

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE TASMANIAN FORESTS AGREEMENT BILL 2012 MET IN THE BALLROOM, GRAND CHANCELLOR, CAMERON STREET, LAUNCESTON ON THURSDAY, 7 FEBRUARY 2013

Ms JAN DAVIS, TFGA, WAS RECALLED AND EXAMINED, AND **Mr BRUCE MONTGOMERY** AND **Mr DAVID GATENBY** WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Harriss) - Thank you. You are all very familiar with the proceedings of a parliamentary committee and the protection of privilege, which is afforded you while you are here.

Ms DAVIS - Thank you for the opportunity to speak to you again. We did seek a further hearing from you when all of those amendments were presented as we were finalising our original submission. We've now reviewed that submission and put that to you and I'm sure you have seen that before today.

There are a couple of points coming out of the new information that has been tabled that we wanted to draw specifically to your attention. The first one is about the durability clauses within the agreement and the impact of those on the broader timber industry, recognising that, whilst the discussion has been about the industry, 40 per cent of the industry has sat outside that room and outside that discussion. We've looked at some information over recent months in preparing for this hearing and for other things related to this so-called debate. Our estimate is that for every six years we have a new agreement that is supposed to bring certainty for 20 to 25 years. This is just the latest round. It is spectacular, however, in how quickly the ground has shifted over the last 18 months. We have had the statement of principles, the intergovernmental agreement, the Tasmanian Forest Agreement and we've had two iterations so far of this bill. None of them match up. Each one has different criteria.

We were unhappy, as you will recall, with the statement of principles when it was issued. We have become more unhappy with each iteration because the ground has shifted every time. If this is meant to deliver durability, it is hard to see how that can be the case when we haven't been able to hold a single line for more than a few weeks at a time, so the argument that this will bring durability we believe is a specious one, not one that should have any weight for this Council or the House of Assembly when it comes back to reconsider the bill or in the debate more broadly.

The second point is the issues around the conservation expectations of this process. The second thing we are being told is that this is going to deliver huge conservation outcomes for Tasmania and they are to be welcomed as a thing in themselves. There is nothing in this bill that delivers conservation outcomes. There is no statement of what those conservation outcomes might be, no process by which conservation outcomes can be measured, no process by which conservation outcomes can be assessed once the bill, presumably, has been enacted and the process rolls on. We believe that if any bill of this nature is to be passed it needs to clearly specify what the expected conservation outcomes are. It needs to have a process for measuring those outcomes and for judging

the performance of the agreement on the basis of addressing those outcomes. Only then would we think it appropriate to continue to lock away tranches of ground if that was the decision made.

There is no conservation outcome that we can see; in fact quite the contrary. Emerging research is showing us more and more that the concept of 'lock up and leave' - and do not kid yourself; this is lock up and leave. A paltry amount of money has been allocated for maintenance. We were trying to work it out before; Bruce thinks \$9 a hectare and I think it might be \$7 a hectare, but it does not really make a lot of difference because it does not buy you a lot of maintenance, particularly when you look at the inaccessibility of some of the areas we are talking about. We certainly have to look at that emerging research and recognise the increasing weight of evidence that shows conservation outcomes will only be achieved with active management and there is no provision in any of this for active management.

The third issue is the impacts on the private forestry sector. We have been told repeatedly, loudly and in some cases quite rudely, that this agreement will not impact on private forest growers. You know, we know and they know that is not true. The agreement has impacted on us significantly already and it will continue to impact on us through things as various as the loss of contractor resource, the loss of sawmilling capacity and the loss of access to markets which we need bigger scale for. There is no provision in this for any recognition of those impacts and there is no provision for funding for compensation or industry development even for the private forest sector.

I have been watching these proceedings. I listened with great interest, I think it was Tuesday morning, to the people from the FSC group who were looking for \$1 million to promote the things that they were doing. We have been asking out of that funding for \$500 000 over three years to develop an industry future-based plan for the private sector. We have been told, this does not impact on you, this is not important, so go away. There is no recognition, no understanding, no empathy, no resonance from any of the people involved in this about the desperation some of our people are facing. The positive spin is the opportunities that we might be able to explore with the chance to step back, have a look and think about what the future might look like. So that is very distressing for us.

Our view is that most of this debate has been carried out in the rear vision mirror. It has been looking over shoulders and focussed wholly and solely on what has happened in the past. Our vision for having an industry development plan for the private sector is to take off those blinkers and to look at what opportunities might come from things we haven't even thought about yet, that are not tied to entrenched positions, that might open new markets, that might allow us to do things we haven't thought of yet. If you had said to most farmers in Tasmania 20 years ago that the biggest crop we would be growing now in Tasmania would be opium poppies, everybody would have laughed at you. We need to have that time now to be looking into the future and working out what our forestry equivalent of the poppy industry is and making sure that we keep the doors open for us to be able to address that. Certainly the way this agreement has progressed, the way the bill is written, precludes us from doing that and cuts off options, not only for our growers, not only for our businesses, but for the state as a whole and for the regional communities that depend on us every day for their income, for the money that circulates, for their jobs and for their wellbeing.

The fourth area I want to comment briefly on - today being a day of total fire bans - is the issue of fire. Locking up without active management of huge swaths of land is a fire risk that we cannot bear as communities and certainly cannot bear as individuals who will be in many cases impacted directly. There needs to be a much greater focus, not just on the new tranches of land that are talked about but also the existing reserves we have to ensure we can manage those fire risks appropriately. You have heard us and others talk about the downsizing in the forest industry having an impact on our capacity to respond to fires. We have seen that in the last few weeks and we will continue to see that as this fire season progresses. It is by no means over yet and it is a risk that we are not prepared to take. You should not be prepared to let it be taken, because we cannot put our communities in those dangers without having the resources to deal with them. There is no reference whatsoever in the bill to the impacts of fire, the risks that come from further reserve, let alone some of the lesser risks, things like weeds and pest animals and so forth. So we need those things to be considered if this bill is to address the reality of the situations on the ground.

We want to emphasise that the private and public forest sectors are important parts of regional communities. You cannot separate one from the other and you cannot insulate those regional communities from the impact that changing this industry is having and will have. The paltry amount of so-called economic development funding that is being committed is an insult to our communities and to the people of Tasmania. It is also being, as you can well imagine, frittered away on things that are politically expedient rather than necessarily related to the issues we have at hand. Our rural communities are fragile. They need these bread-and-butter industries to keep them operating. Thoughtless interference in the way the timber industry provides that bread and butter for those communities is causing havoc and will continue to cause havoc as that influence flows through into the private sector.

The final issue is the World Heritage listing that has been to some extent sprung on us unexpectedly. We knew there was to be a World Heritage listing. We knew there were to be some particular areas included in that up around the Tarkine. We were unaware of the extent of the intended listing. We were certainly unaware that it was intended to go outside the areas that are within the agreement. The implications for the private farming and forestry sector of that extension are significant and, once again, not addressed in any of the paperwork or discussion and certainly not addressed in any recognition of the need for funding implications that will flow from that.

Mr MONTGOMERY - We were probably as surprised as you to see the size of the nomination that the federal environment minister brought to Hobart last week. We had been anticipating a nomination of 123 500 hectares. The first we knew that it was 170 000 hectares was I think an ABC online reference to it. I assumed it was a mistake so I did not take it seriously until we actually saw what the reference was to UNESCO from the federal government.

There seems to be a general lack of communication and information with all aspects of this but particularly with the World Heritage nomination and those reserves that were supposed to be in the 504 000 hectares. You would think if you were trying to sell this as a proposal for people to accept then you would inform people what was involved in it, with proper maps and descriptions of the land, rather than maybe leaving it to members

of the Legislative Council to have to go out to their electorates to try and tell people what this all means. I would have thought that is not due process.

