Tasmania and outside Tasmania, and I would like to now succinctly give you a summary of some of those findings. I also went to talk to Hydro Tasmania about how this might be affecting their ability to generate power on a greater scale. I would like to read to you an article called ‘Forests: the argument goes to water’, which says:

As this once-in-a-century drought tightens its grip on Australia, farmers face escalating feed bills and irrigators are seeing their water allocations slashed by up to 90 per cent. Those who can afford to are paying up to \$500 a megalitre for water, with this basic commodity fast becoming a new currency.

There is, however, one sector of agriculture that can afford to ignore the escalating crisis: forestry.

Plantation owners across Australia are using water worth \$6.75 billion a year. Australian tree plantations consume 13.5 million megalitres of water a year—and if the Federal Government realises its vision of trebling the size of plantations by 2020, that figure will blow out to 45 million megalitres a year. All of this, and the industry does not pay a cent for the water.

The reasons for this situation are historical and cultural. Until very recently, state and federal governments have considered the water that falls upon the Earth to be free and abundant.

I am going to interrupt there and say that on Monday this week I sat in front of the manager of the Mersey district, Alan Watson, and I questioned him about yet another clear-fell and plantation going in in the upper part of this water catchment—the last little bit left. He said, ‘The rain falls out of the sky; it is free.’ I said, ‘What about the people living downstream?’ And he said, ‘Too bad.’ I had somebody else with me at that meeting, who is sitting in the audience here, who could verify it: ‘Too bad.’ The article continued:

While irrigation and commercial water use have attracted fees since the 1940s, non-irrigated agriculture has not. The thinking was simple: forestry does not dam rivers or require irrigation, it just uses the water that falls as rain to grow its product.

That product now covers more than 1.5 million hectares of Australia. Because most of it is grown for commercial use, and therefore requires fast growth times, it is generally grown in high rainfall areas—

Tasmania, for example—

that is, areas with annual rainfall of more than 1,000 millimetres. It is increasingly being grown on land that has been clearfelled of old growth or native forest and areas traditionally used for pasture.

“Land use change of this kind and on this scale is like introducing a permanent drought,” says Mike Young, director of economic and social research at the CSIRO and a member of the Wentworth Group of scientists.

“At the moment we do not have any system in place to account for these changes.

Think about it. He went on:

In the interest of managing risk, it is incumbent on government to tell downstream water users what impact forestry will have on future water availability, because it will be a big one.”

An example of that impact can be seen when the water use of pasture is compared with the water use of plantations. According to modelling done by the CSIRO land and water division, a hectare of pasture planted in an area with annual rainfall of 1,200 millimetres will use seven megalitres per hectare a year. The same area planted with forest will use nine megalitres per hectare a year.

The higher the rainfall, the larger the difference, and as the forest grows it pulls water from run-off and ground water for at least the first 50 years of its life. Because the trees are harvested within 30 to 40 years—

and some even in as little as 10 to 15 years—

there is no let-up on their water consumption.

Old-growth forests—forests older than 100 years—have much less demand for water because their growth has slowed.

While some states such as Tasmania have large private owners of plantations, the bulk of Australia’s plantation forests are owned by state governments. Perhaps not surprisingly, no state government has any plans to introduce fees or any other restriction on the water use of plantations. As a spokesman for the NSW Minister for Land and Water Conservation, John Aquilina, said: “We have no plans to introduce charges because they [plantations] don’t use dams or irrigation.”

But as water restrictions begin to bite across rural and urban Australia, it is unlikely other stakeholders will maintain such a benign position.

I have to tell you that I am a certified organic farmer and this issue is very dear to my heart as a farmer. The article goes on:

Col Thompson, chair of the NSW Irrigators Council, believes these kinds of major changes to land use have to be factored into water equation. “Land use planning decisions like forestry can change the volume of water available for both irrigation and the environment,” he says. “These considerations must be taken into account prior to any major changes to our land use. That’s why irrigators are seeking secure water access rights in terms of a share in the available water resource.”

CHAIR—You are entitled to table that document and the committee can take that into consideration. I am mindful of how you might want to make use of the time available to you in the committee itself.

Mrs de Burgh-Day—Thank you for that. One of the reasons I decided to read some of it—and I am conscious of some of you leaving—is that to hear these words spoken is to understand the magnitude of what is happening in this country. We have a government that is heading towards a very ambitious vision, and at the time that vision was formulated I suspect it was a bold and a noble vision, but I do not think any of us have considered the downside. I think the downside in a country like Australia—the driest country on earth—is profound and shocking and must be taken into consideration. If it is not, I believe we will drought-guarantee Australia. Our federal government might want to pursue the vision, but it is not my vision. I am happy to table the rest of this document, as long as it is put into *Hansard*. Does that mean that the completion of this document will be read?