The problem with the World Heritage nomination is that we have seen a large map but not any small-scale maps so we do not actually know what the impact is. We learned only this morning that, for instance, in the north eastern ear of this nomination around the Great Western Tiers there is supposed to be an interface between the extension of the World Heritage area and private farm land for something like 100 kilometres. That has enormous implications for farmers if they suddenly find they are right on a boundary with the World Heritage area. If the figure is right that there is supposed to be a management resource of about \$9 per hectare to manage that interface, it won't do anything. Roderick O'Connor will be talking to you this afternoon about aspects of that because that is his territory. From our point of view it is totally inadequate if you are suddenly abutting an area which has very limited management in terms of fire, pests and weeds. It is an enormous cost on farmers to try to manage the boundary with the World Heritage area management people.

That is a prime concern when you also look at the bill that is before you and the compensation provisions in it. There is provision, as I understand it, for direct compensation to those who are directly affected by the bill, but if there are any indirect effects there is no compensation payable. We have taken legal advice from this from a barrister and the barrister has confirmed that there is no compensation payable to people indirectly affected by the bill. That is one of the major concerns that he has raised. That is basically our concern just with the World Heritage area and the interface between what is proposed with the reserves and private farm land.

Ms DAVIS - Many of the provisions within this bill and the surrounding agreements are predicated on things that will be done within the private sector. We are told there is a shortfall of roughly 100 000 tonnes of wood to meet expectations and that will come from plantations. You are as aware as we are that one of the legacies of the RFA, which was meant to give us 20-plus years of security not that many years ago, is a thing called the 2015 conversion ban. After 2015, no farmer will be able to clear any new farm land. Farmers may be risk takers in many of the things they do - it is a legalised form of gambling sometimes - but certainly no farmer who is thinking carefully through his business plan would be looking at turning any farm land over to plantation timber with a conversion ban facing us, with the uncertainties in the industry, with the long-cycle cropping that it requires and the degree of change. We have seen a new agreement every six years.

If there is an expectation that this agreement is going to deliver based on private sector resource then somebody should have been talking to us because we have made it very very clear that nobody can be expecting our people to do anything without some consultation, at least, and without understanding the drivers, and the drivers are pretty clear. There is no incentive, in fact many, many, many disincentives for anybody to be thinking about planting trees in Tasmania at the moment. I can't see that changing in the current environment.

It brings us then to the three take-outs we want to leave you with. The first is the moving feast, the constantly changing game lines that we have seen right through all these agreements, but more recently with the five or six different versions we have had just in

the last 18 months. This is meant to bring certainty and it doesn't; it is meant to be durable and it won't be. It is meant to convince people - like farmers, who are existing investors in this state who have committed an enormous amount of money to developing their businesses and our regional communities - that the issue of sovereign risk has been mitigated. The bill doesn't even address sovereign risk. They are issues that are very, very important to us.

The second one that is really important to us is the point Bruce made about the indirect effects of this bill and that once again there is an expectation that the private forestry sector, the farmers of this state, will bear the cost of community expectations. You have all met Ian Dickenson. He has a wonderful saying, 'We bought the beers for the first two rounds; it's about time somebody else put their hands in their pockets'. We expect that if there is an impact, and clearly there already is on our people, that that be recognised by appropriate compensation. There is nothing in any of these agreements or this bill that addresses that issue in any shape or form, nor is there any recognition of the need for investment in developing the industry in the private sector if we are to have what we hear talked about so much - a sustainable forestry industry. There needs to be engagement with our sector and there needs to be recognition of the need for that investment from the government to help us through what is a very difficult time.

The issues around World Heritage - I am sure you are as perplexed as we are. That reflects this constantly moving feast and that alone needs significant consideration and work before it would be anywhere near something we could be comfortable with or others in our regional communities. In other World Heritage listing situations I have been involved in there has been a very strong focus from the international assessors on consultation and a very clear requirement for them to be satisfied that adjoining neighbours - and we haven't seen any detailed maps but we are coming to the conclusion that we are adjoining neighbours - are satisfied with the arrangements and happy with the outcomes. That has not happened. There has been no community discussion at all around this World Heritage listing.

The upshot is that the Legislative Council has a very important role to play in this process. You have started that role by looking at this bill in detail, as is the role of a house of review. We welcome your engagement and we appreciate the fact that you have done that. This bill is significantly deficient. Put aside the debate about whether we should have the bill or not, that is a different conversation; in this context we are looking at the bill itself. The bill is deficient; it needs a lot more work. We are strongly convinced that the Legislative Council should send this bill back to the House of Assembly with recommendations as to deficiencies in it and with a request to the House to make sure they address those before it comes back to you again for consideration.

Ms FORREST - You said the moving feast has been even with the current process with the statement of principles, through the IGA and into the TFA. From our information provided by the signatories and others, the statement of principles really was a directional agreement; that is really all it was in broad terms. The IGA was then formulated and it didn't totally reflect the statement of principles - I agree with that - and then the Prime Minister and Premier both signed the IGA. Then the ongoing discussions continued where all parties had various dummy-spitting episodes and walked away. The decision was made that if we don't get some sort of agreement then we have nothing. They all came back to it with a different approach to try to find a compromise position.

What the TFA ended up with was a compromise position that didn't totally reflect the IGA, because it couldn't. So we have a compromise position that everyone has said is not all about conservation; it is about reaching a position people could agree with. Having got to that point, you said the bill should specify expected conservation outcomes. How could it do that if we've all agreed it's not about that entirely; it's about a negotiated position?

Ms DAVIS - I would be absolutely gobsmacked if there were not expectations of conservation outcomes, otherwise why are we doing this? There have to be, in any negotiated position, expected outcomes on both sides. There are clear outcomes on the industry side and they have been evidenced by the reduction in harvest capacity, sawmill capacity and contractor capacity, along with a range of other things. That's on this side of the negotiation. What then, if not conservation outcomes, are the expectations on the other side?

Ms FORREST - Members have asked questions of the views of various scientists, 'Does reserving forestry in the manner being proposed here have conservation outcomes?', and they say, 'Yes, it does'. The challenge has been they don't take into consideration the biodiversity and conservation values on private land because that wasn't part of the brief. I don't believe it should have been because once you start telling private landowners how to do their business I'm sure we would have the TFGA -

Ms DAVIS - That happens every day.

Ms FORREST - Yes, but in this process there would have been a lot of push back if that had been the case. They were saying there are benefits to be had. Some species and biodiversity considerations need disturbance and that sort of thing, but they have said unequivocally there are conservation values in reserving forestry. Whether you are capturing the right ones, that is up for debate. There is value in preserving it, but do we need to identify it down to the -

Ms DAVIS - We believe you do. We believe if there is a stated conservation outcome expectation then it needs to be identified, monitored and evaluated. If the scientists say there are - and I have heard some of them say that - let's document them. Let us see what they are and let's monitor and evaluate them as we go through this process.

Ms FORREST - You said you wanted some money for a private forest plan and an industry development plan for private forestry. The funding provided under the funding agreement for innovation and looking at the use of residues, which is a huge issue whether you are private grower or part of the public estate, won't that funding into innovation assist the private sector as well? It's looking at other options for residues, potentially other markets and other ways of doing things such as reconstituted wood products. Nothing is off the table in that, even biomass, though there are some challenges around that. Won't that benefit the private growers as well?

Ms DAVIS - We have absolutely no idea because there is no engagement with us in any of these conversation at all.

Ms FORREST - How won't it help?

Ms DAVIS - Ruth, I cannot answer that question because I don't know what the propositions are. We are not consulted, engaged or even informed about what proposals are being considered. Certainly there is no conversation about how any proposals may engage what happens in the private sector. As you would well know, innovation is generally driven out of the business sector, not out of government, and FT and the public sector are government. If there are to be innovative approaches to a new sustainable forest industry, you would expect at least some of that to be coming out of our sector, but there is no engagement with us about what conversations we need to have to fund and drive that. So yes, it might, but I don't know what they are doing.

Ms FORREST - Any investment in that area should benefit the whole of the sector, not just -

Ms DAVIS - Only if that investment is designed to encompass the whole sector. At this point of time my clear message to you is there is no conversation about how our sector may wish to influence a brief around any product development, about any input we might wish to have, about any suggestions we may have and about how we might be engaged at all.

Ms FORREST - The point I am making here, Jan, is that there is funding put aside for this purpose. It does not say this funding can only be spent by the public sector looking at new uses for residues in the public sector. Surely there is an opportunity for engagement with any representative groups, such as yourselves, or individual growers.

Ms DAVIS - We would expect that, but it is not happening.

Ms FORREST - But the agreement has not passed yet and the funding is not flowing.

Mr GATENBY - There really is no direction for the private sector. Consider water development in this state. There was \$400 million, by both sectors of government and the private sector as well, to create investment into the agricultural industry. This is what we need in the private sector. We want certainty of opportunity. If we don't have that we just cannot go on. We need investment into our industry. It is as simple as that and there is no certainty of that.

Ms FORREST - I agree there needs to be investment, particularly innovative use of residues. If this agreement is not supported and the funding doesn't flow then how is that going to assist the private sector as well as the public sector, because there is funding there for innovation. It is about looking at other uses for residues - a huge problem for public, private or anybody involved in the forest industry. It is also really important to keep sawmillers in business. If you don't have these other options considered for the use of residues then the whole industry just grinds to a halt anyway. If we don't see this funding flow it won't only have a significant detriment to the public forest estate and the private forest estate. As you and Jan rightly pointed out, if sawmillers continue to go broke and leave the industry then there is nowhere for the private growers to have their timber milled.

Mr GATENBY - Part of this agreement is a huge investment into new opportunities.

Ms FORREST - That is what I am saying, but as I read it it does not exclude private growers.

Mr GATENBY - Where is the talk of investment?

Ms FORREST - That's the point; it has to happen, of course.

Ms DAVIS - We have applied to both state and federal governments for funding under the streams that are already flowing, and we have been clearly told our application will not be considered. What may happen in the future is a different issue, but what has happened to date is that we have made a considered application to develop, over three years, an industry plan, a vision, for what the private sector might contribute to the overall industry in this changing environment, to do the sort of work that David rightly identified we did prior to the development of the irrigation schemes. We have been told that is not the sort of investment they're looking for.

Ms FORREST - That point is taken, but the point I am trying to make is that the funding that will flow will not just benefit the public sector.

Ms DAVIS - We are not questioning that, but it will only benefit us if we are engaged in how it is developed, but at this point of time under none of the conversations at any part of this agreement have we been engaged. I heard the specialty timber people the other day tell you that they had not been engaged in the industry verification group process. Neither were we, although we were specifically mentioned in the terms of reference. When I rang and said, 'When are you going to come and talk to us?', the exact same phrase was used - 'You are not even on our radar'.

Ms FORREST - Just going back to that point of no involvement at all, in the industry reference group when that first established the TFGA was there.

Ms DAVIS - Ian Dickenson was there as Ian Dickenson. He was not there as TFGA.

Ms FORREST - Information we received from Julian Amos, the chair of that reference group, says a different story.

Ms DAVIS - I understand that. Julian and I have a different view on that. At no stage has any formal approach been made to TFGA to nominate representatives to do anything.

Ms FORREST - On the record of meetings of which there were five we have some information about, TFGA was listed there with yourself and Ian Dickenson and somebody else.

Ms DAVIS - I understand that but they were -

Ms FORREST - Not as observers. Barry Chipman was one who was listed as an observer. You and others were identified as attendees.

Ms DAVIS - I understand that and we have questioned a number of times the record of those meetings. We have made the point on a number of occasions that there were assumptions being made about who was there and why they were there. I understand the record

stands like that. We have to live with that. Mr Dickenson dropped out of that process, whatever hat he had on, very early in the piece and we have had no engagement whatsoever since then. So put aside that.

Ms FORREST - How many meetings did you and he attend?

Ms DAVIS - He attended three and I think I attended two.

Ms FORREST - According to the information we got from the chair there were five meetings that you both attended.

Ms DAVIS - I cannot vouch for that. Whatever the record says, I am prepared to accept, but that industry reference group activity - which I was not involved in; Mr Dickenson was - certainly ceased some considerable time ago.

Ms FORREST - That is accepted.

Ms DAVIS - Since then there has been no engagement with TFGA at all, including through the verification process.

Mr MONTGOMERY - The point is that we were not invited back to the table when they got down to real business. We were excluded; we were not invited into it. We were there at the beginning in a capacity through Ian Dickenson. When they set up the negotiating group we were not invited in - for obvious reasons, they said.

Ms DAVIS - Because it does not apply to you.

Mr MONTGOMERY - Because it does not apply to private land. That is what the argument was.

Ms FORREST - On the World Heritage listing, you made some reference, Jan, to the fact that there was an expectation the Tarkine would be included in that. It was my understanding that was never to be the case. There is a national heritage listing hanging over the Tarkine, but the World Heritage was always going to be other areas. As far as the interface with private landowners, Bruce was talking about the concerns because that creates a range of challenges. What challenges does that present as a World Heritage listed area as opposed to a reserved area like a national park or other reserve area?

Mr MONTGOMERY - Our concern is the resources that might be made available to manage the boundary. We do not know whether there is to be a buffer zone between any boundary and private land. Our fear is that if the management resources available to Parks and Wildlife, for instance, are something like \$9 a hectare then it is insufficient because that is a total sum. It is not an annual sum; it is a total sum as we understand it. It is totally inadequate for that neighbour to do their part of the management of the boundary. It falls on the private landowner really to have to manage it.

Ms DAVIS - The difference is that a World Heritage listing has a higher standard of expectation on the reserve side than any other reserve listing has.

Ms FORREST - What extra challenges does that provide to a private landowner? If I am a private landowner and my boundary now is a national park or other reserved area, which I understand the majority of them are, though I am not entirely sure because it was only announced last week, how does that change the obligations and financial implications and other implications for a private landowner?

Ms DAVIS - We do not have a lot of information because we have only the little bit that has been released. Usually these things come through in the consultation process, which has not happened this time. For example, if David has a neighbour that is a reserve, there is provision for him to clear a tree length on the other side of the fence to manage weed, fire and pest incursion. It is not a lot of help but it is something. In previous engagements I have had in World Heritage listings elsewhere there is no provision for you to do that because the heritage listing is sacrosanct up to the fence. So there is a concrete example of increased risk and increased management cost that will fall onto the farmer.

Ms FORREST - You made the point that the community consultation occurs by the international assessors.

Ms DAVIS - In my experience the assessors would not consider - I am talking about the Daintree; I was involved in that - the application until there was evidence that there had been consultation. It was a precursor requirement to the application, not something that happened after the application.

Ms FORREST - If they still maintain the same approach they could reject this nomination?

Ms DAVIS - They could.

Mr GATENBY - We have a conservation area behind us and there has been absolutely no management in that and it hasn't been burnt for 15 years. There has been no management whatsoever. It is a pretty inaccessible area and we live in fear of a day like today with fire. We live in fear of weeds coming onto our property and all the game that comes onto it. It has totally been mismanaged in the past. That is now, so if we go up that next step to a World Heritage area, what can we expect? Probably nothing.

Ms FORREST - Can it be any worse?

Ms DAVIS - The scrutiny of World Heritage management is higher than it is for any other category of reserve.

Ms FORREST - What do you mean by scrutiny?

Ms DAVIS - People watching what happens. If David were to step over his fence, in the current environment he is allowed to clear that land and do that bit to keep himself safe. If it were a World Heritage listing then it is not a long bow to imagine that if he dared to step over that fence and clear or do whatever he needed to keep himself safe, there would be groups of people down on him like a tonne of bricks, whether it be government agencies or people who believe they have a right to have that public interest role. The scrutiny issue is the biggest risk for us.

Ms FORREST - Going to the community consultation process, assuming that the World Heritage assessors still have a similar approach, and one would expect it to be fairly similar if not more rigorous as things tend to get more rigorous as they go, then surely there will be this need for community consultation, particularly neighbour consultation, in the assessment process. It is a nomination for a listing, not a listing. The assessors will have to make a determination. As you said with the Daintree, a consultation process had to be demonstrated up-front before they would even accept the nomination. It appears not to have happened this time but the assessors may still require that.

Ms DAVIS - Of course they may.