Senator O’BRIEN—We will incorporate it in *Hansard*.

The document read as follows—

Mrs de Burgh-Day—I am not familiar with the process, so thank you for clarifying that. At the conclusion of this presentation, I would also like to table a document prepared in 1996 which states quite clearly the impact of plantations on water catchments. The document, called *State of the environment Tasmania*, was prepared in Tasmania. It says quite clearly in 1996 that, as canopy close is reached with plantations, up to 30 per cent reduction in water flowing out of a catchment will result. I table that document too.

Senator BROWN—Who prepared that document?

Mrs de Burgh-Day—The department of primary industries. I have tabled the reference page for that document, and the report cites: Sustainable Development Advisory Council 1996, *State of the Environment Tasmania, Volume I—Conditions and Trends*, compiled by the State of the Environment Unit, Land Information Services, Department of Environment and Land Management. The government prepared it.

Senator BROWN—Thank you.

Mrs de Burgh-Day—I would now like to show you some footage. I would like you to think about the fact that clearing old-growth forest has a profound impact on water. We have already had a document tabled showing that it has a profound impact on carbon and carbon emissions. This is what is happening all over Tasmania.

Mr Strong—This video was taken last week during 1.7 hours in the air. The route, as you will see, was from Launceston, around Mount Arthur, over Scottsdale and its prime soils, out to Mount Horror and then south to Weld Hill, then on across to Mount Saddleback, Mount Victoria and St Columba Falls—I shall try to inject something relevant to the questions before the committee as we take you through the video—and back across some fairly dramatic footage of cable logging in rainforest, up behind Ben Lomond, and then back across to another portion of the Launceston watershed and catchment area. They are critical areas for the population of this city.

A video was then shown—

Mr Wearne—To give you some perspective, we are looking out of the right-hand side of the aircraft and we are flying in that direction. You are basically looking into this area. Sometimes—and I will point it out—you are looking out of this area towards the coast.

Mr Strong—I will just outline what we hope the committee will observe. There are two main purposes for taking this. There is 1.2 to 1.3 hours of footage, and we shall table the full video for your consideration, but this is reduced to about 14 minutes, which we will try and rush through.

Two critical things emerged. One was the rate of clearance, and that would be pretty obvious to committee members because it stands out and it is not greened. That is something that has happened in the last year or 18 months. The second thing is the extent of conversion of native vegetation. That will be a bit harder to see, but it will be quite clear as we get used to the video. The photographer took long-distance views to try to help show that rate of conversion which, whatever the statistics are, in our terms, is something that could not be tripled. That is the key point.

We are now at Mount Arthur and are going round to its north. This is on Mount Arthur very close to or in the scenic protection zone. It seems a bit strange, but since the local government has no control it is understandable.

Mr Wearne—Now we are at the coast and are looking back at Mount Arthur.

Mr Strong—A lot of this is hidden from the road, thank goodness, but it is there. That is catchment.

Mr Wearne—This is a dairy farm that has been converted.

Mr Strong—We will comment two or three times on the conversion of agricultural land which, under the act of so-called protection of agricultural land in this state, is damaging—you must have heard evidence—whole rural communities. We flew over the Scottsdale area, which has prime chernozem soils, and even there on high-value land there is a conversion of quite considerable quantities. That, I gather, applies up in the north-west coast area too.

Mr Wearne—You can briefly see the coast through the left-hand side of the aircraft.

Mr Strong—Telling to me, as a geographer and a farmer, is that the leases or the purchase of that land, reduced for plantations in perhaps 15 or 30 years time, make no provision by and large for the restoration of that land to its original productive purpose. It cannot be regarded as a normal agricultural use. There is no annual crop, and the damage to soils and the residue of the forestry plantation operation is undeniable. It will take you back to before the pioneers came to try to make productive use of it.

We have moved out to Mount Horror, which is well named. There is almost total conversion around Mount Horror and, while we are not trying to show malpractice, if one looks at one or two blocks it can be seen.

Mr Wearne—There is little protection.

Mr Strong—There is little protection and there is cross-stream tracking and the use of heavy machinery. There have been umpteen audits of coupes which have shown poor practice. The Forest Practices Board and Forestry Tasmania say that we are getting better and that is to be devoutly prayed for.

Mr Wearne—This is the Weld Hill

Mr Strong—The Weld Hill is the place where they were blowing up big trees because they could not get a chainsaw through them.

Mrs de Burgh-Day—They are using dynamite and doing it in our backyard.

Senator BROWN—Who is doing that?

Mrs de Burgh-Day—Gunns Ltd were the contractors.