Mr MONTGOMERY - But it also implies that there has been consultation by the person nominating the area. You can't leave it to UNESCO and the World Heritage committee to actually do the consulting with people who border the land. You would expect the commonwealth would have at least consulted the states and the people, the stakeholders, directly affected by the land before it was nominated. That hasn't happened. We didn't know about it.

Ms FORREST - If the international assessors see that hasn't happened, that may be a reason for them to reject it.

Ms DAVIS - It may well be. That is outside the scope of this bill. Our issue is that time and time and time again we have been told that there will be no impact on private landowners and private foresters. Here is another example of uncertainty, of distress, of lack of capacity to be able to plan for business decisions on their own property because of unknown factors. They may well reject it but in the interim period there are farmers and landowners sitting there unsure as to what is happening to their property, their home, their livelihood. Nobody can argue that is not an impact. Bruce talked earlier, and rightly so, about the fact that within this bill there is no provision for any compensation for anybody who is not directly affected. All of our effects, by the definitions within the bill, are indirect but they are nonetheless real, costly and distressing. They need to be taken into account.

Mrs TAYLOR - We have gone over the same ground about what has happened in the past and whatever. For me it is time to be cutting to the chase. What would you have us do because if we knock back this bill then what would the effect be on private foresters and on the rest of the industry? You have given us the answer and told us what you would like us to do, so I have no further questions.

Dr GOODWIN - I wanted to start with this issue of conservation outcomes. We certainly have had evidence from signatories representing both sides, industry and ENGOs, that this was a negotiated outcome or agreement. However, certainly in the agreement itself on the first page it does talk about conservation outcomes. Presumably that is why you mentioned this is about conservation outcomes. One of the four objectives is around conservation outcomes.

Ms DAVIS - If everybody is accepting that there are conservation outcomes - and far be it from us to question that; that is not our field of expertise - then I cannot understand what the difficulty is in identifying what the outcomes are, documenting them, putting some measure around them and evaluating that as time goes on. That is what any normal

process would involve. It is what we are held to account for every day on farm. We are expected to document outcomes around environment, workplace health and safety, chemical use, productivity gain, soil management - the list goes on and on. The expectation is clearly that we document, manage it, monitor it and deliver outcomes and continual improvement. If we can do that, why can't we have the same expectation in something that is clearly a significant matter for the state?

Dr GOODWIN - You mentioned that you received some advice from a barrister, and on page 5 of your submission you mentioned some legal concerns. This may well arise from the situation the federal government found itself in with the chaplaincy program. It is a similar sort of issue. You are raising the concern that there may not be a legislative basis for the provision of funding under the IGA and it may need the Australian Parliament to ratify the funding source. I am wonder if you could elaborate on that.

Ms DAVIS - When putting the submission together we focussed wholly and solely on issues to do with the bill because that was the brief you have been given and that is the brief we agreed to. We sought some legal advice around issues to do with the bill and quite clearly that is in there. The highest concern flagged for us was the issue around Williams versus the Australian Government last year, and some of you will have followed that, which questioned the federal government's ability to make funding allocations outside standing agreements to the state. We have no view on that other than to flag it for you as an issue that our legal advice has raised with the bill. We certainly do not want to get to a position where the bill becomes an act and suddenly an integral part of the expectations, which is the funding, is not available. So we have flagged it for you to go back and seek further advice on because we think it is really important.

Mr MONTGOMERY - The advice is that it could be subject to a High Court challenge if in fact there is a belief that the federal government has exceeded its powers in the IGA and then through the agreement. The basis of any challenge in the High Court would be the Williams case and another case, I think in 2012. That is set out in the opinion we have.

Dr GOODWIN - It continues to surprise me that there is no recognition that there will be inevitable impact on private growers. If sawmillers and forest contractors exit, there will be an inevitable impact. Could you spell out why there will be an impact and what that will be?

Ms DAVIS - Forestry for us is a long-cycle crop, we treat it as a farming crop. More and more these days farming is becoming highly specialised and highly technical and we bring experts in to do many of the tasks. The poppy companies harvest the poppies, the potato processors harvest the potatoes and we bring in specialist contractors to harvest and manage many of the forestry resources.

With the declining number of harvest contractors and management people, then clearly the capacity of our side of the industry to access that specialist advice and service provision is limited because there are fewer of them and that means we have less access to them. That impacts on the farmer's ability to do business and to provide a product which meets the quality specifications that the market will be looking for and it certainly could bring, if not increase costs then an absolute lock-out because there are just not the harvest resources there.

The same things go for sawmills. We need our products milled; they need to be processed. If there aren't enough mills then we don't have the access to that harvest and processing resource. It will mean some people might get their products in and some people might get them harvested if they can access contractors and then not be able to get them processed.

So that critical mass is a really important issue for us and we are already seeing impacts from that. The closure of sawmilling capacity in the south of the state has left private forest owners with no access to processing capacity and the prospect of having to freight product to mills in the north, which brings additional cost, additional time and market access impediments that were not there before.

Ms RATTRAY - I am interested in the conversion of farm land, both ways. Obviously if there is a decrease in the forestry industry then there could be a number of blocks around the state that may need to go back to agriculture, to farming. I am interested in your understanding of what impacts there might be. We know some Gunns' leases have a six-year life on them and people can't touch them and all manner of things.

Ms DAVIS - I will make a general comment and then pass to my chair, who is an affected landholder with resources that are in a very difficult state of limbo at the moment. As you are aware, most of the plantations in the state have been put in under some form of managed investment scheme. I can't think of any left at the moment that are functional. We are going through the issue with Gunns; we have been through it with FEA and Great Southern. There is a significant lack of clarity around the landholder's rights in defunct managed investment schemes. We had a meeting yesterday to discuss this in the Gunns situation. It is not clear at this stage, and we are going to have to look at mounting significant legal activity to get clarity, whether a landholder who has an MIS lease actually has the right to even walk on his own property, even when that MIS has gone into receivership. It is not clear whether that landholder has the right to manage that resource for fire, weed or pest because the way the leases have been written gives that right to the managed investment company.

The situation at the moment is that even with those leases in default, there is no way at this stage for that to change. There is also the issue that the grower investors, the people who have invested in these MIS schemes, believe that they own the trees. So even if we resolve the issue about the leases, we are still stuck with an issue about who owns the trees and who then pays for that maintenance activity.

Ms RATTRAY - And potential conversion of trees or plantations back to farm land. I am interested in any impediments that you see.

Mr GATENBY - That varies as well because plantation trees have gone in around 2000 and some in 2009. The ones in 2000 will be probably harvested if there is a market -

Ms RATTRAY - If there is a market.

Mr GATENBY - If. They would be harvested probably in the next three or four years. Macquarie Bank are looking at probably those ones as a quick return but there are something like 220 000 hectares of these MIS Gunns-type schemes. If there are markets, if there are opportunities to sell, that area of land would probably come up again in a sort

of segregated area all the way through. There is going to be a hole if there is a market; I think there is a huge future for that plantation timber. It is just working out who owns it. There is going to be a hole in the market for the years when we are not planting more trees.

Ms DAVIS - Like now.

Mr GATENBY - Yes, like now.

The other issue for a timber industry in the future is the land clearing ban in 2015. Farmers will not be able to clear any more land under the current legislation and that does not go well for a future. I think the timber industry has a huge future in this state and I am sure everyone around this table would think so as well. That will stop farmers from actually putting a timber resource on that semi-marginal country. What is going to happen there if we get a further market of timber produce is that it will come onto the good agricultural land and that is where another conflict will occur.

Ms DAVIS - What are the impediments for it going to farm land? The key impediment at the moment is lack of clarity over who owns the trees and what access the farmers can have to their land. If the decision is that the farmers do not own the trees, then clearly the grower-investors have a different set of priorities and a different agenda. If the decision is that the farmers do own the trees then they could clear as appropriate when there are markets to be met, in a plantation environment, but we do not have clarity on that.

Mr MONTGOMERY - The 2015 deadline applies to native forest only; it does not apply to plantations.