Mr Strong—That was a point of community outrage, which then led to some revision of the plan and to a fairly microscopic protection zone being placed around the biggest of the trees. We are grateful to Forestry Tasmania for taking that into account. Here it is fairly obvious what has happened in the last 10 years, because it is browntop and it stands out. It is less obvious in many other cases where the colour green is closer to the native vegetation or what is left of it.

Senator BROWN—What species is browntop?

Mr Strong—*Nitens*.

Mrs de Burgh-Day—*Eucalyptus nitens* is interesting. Most plants have a cycle of growing and a cycle of rest—usually tied into seasons or sometimes in Australia to rain and drought—but *Eucalyptus nitens* is different because it has no cycle of rest. That is why the trees grow so extraordinarily quickly. They use air, water and sunlight and they pump far more water than most natural trees. I do not know whether they are genetically engineered or simply genetically modified. Forestry tells me genetically modified. They do not have a rest cycle; they pump water continuously. That is why they are so dangerous in water catchments.

Senator BROWN—What part of Tasmania do they come from?

Mrs de Burgh-Day—I do not believe they are indigenous to Tasmania. I do not believe that what they are planting now is anything near the native tree.

Mr Strong—This picture is St Columba Falls. We were interested to see what a very minute protection zone there is around there. We were trying to envisage the experience of tourists going to visit St Columba Falls and what they experience until they get to that very small area of genuine Tasmania. What they get in the approach is almost wall-to-wall plantation or clearance in preparation for it. Blind Freddy knows now that the tourists to this state comment frequently about and object to the apparent destruction of native vegetation—quite apart from the flow-on from it. The thought of tripling that really does not make any sense at all for a state that calls itself the ‘natural state’.

Incidentally, we did bypass the Blue Tier, which is an area of deep cultural, environmental and historical significance, and a lot of it is due for logging and conversion to plantation. Paradoxically, the community is trying to generate plans for ecowalks and so forth, which would obviously be a boon in tourist terms. The two are just not compatible.

This is Mathinna, which must have been one of the most heavily converted areas over time, but no doubt it now has a certain amount of second generation plantations. I do not know the detail of that. Of course, a lot of farmers are converting to tree farms, and that can make some sense on certain soils and in certain conditions of property. I am not knocking that, but ideally they would be biodiverse plantations.

Mr Wearne—This is an example of looking into the landscape up to the base of the mountain. It is not clear, but it is there.

Mr Strong—This is something which we are sensitive to because of what happened on Mount Arthur where logging approached the rock line, taking some of the more valuable timbers, without being in accordance with all aspects of the forest practices code.

Mr Wearne—This is converted farmland and cable logging heading towards Ben Lomond.

Mr Strong—Cable logging is done on steep slopes and in valleys. Consequently, it is presumably done in largely untouched forest.

Mr Wearne—This is untouched forest.

Mr Strong—This is where the loss of biodiversity angle is very real. Biodiversity is still in a stage of discovery. We have no idea of the true value of that biodiversity, yet we are eradicating it. These are forests which, in many parts of the world, would be regarded as unique and untouchable.

Mr Wearne—Directly on the other side of the aircraft at that moment.

Mr Strong—The plantation side?

Mr Wearne—No, it is just—

Mr Strong—That is the remnant bush.

Mr Wearne—Yes.

Mr Strong—We tried not to focus totally on plantations but they are unavoidable.

Mr Wearne—That is a plantation looking towards—

Mr Strong—Saddleback.

Mr Wearne—No, not Saddleback. It is not Ben Nevis. It is further up. Tower Hill, is it?

Mr Strong—Tower Hill. Again, agricultural land is being converted—huge tracts of it. There may be benefits, economic and what have you, for the farmer but the consequences on the communities are very often dire in terms of loss of services.

Mrs de Burgh-Day—All of this is hilly country. It is all water catchment. Water catchment for the agricultural land in Australia still has a chance of a reasonable rainfall to grow our food. With global warming and climate change, it is unbelievable that water catchments would be damaged in this way.

Mr Strong—This question of farmland being converted back as well as plantations brings in this whole question of local government and the problems that are created from plantation agriculture. They range across control of water catchments for their own water supply. I am sure the committee has had evidence of this. But it is very marked in our part of the world where the cost of roads, the assumption by forest companies that they can use any roads that are there, the safety issues that flow for local communities, the government's loss of rates income with forestry being exempt—

Mr Wearne—Didleum Plains.

Mr Strong—Didleum Plains has a history all of its own. That is linked to water quality, quantity and purity—

Mr Wearne—Saint Patricks River.

Mr Strong—and the damage to agricultural industry from this particular activity and substance abuse, as we call it, in terms of clearance and herbicides—the lot. Local government has to cope with this and they have no cost recovery from the interests who cause them, effectively.