Mr WILKINSON - The Vision for Tasmanian forests is at the start of the agreement and it seems to be the linchpin if you were going to decide do you or do you not accept what has been going on as fair and reasonable. It says, 'Tasmania enjoys a rich forest heritage with natural and modified landscapes which can provide multiple environmental, economic and social benefits to its people'. What do you say about that? Do you believe we have a rich heritage and can provide multiple environmental, economic and social benefits to our people from our forests?

Ms DAVIS - Yes we do and we believe that we have been doing it for generations.

Mr WILKINSON - It goes on and says, 'on a sustainable basis into the future' and that is what we are talking about now. Do you believe that what has been going on in the past is sustainable? I suppose the proof of the pudding has been in the eating but what is your answer to that?

Ms DAVIS - We have farmers who have been harvesting their properties for seven generations. If they were not doing that in a sustainable manner, there would be nothing left there now; we would be looking at moonscapes. Obviously practices in any industry change over time. What was acceptable in the 1800s is not acceptable in the 1900s. What was acceptable in the 1960s is not acceptable now. What we are looking at is an industry, like every industry, that is going through a process of continuous improvement. We recognise that but we also strongly draw attention to the fact that the private sector at

least - I can't speak on behalf of the public sector - in the forestry industry has demonstrated its credentials over generations.

Mr WILKINSON - It goes on:

Implementation of this agreement provides the basis for resolution of long-standing conflict surrounding the management of forests and for widespread public support for community, conservation and forest industry outcomes.

If I can take you first to 'widespread public support', what is your comment on that?

Mr MONTGOMERY - We have never been able to judge the public support. The whole problem with this is that it has been secret business conducted behind closed doors. There hasn't been any real opportunity until today for public consultation on what it involves. I should clarify our position. You asked last time about a plan B. We don't think you should be in the business of saying, 'This is a load of rubbish. Throw it out', because I think that sends the wrong signals. If you look at the statement of principles, the intergovernmental agreement, the forestry agreement and all the various things that have happened since then, you must adopt the attitude that this has been done in a spirit of goodwill, that people have attempted with good intentions to come up with some eventual solution to our problems.

The trouble is it is a private agreement, not a public agreement. There hasn't been a broad range of consultation with it. We think there are deficiencies with the bill, as Jan said, and the best thing to do is say, 'This has been good work. Go back and do more', because there's has not been sufficient input from everybody else outside that room.

Ms DAVIS - Those of my members who are perhaps a tad battle scarred from previous engagements will draw attention to the fact, quite rightly, that the Regional Forest Agreement was heavily scientifically validated, surrounded by extensive community consultation, done over a period of time openly and transparently, and delivered an outcome that was meant to give us decades of security. This process hasn't followed any of those steps. To then assume it will give us certainty that we haven't had, or public buy-in or whatever the criteria are, that we didn't get out of the RFA is to us a leap too far.

Mr WILKINSON - It talks about conservation and forest industry outcomes. The bill, and the vision, relates it would seem specifically to forestry. If that's the case and there are matters in that bill which are a result of just looking at forestry outcomes and not agricultural outcomes such as cropping, poppies et cetera, surely you would have to look at what the outcome would be to those other farming activities as opposed to just forestry? I suppose mining comes into it as well.

Mr GATENBY - That's a very good point. Our farmers are probably the most diversified farmers in the country, it not the world. We look at forestry as one of our incomes; we look at poppies, wool and anything possible to try to make some money. We are struggling with markets for the forest industry for a number of reasons, probably a high Australian dollar for a start, but that doesn't mean we throw away the key and close down the industry. We would have closed down the wool industry back in the late 1980s-early

1990s if that was the case because it was on its knees. We see the vegetable industry struggling at the moment for markets because of the high Australian dollar. We don't throw away the keys; we keep on battling and look for new opportunities. That's what we must do; this agreement must pull out new opportunities.

Mr WILKINSON - If nothing happens the industry is going to continue to spiral; that is the message or the spin. What is your view in relation to that? If nothing happens and you let market forces play the game, as in private industry you have to do, what do you believe would happen - in your experience as farmers?

Ms DAVIS - I'm going to refer back to the estimable Mr Dickenson again. Every time my blood pressure rises about this debate he pats me on the shoulder and says, 'Don't worry about it, Jan. The trees don't know we're having a fight. The trees will still be there.' We talk about trees as a crop, it's a long-cycle crop. What we are seeing is the low end of a cycle and in due course circumstances change and world demand increases as we know it is going to do. If our ability to meet that demand is commercially viable then it will come back again.

Mr WILKINSON - If nothing is done, what do you believe is going to occur with employment now and into the future?

Mr GATENBY - We have to look for investment into that area. We have to create new industries within it as well. If we don't do that it will continue to spiral. We have to have investment and create the opportunities; don't take away opportunities.

Mr WILKINSON - How do you get the investment?

Ms DAVIS - We're not going to generate investment in this industry until the issue of sovereign risk is addressed clearly, unequivocally and finally, and this bill does nothing to do that.

Mr DEAN - Since you've taken a strong position regarding private landowners not being heard and the TFA having an obvious impact on private forestry farmland and rural communities generally, has the government or anybody or any of the conservation groups had any discussions with you at all?

Ms DAVIS - No.

Mr DEAN - Have they briefed you?

Ms DAVIS - No.

Mr DEAN - Gone through the bill?

Ms DAVIS - No.

Mr DEAN - Not at all?

Ms DAVIS - No.

Mr DEAN - Have you made any approaches to any of those personnel for the opportunity?

Ms DAVIS - Absolutely. Up until as recently as a couple of weeks ago we raised our issues with the government regularly. We have not engaged with any of the signatories. We believe it is more for them to brief us. We have been very public about our views. Nobody has given us any contact, any hearing, any information.

Ms FORREST - Not the minister or the minister's office?

Ms DAVIS - No.

Mr DEAN - If I go back to the heritage listing, you have given your view that the amount was an unexpected increase from the 125 000 hectares; how much of that is likely to impact on private forest farmers? Have you had an opportunity to closely look at where those boundaries are? Will it land-lock any of your areas? Will it impact on accessibility to any of your properties, private landowners, forests et cetera? Have you had an opportunity to do that?

Mr MONTGOMERY - The short answer is no. We are relying on other people looking at their particular patch of Tasmania to determine how it affects them. If you have a look at the amendments the government brought in, the number of separate parcels of land would take you a lifetime to go through to work out exactly where each boundary is and where it intersects with private property. That is further complicated now by last Thursday's events when the nomination increased. We haven't been able to do it. We sought maps, as you did very early in the piece, from the government and they weren't forthcoming until mid-January when I think we received the first maps. They were all large scale maps and we couldn't see the detail. Then when we were given the detail it was in written form and there was no graphic evidence of where each particular piece of land was.

What we have done is look at particular areas but not in great detail. The Great Western Tiers stands out as an area where there is a massive intersection between private property and a potential extension to the World Heritage area. Even then it would take a month of Sundays to go through to work out exactly what each parcel means. It is a difficult one.

Mr DAVIS - We are not a large organisation, not particularly well resourced. We do not think it is our job to do the government's job of providing us with the information that we need to assess the impact of their decisions on our individual landholders and members. We simply do not have the resourcing to do that. There are hundreds of people working in government departments that I thought could give us higher resolution maps so we could then look at the detail and consult with the individual landholders.

Mr MONTGOMERY - Surely if this is good news then why isn't the government out selling it? Why isn't it telling us where these areas are? Why isn't it holding community hall meetings around the state to explain what the good news is? It is not happening and there is a reason for that.

Mr VALENTINE - Talking about the industry reference group, we know there is obviously some dissatisfaction there. Could you give us an understanding as to why TFGA left that

particular process at that time? Was it because they had stated they were not going to deal with you?

Ms DAVIS - There were two reasons. Bear in mind that I was not party to some of these discussions; I was outside the room. From the conversations I have had with Mr Dickenson and from the parts of the meetings that I did participate in, the reasons we withdrew were basically predicated on the fact that we were told it was not going to affect us, so it was not a voluntary withdrawal in some respects. We were effectively told to 'bugger off', and in some respects the words were not much softer than that.

Second, we were really concerned about the landing point with the statement of principles in that we were uncomfortable that it was so narrowly cast and that there was not a broader discussion around what those things might look like. Third - and from Mr Dickenson's view, in some respects most importantly - there was a subgroup of that reference group - five or six of them; I cannot remember the numbers but you had that information from Dr Amos yesterday - that was nominated to go off and have the more in-depth discussions. Certainly that group broke down and negotiations were not held with the broader group.

Mr VALENTINE - Negotiations within that group?

Ms DAVIS - Within that subset group. There were breakouts and not everybody in the subset was involved in the discussions, let alone coming back to the broader reference group. So at that point we felt it was something that we certainly could not have any role in.

Mr HALL - I will read out your final recommendation:

TFGA strongly recommends to the Legislative Council that it sends the TFA bill 2012 back to the House of Assembly requesting vigorous and independent economic, social and environmental assessments.

I have not been very happy with the process, but the pragmatic reality is that we have to deal with what we have at this stage. I think what you are suggesting is that the government ought to go back to square one and perhaps take an RFA-type approach, a scientific approach, to make sure that all the community consultation is done and all of those matters. I agree with that if that is the case, but being the devil's advocate it has almost been a process where there has been a gun to the head at every occasion, so if we go back and do that then that effectively would be the execution of the bill.

Ms DAVIS - Greg, you are right. In an ideal world we believe that the process is so fundamentally flawed that it should be thrown out and started again. Your role in this and our role in responding to you is directed at this bill. We are not suggesting that the bill be thrown out. We are saying that the bill as it stands does not cover all the things it says it is meant to cover. It is deficient in drafting to address many of the issues that should be addressed in a bill of this nature. We are not suggesting to throw it out. This is great work and done with a spirit of goodwill and all the stuff that we have talked about, but as it stands this bill is deficient.

Mr HALL - Are you suggesting it is not our role but the government's role to do that?

Ms DAVIS - That is our belief. The Legislative Council is a house of review and not a house of construction.

Mr HALL - It is their policy document, so it is their job to do that?

Ms DAVIS - Absolutely.

Mr GAFFNEY - Jan, I really appreciated the comment in your introduction where you said it has been a moving feast. I suppose that reflects what is happening in the world markets. Five or six years ago who would have thought the USA would be in the economic decline it is in at the moment. You did touch also in your closing about the RFA. Jim Allen said that he agrees, it was good science; there was sustainability and it was a good process. However, he believed that the ENGOs were not sufficiently catered for in a legitimate fashion, so in the last 14 years we have seen thousands of jobs exiting the timber industry even before this agreement was on the table. There were 127 sawmillers, now down to 27. The process is already in train for a demise of an industry.

David, you mentioned earlier that your property is alongside a reserve and there hasn't been any management for the last 10 to 15 years. A Legislative Council select committee actually looked at the management of Parks and Wildlife and at that stage it was pointed out to us that it was probably \$10 per hectare. That was far under what they need to adequately do all the things you want them to do with pests and that sort of thing. When we met with minister Burke it was \$7 million on the table on an annual basis. After explaining that to him he came back not long after with a \$9 million offer for 500 000 hectares, which takes that parcel to between \$16 and \$17 a hectare.

Peter Mooney, when questioned about the management and whether allowing a greater resource to be allocated would be of assistance, said yes because it wouldn't be confined to the 500 000 hectares. The money that comes into Parks and Wildlife could be spread about. So in fact in the neighbour situation where you butt up against a reserve and you have had no work done there for 10 to 15 years, that could actually be a priority because 300 000 hectares is probably stuck in the middle of somewhere and is not accessible anyway. He believed that, even though it is still under-funded, this would be a good boost to their management to help you address farmers' concerns with the pests, the trees, the fencing and whatever. My concern is that if this doesn't go through and that money is not available, you are going to be in the same boat you have been in for the last 10 years, David. There is an upside to this but there is obviously a downside.

Ms DAVIS - Before David speaks about the specifics, let me address your comment in the generic. One of the issues that we need to be very clear about is that the commitment of funding from the federal government is over 15 years. You know, and I know, that commitments of funding in out year budgets are not set in concrete. We might get the first commitment and we might get nothing. The federal government could change its priorities and in the out years not fund what it had committed to funding. We have the spectre hanging over us of the core/non-core promises-type environment and we need to recognise that whatever is told to us now is not set in concrete in terms of funding. So that is the first thing.

The second thing is, yes, you are right. If that funding was provided and it was to be directed, we would like to think in its entirety, at addressing adjoining neighbour issues, then that would be a good thing.

Mr WILKINSON - It wasn't really what he said. He said 'with some shared services situations'.

Ms DAVIS - I'm verballing.

Mr WILKINSON - Yes, but said that the money could be for some shared services but otherwise it would be quarantined.

Mr MONTGOMERY - That was in private that he told you this?

Mr WILKINSON - No, no. That was in the meetings that we had.

Mr MONTGOMERY - The increase from Mr Burke was that in private or public?

Mr WILKINSON - That was public.

Mr GATENBY - Mike, what you are trying to say is that instead of the 550 000 hectares, spread it right across the board.

Mr GAFFNEY - 500 000.

Mr GATENBY - So we are looking at probably in the reserve systems in this stage three million hectares. Is that what you are saying? So we are going to have a measly \$9 million. Is that what you are saying?

Mr GAFFNEY - No. I was saying that already what has gone into the reserves from the government's point of view is about \$10 a hectare; the \$9 million that was on the table was with the inclusion of 500 000, which is \$16 to \$17 a hectare for that lump sum. It is a better position than we were in in the first place.

Ms DAVIS - At no point have said that that is absolutely all bad. If that were to happen, clearly that would be a better position than we are in now. What we don't know is that it will happen. Much of this stuff sits outside the bill. It is not encompassed in the bill. It is encompassed in 'maybe' comments, 'might happen' comments, private discussions, or expectations. It is encompassed in delivery on changes in a raft of other bills, acts and regulations. Yes, that would be a great outcome. Can I have it signed in blood? And the answer will be 'No'. We are not saying this is all bad. We get that, but we are trading off a lot concretely with no guarantee of any positive outcome for our sector at all.

Mr DEAN - In your submission, Jan, you referred to the carbon issue and I just quote from your submission, page 12: "The minister's second reading speech stated that, "It is expected" - and that is why I threw in the word 'expected' a little while ago - "it is expected" - not known but expected - "that carbon sequestration and reduced greenhouse gas emissions will be an important purpose of any reserve established under this bill". You then finished up with the comment, 'How that is to operate in practical terms is not explained'.

Do you wish to go into those? I think you may have raised this previously but do you want to go into that any further, Jan, regarding what you would expect there and what you would want to know?

Mr MONTGOMERY - It might be helpful if you delayed that question and put it to Roderick O'Connor at 1.30 p.m. That is really his area of expertise and that is what he really wants to talk to you about. If I can advise you, you will get a better answer out of him than us about that.

Ms DAVIS - Yes. The short answer is, again, there are expectations and potential limitations being put over the way that farmers will do their business. We do not know whether that is the case with this because it doesn't tell us. We don't know whether it is a plus because it doesn't tell us. There are some conspiracy theorists saying that the whole intent of this bill is for the federal government to subsume all carbon credit rights including those from the private sector. We are not necessarily subscribing to that view but the fact that the bill is silent on anything other than the brief comments made in the minister's second reading speech are somewhat alarming. The bill has 'carbon' in its heading but there's nothing in it that gives us any understanding of what that implication is or how it will work. I keep coming back to this: we have a history in this sector, in the forestry area, of 'whatever happens, the private sector gets screwed' and we are battle scarred over it.

Mr DEAN - We are told - and you've listened in to some of the evidence provided to us - that we need a position, that there needs to be an agreement and we should be supporting this agreement currently, with some amendments and so on. What is the likely impact of a bad and flawed agreement - one that will not provide peace or good conservation returns, one that will not take the people with it and does not consider critical parties to the agreement such as yourselves? What level of impact is likely to be the outcome of that to your members of the TFGA? I know you have discussed that in some degree, but it seems to have been lost as to what will occur as a result of a flawed and bad agreement.