Mr Wearne—We went around this arc and we were in sight of the coast all the way at 3,500 feet. Now we have come back and we are looking at the other side of these hills. So we were looking at one side of these hills and now we are looking at the other side. We were on the other side of those hills looking in; now we are looking the other way. I ask you to freeze the footage when you are looking at it later on and look in to the landscape.

Mr Strong—Heading home, now into the run in to Launceston—

Mr Wearne—126C.

Mr Strong—That is a famous coupe. This is part of the rain catchment area for Tasmania's second largest city.

Mr Wearne—That is private land being converted.

Mr Strong—The North Esk?

Mr Wearne—No, it is the Saint Patricks River coming in.

Mr Strong—That is Saint Pats flowing into the South Esk river just towards the—

Mr Wearne—That is looking directly south. Now we are looking north back to Launceston. That is the confluence of the two.

Mr Strong—It is chronological.

Mr Wearne—This is the end section.

Mr Strong—I hope that senators have seen what exists. Not all of it is visible from the ground, obviously. That is why it is quite important to see it from the air.

I was asked to present a case study or two and I would like to relate it to Lilydale, because it appears to many of us living in that part of the world that there are some fundamental paradoxes and contradictions which we hope will not be exacerbated by government action as a result of the 2020 vision. This is a town that has a history of timber getting, based on selected logging of varied native forest. It has a very cohesive community where such practice, and good practice, has been accepted for years and years. It has an awareness of the specialness of its natural scenery, its cropping and its dairying, changing a bit over time, and it has had as a community,

in my experience, a thrifty approach to living. Now there is virtually no natural vegetation left. Even major tracts of Mount Arthur have been clear-felled, much of the area being a scenic protection zone or given other protected status or being the catchment for Lilydale or Launceston.

There is an audit on the coupe on the Lone Star Ridge, which I hope has been tabled, which alleged 63 breaches of the forest practices code. That is evidence of why the community is distrustful of an industry that claims to be safeguarding the future, which it cannot create, while destroying the present through government sponsorship. Why should the community trust the Forest Practices Board, we ask? The Forest Practices Board is meant to ensure best practice, when the community continually uncovers the consequential breaches of self-regulated industry, which is protected in umpteen ways. And when there is an attempt by the community to question those practices, there are barriers galore to the exercise of any legal approach by the community.

I live in North Lilydale where we have shattered skylines and shelter belts reduced to be almost ineffective in place of what used to be large blocks of native forest. We have a road unsafe for residents' normal uses due to plantation traffic and a local government that is unable to do anything about it. We have a fear of substance abuse—I am not talking about marijuana but the chemicals used to establish plantations and the aerial napalm burns of woodpiles that could take place. Adults and children are restricted in where they can walk. We have a waste of resources and a loss of biodiversity. We have weed intrusion into farmland from plantations and a lack of action by plantation owners. We have the displacement and disturbance of native animals and birds—some being threatened and endangered species, such as the Mount Arthur burrowing crayfish, the white goshawk and the pink robin. We have a disturbance of the water table and the destruction of natural shelter belts, as I mentioned.

The attitude of the plantation establishment—which would have to be changed—when confronted with the fact that bits of habitat for these endangered species was being removed, was unacceptable—particularly the comment in relation to birds, where the forest manager merely said, 'They can fly, can't they?' How can the community accept and tolerate an industry, and the tripling of an industry, as is proposed, with that sort of attitude? We suffer noise, dust, loss of amenity and loss of value of our properties. There is no evidence of the precautionary principle in thinking or action, and that is the very basis of social intergenerational equity in our view. The present policy constitutes a massive grab of irreplaceable, publicly owned assets by private companies under government pressure and government licence, with taxpayer funded incentives. Next door, the community is encouraged and given funding by the federal government to work hard on a volunteer basis to restore vegetation on 30 acres of natural bush which was given to the community many years ago. How the community can reconcile such obvious double standards and use of taxpayer money is quite beyond us. So how can the community possibly accept the prospect of tripling the impact under the 2020 vision? You see that I am speaking from the community's point of view.

This is what is protected by present legislation and it is now proposed to triple it. Little wonder that the Hobart *Mercury* reports a state of, as yet, undeclared civil war. Little wonder that currently four families on the North Lilydale Road are contemplating moving out. Two of those families are old Tasmanian families, who have been driven from their environment, and two are new Tasmanian families, who came here with their resources largely because, at the time, Tasmania was perceived to be a natural state, as we claim on our number plates. And

perhaps this is even more difficult to argue about, but there is an insidious destruction of people's pride, self-esteem and spirit, and it worries any thinking observant person.