Ms DAVIS - That is a very good question and one we have talked about a lot. In some situations, and we believe this is one of them, it's better to delay commitments until you have more information and certainty. We believe that this agreement is fundamentally flawed. Not only does it ignore our needs, but it ignores the potential for other resource activities, including the mining industry and in some respects the tourism industry into the future. It's locking away capacity for our state to develop into the future when we don't know what that future looks like yet. We don't know what we might be able to do in the future and by irrevocably locking land into land categories that prevent even access for things we know about now, we are taking away future opportunity. We are, both from an industry sector and with our Tasmanian hat, absolutely horrified at that concept because it's so much of unknown implication for the future - and that's just putting aside the trauma that it's causing us today, tomorrow and next week.

Mr GATENBY - Ivan, you mentioned the community needs to come along with this agreement, and I think it's a very valuable point, but that is what's not happening. I live in a rural community and I am very passionate about it. We feel unloved and left out and I think if this agreement falls over, maybe we have to go back to square one and bring the whole community along together rather than just a few. The point you've made is

spot on. Our view is that if this falls over, let's start again and get it right so that the whole community is happy. The trees don't belong to just a few; they belong to us all.

Ms FORREST - Jan, you said you've been watching the stream. I'm not sure whether Jacki Scherman's evidence was streamed yesterday, was it?

Ms DAVIS - It was but I didn't see it. I have spoken at length to Jacki and from the quick written commentary and some of the remarks around, I understand what she said to you.

Ms FORREST - Her submission was clear as well. She made it very clear she would not want to see this agreement delayed - either knock it down, kill it or approve it - because there are people hurting in the communities at the moment - the communities you represent and the communities the timber industry is involved in. She made it very clear that this needs to be dealt with. A further delay of however many years it would take to go through another process would not be in the best interests of anyone in this state, particularly given that these communities are suffering at the moment.

She was of an opinion that a deep, broad socioeconomic impact assessment should be done. She doesn't have a lot of confidence that the one that's being done by the commonwealth currently will have that depth. She was of the opinion that this should be dealt with and those ongoing socioeconomic assessments should continue to be done not just one of now but also in a year's time, in five year's time because the impacts are ongoing regardless which way this goes. I think she has done some fantastic work in this area and I think we all acknowledge her expertise but in view of your answer to Ivan how does that line up?

Ms DAVIS - Jacki is entitled to her views and I respect her views, we have a different view. We do not believe that peace at any price is a necessary and desirable outcome. In this submission, on this issue, we are addressing the bill in front of us, nothing more and nothing less. Our views about the agreement sit outside this discussion. We are addressing the bill.

In addressing the bill one of the clear deficiencies Jacki has quite rightly highlighted. We heard via the rumour mill a day or so ago that the so-called economic and social assessment is almost complete. Once again, I make the comment that it is an appalling situation if it is true. Nobody has spoken to us. Nobody has looked at the impact on the private sector or the impact on the agricultural industry. To the best of my knowledge, nobody has spoken to any of our rural community leaders in the areas that are being impacted by this. So, yes, there are social and economic impacts but they are not being adequately addressed within the compass of this bill and the way in which it is being treated.

Ms FORREST - I take you back to the point that Jacki made. She absolutely supports the sort of approach you are describing and she drills very deeply into communities when she does her work but her strong view is we need to deal with this. The role of the upper House is to review the legislation and amend it when we see deficiencies, which we have done for time immemorial, and then send it back. The lower House can then do what they like with it. They can reject the amendments and that is when the fight really starts or they can accept them.

We are trying to minimise the pain in the community now, mostly in our rural communities as there are not many city dwellers experiencing pain from this. A lot of them are in my electorate, as you are well aware, so how do we marry this up because the real pain is happening. Jacki was very firm that a really deep and meaningful socioeconomic impact assessment should be done but it does not have to happen right now. As long as we get some idea of the impact on jobs and that we should be able to move forward.

Ms DAVIS - We are not discussing the agreement here we are discussing the bill.

Ms FORREST - The bill is the agreement.

Ms DAVIS - How anybody can expect that you would, this is a somewhat frivolous comment I guess, blithely agree to the locking up of another 504 000 hectares of this state's scarce resource, on top of the 42 or 48 depending which statistics you read that is already locked up, without undertaking that detailed economic and social assessment is beyond my comprehension. It is like well let's do it and worry about the consequences later. We will measure them, we will monitor them, we will yeah, yeah, pat you on the shoulder don't you worry about that - it sounds like Joh coming from Queensland - you have to do that assessment and you have to do it, Jacki is spot on, carefully, comprehensively and in a very thorough manner before the decision is made. Once the decision is made, particularly the way the bill is now couched, where there is no process of pulling them back out if the whole state is going to go into a black hole you have already agreed to the lockup and there is no way of getting it out.

Ms FORREST - There are ways of getting it out, very difficult admittedly, but there are ways.

Ms DAVIS - To us that just is the typical cart before the horse. You do the business study, you do the reviews, you do the studies and then you make the decision.

Mr MONTGOMERY - The logical argument here is that the RFA was only talking about 442 000 hectares in 1997, you are talking about 504 000 hectares now, but you're not prepared to have an RFA-type process. It doesn't make sense.

Ms FORREST - The RFA process didn't create that community consensus and this is the only process that we have, the buy-in of the ENGOS, so there are a range of differences.

Mr WILKINSON - The same process hasn't created that community consensus.

Ms DAVIS - It certainly went a lot more broadly in its consultation and engagement than this process has done.

Ms FORREST - There's no denying that.

Ms DAVIS - If that process didn't engage the community then I fail to see how this one can. But I bring it back to our comments not being about 'the process' our comments are predicated on the bill as it sits in front of us today.

Ms FORREST - The question is should the bill reflect the agreement then?

Ms DAVIS - Well, our view is that the agreement was flawed and there should be no bill, but this is what we have on the table, let's deal with it.

Ms FORREST - Should the bill reflect the agreement then?

Ms DAVIS - We believe the agreement should have reflected the Statement of Principles, and the Statement of Principles should be reflected in the IGA, the IGA should be reflected in the TFA and the bill should reflect that.

Ms FORREST - But it doesn't.

Ms DAVIS - It doesn't.

Ms FORREST - So should the bill reflect the agreement?

Ms DAVIS - You are driving me into a place that I don't see the logic in, Ruth. We don't support the agreement.

Ms FORREST - Okay, well, you don't support the agreement, so you don't support the bill because if the bill is about the agreement then that's -

Ms DAVIS - Whether we support the bill or not is immaterial. We are not the ones voting on it - you are. What we are trying to do is to give you our views to take into consideration in your consideration when you vote on this bill.

Ms FORREST - Which we are, without blithely agreeing to anything.

Ms DAVIS - It sounds like we are in furious agreement.

CHAIR - I am going to intervene because I think Jan has provided as good an answer as she can, and I am not going to entertain the prosecution of further argument around that. I did say this was going to be the last question.

Dr GOODWIN - This is a bit of a supplementary. If we lock up the 504 000 hectares, you can't roll that back. There is some suggestion maybe you can roll it back, but what you can't roll back - and I am asking for your comment on this - is if this agreement goes through the bill is passed, the funding flows and people exit the industry, you cannot roll back the forest contractors and the sawmillers who have exited the industry. You earlier talked about the inevitable consequences for your members of that occurring, so I would just like your final comment on that?

Ms DAVIS - You have hit on the key issue for us and that is the issue of sovereign risk. Every time the ground moves people make decisions that in some cases are immeasurable. If we were to go through a process of enacting legislation, as significant as this will be and then look, at some unspecified point in the future, to withdrawing that legislation decisions will already have been made about businesses, investment and personal considerations that will not be changeable. You cannot put the egg back together once it is scrambled and that's where we would be.

CHAIR - Thank you very much, Bruce, Jan and David, for your time. We will take a 15-minute break.

THE WITNESSES WITHDREW.