There is an underlying consciousness in nearly everyone that the natural world is worthy of respect. We are a part of it and dependent upon it not only for our own utilitarian purposes and not only for water, as people are encouraged or forced to work against that principle, whether by enforced silence in the interest of job and career protection or because of vilification by politicians, leaders or warped media figures. They are subject to a very definite destructive force. Humans are damaged by the practice of dishonesty and cumulatively this is happening now, and it is related to the industry which it is proposed to triple.

The present position is, for many, destructive of individual wholeness. It is also damaging to community harmony, self-esteem, pride and the ability to work cooperatively. We live in a divisive society, and this is largely the cause of it. Those people, who resist what was a drift but what is now a headlong charge to clear-fell native forest and replace it with monocultural plantations instead of biodiverse plantations—which we would argue would be entirely possible—act peacefully and largely powerlessly for the protection of biodiverse native forests. They probably would be happy to argue for fairly broad biodiverse plantation.

Doctors, artists, lawyers, teachers, even foresters, have expressed their concern about and opposition to present practice and the extent and rate of clearance. It is not acceptable to label them green and discount what they know and what they feel. We hope the Senate committee will be sensitive to these more abstract human but very real factors in community welfare. Leaders who countenance extension of that problem, which flows from some of the rather glib statements in support of the 2020 vision, probably already have much to answer for.

I ask the committee to undertake research into the reasons why the community's request for reservation of forest areas of social and cultural significance in the RFA was not fully researched or considered and certainly not implemented. That is another cause of community anxiety, grievance and disappointment. In that respect, the RFA process was flawed in that the community was asked to contribute, did so and was ignored. The Blue Tier would be one example that might be evidence of that and possibly also the area I am talking about. The consequence is destructive division. In spite of that experience, we are assuming that it is not the intention of this committee to pay only lip-service to the sorts of things that we have been trying to tell you as community views and concerns. I would like to table as evidence a book *For the Forests* if you do not already have it. Are you aware of it?

ACTING CHAIR (Senator COLBECK)—If it is a public document, you can provide it. It is not necessarily evidence but, as it is already a public document, you can name it and present it.

Mr Strong—Can I name it and present it?

ACTING CHAIR—Yes.

Mr Strong—Because if I name it, you may not be able to see it.

ACTING CHAIR—You can name it and present it.

Mr Strong—The reason I do that is that this history of forest protest in this state shows that it is a very long history. This is not something new, but it is exacerbated now. It speaks of thousands of sacrificial people and of what, for them, is a fundamental connection with their natural environment. It is not a small group of ratbags but a huge cross-section of Tasmanian Australian men and women. They, we submit, need to be considered for their Australian activities. It is not an un-Australian activity. It speaks of science, human spirit and courage. It is concerned about aesthetics and biodiversity as equally significant to exploitation and the use of natural resources. I am happy to present a copy to the committee in case they choose to read it on the aeroplane.

I would also like to submit as evidence an order of service from an ecumenical worship service held in the Styx Valley on Sunday, 17 November. Why do I wish to submit this as evidence? It is because it demonstrates yet another area of the community that is coming out of the woodwork, if you will excuse the pun, to demonstrate community interest—

Senator O'BRIEN—They are going into the woodwork!

Mr Strong—It is a new element of public exhibition of concern.

Senator BROWN—Mr Strong, would you like to incorporate that in *Hansard*?

Mr Strong—I would, if it seems to be appropriate.

ACTING CHAIR—Table it as a document and it will be incorporated.

Senator BROWN—It will be incorporated?

Senator O'BRIEN—It becomes part of the evidence of the committee.

Senator BROWN—I move that we incorporate it.

Senator O'BRIEN—We will see if it is the sort of thing that is appropriate to be incorporated rather than simply being part of the evidence.

ACTING CHAIR—I think that is fair enough. We will have a look at it at one of our meetings and make a decision as to whether we incorporate that.

Senator BROWN—I will foster that at our meetings.

Mr Strong—One of the reasons that I am happy to submit it as evidence, if that is the right term, is because it caused a response from the forest industry spokesman which revealed ignorance, blind prejudice and fear, and that is discrediting the forest industry which we all wish to support and which we hope will be a permanent part of the Tasmanian scene. I think there are one or two final scenes on the video, if you would like to see them.

Mrs de Burgh-Day—I would like to have a few more words, if I may. Looking at the video, the extent of what is happening in native forests in Tasmania is quite clear. You can see from that video that it has happened in a relatively short space of time. In fact, the amount of clearing

is escalating. As a Tasmanian of three years, I kept saying to myself: ‘Why is this happening?’ Apart from our organic farms, we also have a business. I started to say, ‘There is a reason for this.’

A couple of weeks ago I attended the annual general meeting of Gunns Plantations Ltd. I was the only person of the shareholders on the floor of the meeting to ask a question when the financial accounts were presented. I asked for the profit streams for each of the activities of that company: forestry, plantations and retail outlets. The net profit was not available to me on the floor of the shareholders meeting. So I looked at the annual general report at length, and I asked a friend of mine who is a financial adviser—in fact, he is a partner in one of the senior accounting firms in Tasmania. I said to him, ‘I think that there are some problems in this report.’ He went through the report in detail and said, ‘I think that your thoughts are well founded.’ I will share with you half-a-dozen vignettes. The company has said it makes a huge amount of profit, and yet the fully franked dividend to shareholders fell from 30c in the dollar to 27c in the dollar from last year to the financial year just gone, even though profits went up by over 100 per cent.

Senator O’BRIEN—Do you mean cents in the dollar?

Mrs de Burgh-Day—Yes, fully franked cents in the dollar. This is straight out of their annual report. If you get a copy of their report, you will see these figures quite clearly. They paid 30c fully franked at the end of 12 months the year before last. The profits went up some 190 per cent and their dividend fell to 27c in the dollar. I said to the financial adviser friend of mine, ‘This just does not make sense to me. I don’t understand it.’ He said, ‘The first thing we would look at in assessing a company is what is called in the financial world a quick ratio, and it is a ratio of liquidity.’ He looked at the quick ratio for Gunns. The liquidity of Gunns has fallen by about \$30 million from the previous year to the current year. The liquidity ratio now is about zero. He said they are hedging interest rates by about \$6.2 million—he showed me where this is—because they are gearing their borrowings very high in relationship to their real assets. There is dramatic down-valuing of some of their machinery assets. He could not explain that. He said it is unusual to reduce the asset valuation without a particular note attached to it. In addition, he said, ‘Well, when they have paid their dividend and their interest, there really is nothing left. The 27c is probably all they could pay given the liquidity that they have because there isn’t any more.’

As a layperson, that sounds to me like you do not have the money to write the cheques. But the thing that has made him very angry indeed is the destruction of community that is happening. He said the subcontractors are the people who are largely providing the liquidity personally to do the wood lot development. Gunns receive money for a wood lot investment—a plantation investment—but the liquidity is not there to pay to do the job. So the subcontractors are doing the job and not getting their money. They are having to fight for it. They are not allowed to talk to each other about how long their payment terms are or what they are being paid. He said it is destroying families and businesses. They are not allowed to get together and do anything about it. He said it is shocking.

He also said to me that the chief executive and chairman, Mr John Gay, has taken more like \$1½ million from the company in the last 12 months because he has exercised—all this is in the annual report—400,000 share options. He said it would be interesting to know if that was done before the dividend of 27c was declared, because if it was, and even if it was only a week, the

dividend attached to those shares exercised would flow as non-taxable income through to Mr Gay.

Senator BROWN—Mrs de Burgh-Day, what do you mean by ‘exercised’?

Mrs de Burgh-Day—In the annual report, he is entitled to take one million plus—I think it is 1.2 million; I would have to look at the report—share options. If the shares are sitting at \$4 or \$5, an option can be taken at a lower value. It does not cost the person anything. These were exercised at about \$2 in the report. I am not a financial analyst but my friend took me through this. He said if those options were taken up on the basis of excellent profits and a fantastic performance, that is usually part of the remuneration package of an executive of a large company. We have seen it with HIH for example, where the people running that company took great benefits for themselves in forms other than a salary or an income package, and that is what it is. It is declared. It is all in the report. It is not a confidential document.

The other thing I cannot understand is how Mr Gay could sit on the state development board when also in the annual report there is a statement declaring Gunns’s total dependence upon Forestry Tasmania for its resource and its declaration that, without that resource, it would have great difficulty continuing its operations. Those were the words that were used. Basically, we have the private company of Gunns Plantations Ltd, the government of Tasmania and Forestry Tasmania, and it seems to me rather like a milking stool. They have their own legislation under the Forest Practices Act; they do not come under the legislation that all the rest of us have to abide by—land use, planning and things like that. It is very difficult to get any information. It seems that the public forests that we have are being sacked, with the community absolutely hopeless, helpless and powerless to do anything about it. Our water is taken away from us and our biodiversity is being changed; I do not believe it is achieving anything in carbon credits. I asked my financial friend where it all goes from here. He said, ‘There is only one way that it can go: an ever increasing trash and burn, because what is happening now is that you are feeding the cash flow. If the cash flow hiccups for an instant, it all falls over.’ That makes me very concerned.

I want to conclude with something positive. I believe we should address the terms of reference of this inquiry. I believe that we should look at nine ways to address this issue. We cannot suddenly say, ‘No more plantations.’ That is entirely unrealistic. But I believe that we can try and look at going in a different direction in the interests of all Australians. First, plantations should be biodiverse, not monocultures. Biodiverse anything is healthier. Second, water catchments should be protected, and all forestry should come under planning and development legislation. If I want to build a dam on my farm, I have to get a permit for it. Everything is assessed as to how it will impact on everybody. If someone wants to put in a plantation, they ought to have to get a permit so that we can assess the impact and see if it is a good idea or not. That is fair.

Third, there should be no more clear-felling of biodiverse forest. Fourth, there should be no clear-felling of plantations. They should be progressively harvested and replanted so that we start to develop multiple age trees within a plantation that helps us address the carbon release of soil disturbance and clear-cut. Fifth, consideration should be given to other fibre crops for pulp. It is not really possible to use these trees for much else. Natural Heritage Trust research project No. 69 was quite clear on that. *Eucalyptus nitens* have to be pruned; if they get pruned, they go

rotten inside. They are good for pulp. That is all on Forestry Tasmania's web site. It is Natural Heritage Trust project No. 69.

Sixth, where monoculture plantations are recently introduced into water catchments like the Launceston catchment, they should be removed and the area should be rehabilitated with multiple native species or they should be thinned to every 10th tree and multiple native species should be reintroduced. We need to rehabilitate those catchments. In 10 years time when the water starts to diminish, it will be too late. Seventh, the forestry industry should pay for the water it uses in growing its cash crop, just like any other farmer who grows a cash crop. Eighth, the forestry industry should compensate those downstream for substantial water loss. If I have an apple orchard downstream, my ground water is reduced and my trees and crops suffer, who do I look to for compensation? Ninth, forestry activities should not impact on environmental flows—minimum flows in any water course, whether it is a water drainage or a stream defined as a class III or class IV—whatever. We have recently applauded the reflow in the Snowy River. Let us not do it in Tasmania in all our small water catchments. I thank you very much for hearing me.

Senator BROWN—Thank you.

ACTING CHAIR—Are there any further presentations?

Mr Strong—We have some images that our photographer put together.

Mrs de Burgh-Day—These images follow my requests.

A video was then shown—

Mr Wearne—This was Mount Horror a year ago. It is the most biodiverse hill in the north-east for freshwater crayfish, by Pierre Horwitz's reckoning, and one of the most biodiverse in the world.

Mr Sims—These scenes typify what is happening in the catchments of the north-east and the north-west, and in the south of the state where you see these rich red basalt soils in high rainfall areas being converted from native forest to monoculture plantations. The video that you have seen shows an area in the north-east that has been classified by the Australian government as one of high salinity and in need of the national action plan program. It is also the major catchment of the Esk Valley, which services a rich agricultural area, and the main water supply for Launceston and many other towns and villages, as well as the agricultural area of the whole catchment. It is a very large catchment.

Mr Wearne—This area is filling in a little hole that we did not see in the trip. In the trip we missed a piece at Ringarooma, in here. This is actually showing us coming back out onto the farmland near Scottsdale; you can see the plantation. This is back to Mount Arthur and the Lisle forest. There is a converted dairy farm on the top of the hill there.

Mr Strong—This will not be in the full video which is submitted as evidence to the committee, unless you want it.

Mr Wearne—This is cable logging at Mount Arthur.

Mrs de Burgh-Day—That is our water in 10 years.

Mr Wearne—This is a stream that was totally unrecognised by the plan and cut its way back after the ground was swept.

Mr Strong—That is myrtle.

Mr Sims—Was it pure rainforest?

Mr Wearne—Yes.

Mr Strong—Some of it.

Mr Wearne—This is tree fern harvesting at Weld Hill. This shows inappropriate access by vehicles to a watercourse. These are the biggest trees and the biggest man ferns you might ever see, in the north-east.

Mr Strong—Are they still there?

Mr Wearne—I do not know if those man ferns are still there, but I am told that they are and that they are up to 10 metres high, indicating that the forest is old.

Mr Strong—Are they reserved?

Mr Wearne—I am told that seven hectares are reserved.

Mr Sims—The video that we will be presenting is just over one hour long.

ACTING CHAIR—Do you have that video here to present today?

Mr Wearne—I will give you the option. Would you like the short version and the long version so you can choose?

ACTING CHAIR—You have said you are going to present the 1.2 hour version. I think that is probably what you want.

Mr Strong—That is the complete thing so that there is no question of us being selective.

ACTING CHAIR—I think it is probably appropriate that you present that. Do you have that available here today?

Mr Wearne—I do not have a VHS dub of it; I only have a Betacam dub. But I have a VHS dub of this which you can have.

Senator O'BRIEN—Get us a VHS dub of the whole one.

ACTING CHAIR—Please forward it to the secretariat, if you would.

Mr Sims—Yes, we can do that. We did that to give those senators present an opportunity of seeing and hearing first-hand from the cameraman, and also from Christopher, their impressions of the impact that is having in the north-east of Tasmania. It is disappointing that two of the senators who were here this morning were not here to see that, but we do hope that there is an opportunity for you to make certain that those senators and perhaps other members of your committee do actually see that video, please.

Senator O'BRIEN—I do not think we can make it compulsory.

Mrs de Burgh-Day—I come from much further west and I can show you exactly the same sort of area.

Senator O'BRIEN—I was going to ask you exactly where you were from.

Mrs de Burgh-Day—Lorinna, which is on the east side of Lake Cethana. Right in my backyard there is coupe LA28A, which I have had Forestry Tasmania walk over with me. I have been trying to get the people involved to tell me why these things that I do not understand are going on. I have had the Forest Practices Board walk over this with me, with a copy of the forest practices plan. We have looked at it and I have said to them, 'It says "blue and white striped tape should be the 10 metre exclusion zone from the creek"'. There's the creek. Where's the tape? Show me. It's not there. It says "vegetation should be left to protect the giant freshwater crayfish". It's not there.' Spotted tail quolls are in this area—no protection. We have wedge-tailed eagles nesting in this area and we have grey goshawks here. It has been cleared.'

I had a botanist from the department of primary industry come and classify my forest for wet viminalis conservation under the RFA conservation program. The government is prepared to pay me to lock up my forest of wet viminalis because there is insufficient reserved under the RFA. On the same day the same botanist and I drove to this coupe before it was logged; I have photographs of it. I said, 'What do you think of this forest? Would this qualify? It's a better quality than yours.' I presented this to Forestry Tasmania and said, 'Why are you logging this? You're prepared to pay me to lock up forest because there is insufficient of this type of forest reserved.' It has to be more than three hectares. It has to be more than 80 per cent exclusive species. I said, 'What about the *Eucalyptus radiata*?' It is not on the RFA; it was not picked up in the RFA mapping. It only occurs in this area near the Lemonthyme power station. Where it does occur, there is quite a lot of it, but that is the only place. It all got clear-felled.

Senator O'BRIEN—Was that for plantation?

Mrs de Burgh-Day—It was initially for plantation. I suppose that, because of my efforts to try to get in there and say, 'Why are you doing this?' they have now decided they are going to reseed it because of the *Eucalyptus radiata*, which was not even acknowledged initially. But they have gone there and, instead of protecting streambanks, they have used excavators to gouge out and redirect water. It is just shocking.

I get a number of international visitors staying with me under the Willing Workers on Organic Farms program. I took one of my German WWOOFers—he happens to be a banker from Stuttgart—with me and we walked over this, and he said, 'My god, it's like the Amazon.' There are huge logs that have just been dropped in the mud. They were logging in this coupe in July. We had had inches of rain; I know that because we run the weather station for the weather

bureau and we put rain records in every day, so I know how much rain is in that area. I went to Forestry Tasmania and said, 'Why are they still logging?' They said, 'It's a bit wet. We'll pull them out.'

The place is a shocking mess. I went back with the Forest Practices Board. I took the coupe details. I said, 'I don't want to talk about the Forest Practices Act. I am not an expert at interpreting this. I just want to read this piece of paper that says, "We will do this", and I want to see if it was done on the ground.' It has not been. I have now received my response, which says I do not understand how to read the forest practices plan. I would like to invite each one of you sitting at the table to please come to my place, walk over this with the forest practices plan, have a look for yourselves and tell me what you think. Please come.

Mr Strong—Come to Mount Arthur too.

Mrs de Burgh-Day—You all come from Tasmania. Please come and have a look. It is one thing to sit in a meeting like this and even to look at a video. It is something entirely different to put your gumboots on and walk around in it and see what is happening. Pick a date and I will fit in with it. Please come.

Senator BROWN—Thank you for the presentation and the video. It is a transmogrification of the face of Tasmania for which we, your elected representatives, are 100 per cent responsible. That is something that we cannot escape and have to accept or reject in our own way. I have one very easy question: when did you approach the Hydro-Electric Commission with the question about the impact on their water catchments?

Mrs de Burgh-Day—I could give you a date in my diary but it was only a month or so ago.

Senator BROWN—That is okay.

Mrs de Burgh-Day—It would have been September probably, but I can tell you when it was because I drove down to Hobart.

Senator BROWN—That is fine. Thank you all very much.

ACTING CHAIR—Thank you all for your presentation this afternoon and for the time that you have taken to come and present before the committee. I thank everybody who has participated in or attended the hearing today. I also thank the staff and, in particular, Hansard. The evidence that you have given today will be made available to you in the *Hansard* shortly. I declare today's hearing adjourned.

Committee adjourned at 4.41 p.m.