Ms DIMITY JANE HIRST, Mr MICHAEL GEORGE HIRST, Mr MICHAEL GRAHAM JOHNSTON, Ms SUSAN LOUISE JOHNSTON, Mr MICHAEL JAMES KELLY AND Ms CINDY LOUISE KELLY, GIVE IT BACK, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

Ms HIRST - Thank you everybody for allowing us to come here today. Give It Back was born in June last year. The three of us got together. We did not know each other prior to the forestry debate. Through the social media and through phone calls and friends and things like that we were all very frustrated individuals. We were talking to local people in the towns and our friends and just anyone involved in the forest industry or in the agricultural industry that also has interests in forestry.

We decided, after a number of us getting together socially, that we needed to do something more. There was frustration that we were not being heard, that we did not have a voice, that the local people being affected did not have a voice around the table, so we decided we needed to get together and actually do something.

Even though we have no background in politics, no interest in politics whatsoever until this actually started, we did not know a thing, we decided to get together and form a lobby group. That has happened purely out of frustration and sadness in a lot of ways that we did not feel we actually had a voice around the table. Things were happening that were affecting us then and there and were going to affect our future that we had no control of. There did not seem to be anyone actually standing up and giving us a voice. Private forestry were not getting a voice and neither was Mick and the other two Michaels are involved in their own forestry operations and also have a sawmill. We were left out from around that table and also out of any funding or anything like that and we just felt that we needed to be heard. It would be eight months this month since we all got together and decided we needed to do something.

The support we have had from the community has been quite overwhelming, much more than we ever expected, through the social media and the actual media with the respect we have had from papers, from TV crews and all that sort of thing, in understanding that there are people out there who have not been heard and the voice of people who are being affected from this as we are right now both financially and mentally.

The social impact of this bill, in our opinion, is far greater than a lot of people actually realise and I think that is starting to flow down now. We are here today, as the boys were speaking to you last time, to give you our point of view. It is a very personal point of view. We can only speak personally. We do not have big resources behind us or anything like that but we would certainly like to give you all an indication of how this bill affects everyday people, be it forestry interests like us, be it within a sawmill, or within a family like Michael's, whose family goes back seven generations in the Western Tiers. We do have quite a broad interest through the three of us and I hope what we give you today is worthwhile in your findings and good luck.

Mr HIRST - A question for you guys really is whether what we are about to present to you is actually going to change anything. We feel totally disrespected by federal minister Tony Burke in pushing ahead with the World Heritage area, so can someone please tell us

from around this table that what we are about to present to you actually means something and that the time we are giving here is actually worthwhile in getting a good resolution out of those whole process.

CHAIR - It is absolutely axiomatic by the fact we are here and a committee is in place. Let me preface that by saying we wouldn't normally do that because it's our role to pose questions in a process and receive answers. We are interested by the very fact we are here. Will it make a difference? We have no idea because we haven't got to the vote yet. This is all part of a legitimate and very worthwhile information-gathering exercise so we can report to the parliament. Members will make their own judgments about the issues from there on.

You specifically raised the matter with regard to federal minister Tony Burke. This process can have no influence over the World Heritage nomination. It is a matter for the federal government and it has chosen to put forward the nomination so this process can have no direct impact on that.

Mr HIRST - Do you guys feel gutted about that?

CHAIR - I will take that as a rhetorical question, Michael. We won't have that sort of process, whether we do or not, because people have their private views.

Mr HIRST - As a group we feel absolutely gutted with what's gone on. Our family has been involved in the land forestry business for 30 years and we have seen death by a thousand hits, mainly by the environmental movement. We fully recognise the current downturn and situation we are in is not wholly and solely because of the environmental movement, but these are the guys we will be rewarding should this process go ahead. The dollar hasn't helped and it is having a huge impact on any commodity-based industry including dairying, the vegetable industry and manufacturing.

We have been specifically targeted over 30 years by an environmental movement that does not care about anything else but the trees. That is where we come from, but in a totally different way. We care about the people who live in this state. We are not here to get a bucketful of money or to expand our business through the downturn of this industry. We are here because of the state of the state. We have nothing to gain from this process, and this process has been driven by people who have everything to gain. It is either money or political deals and I think you guys who put it to a committee prior to Christmas have exposed that.

The three families here are just a little cog in this economy but we were driven off a big cog, which was Gunns. Whether you loved them or hated them, the simple fact was they drove at least the northern half of the state. They also generated income for our essential services, but that big cog stopped. It was a combination of things but it was the relentless chasing by the environmental movement that ultimately tipped them over the edge. They couldn't get finance, I wouldn't imagine, for the pulp mill because of the simple fact they were in the timber industry, and how it was tainted throughout the last 10 years. Because of that, we now have a situation where the plantations are worthless, the native forests industry, which our business is based on through selective logging, is worthless and banks won't value it. The big cog stopped, so our cog stopped. All along,

our businesses in the last three years have been driving down because that big cog has stopped turning.

This environmental movement has moved from environmentalism into running our economy, or at least having a major influence in it, and they don't have the know-how to do that. There is no way what they have been saying and doing in the past 10 years at least, has worked out for them so far as the Tasmanian economy goes. There is no durability in this process because, quite simply, all they care about is the trees. What is going to happen? The Wilderness Society, that has taken on the responsibility to look after the industry in the marketplace should this deal go through, has all of a sudden become a responsible entity to help industry. The groups beneath them that aren't involved in the industry are now stepping up and calling them non-environmentalists because they are helping industry. What is going to happen is the members will funnel down into the new groups and we will be battling the new groups further down the track. The Wilderness Society will have a lesser role in the environmental movement down the track than they have in the past and that's simply because they care about the trees and not the state.

Then we get to minister Tony Burke, who all along has said it's about environmentalism and industry working together. Thank God you guys put it before this committee because I think, in the last couple of months, things have changed a little bit. We have Tony Burke, who has tried to bulldoze his way through this process. I feel like, even though we are only a small part of this, we have been totally disrespected through this whole process. You guys have been totally disrespected. He has no respect for our political system. He has no respect for Tasmanians as a whole, or at least the 80 per cent who want to thrive down here and look after themselves. For us, it seems that minister Burke has been driving this process to get Greens' preferences for the federal election. That is how we view it. I think he has shown his hand when the deal didn't go through prior to Christmas. He still went ahead and he has nominated this area for World Heritage inclusion.

What does that say about him? We don't think he has any credibility. Our supporters don't think he has any credibility and it is about federal government bullying Tasmania again. It is no different to the Franklin Dam. It is just the same process where they use us as a political football and morph us into a bigger national park. It's Australia's national park. They don't care what goes on down here.

The whole process is an election slush fund. He has his preferences from the Greens, and the \$200 million if the process goes ahead gives Premier Giddings a leapfrog into funding things in the lead up to her election, and what do we have? We have another 8 per cent of the state locked away. We have a farm that is progressively becoming unmanageable. We have another fire down at Molesworth today. Quite simply, our children's future is being compromised. We will not put up with it. We will do anything to stop this crowd from continually locking up this state because they feel like they get results down here and they have been very good at what they do. There is no doubt about it. They are very good at looking after the environment, but they are shocking at looking after the economy. And you reward them with this? You reward them with another 170 000 hectares for World Heritage, you reward them with another 400 000 hectares of protected forests and they all think, 'You know what, this is the only way forward.'

If I were sitting in their seat, that is what I would think. But I'm not. What I'm saying to you guys is that at some point there will be legislation - if you pass this, then down the track there will be some point where legislation will come up in front of you guys and you will have to put a bloody line in the sand. You will have to stop these guys, because they need stopping. Fifty per cent of the state is enough. No more. We have to stop these guys right now. We have done our bit. For goodness sakes, it is clear as day to us that we have done our part and we do not reward these guys for hanging off machinery. People are going about their legal work, in legal workplaces and we let these guys come in and chain themselves to their gear, stopping their workplaces. What are we? We still have to live here. We still have to generate income. Do we want to be a government that just relies on federal handouts for the rest of our lives? Well, I don't. We have done enough. Let us draw a line in the sand and say, 'No. No. That's it, go away. Go somewhere else. Go and do your environmentalism somewhere else, because we have done enough.' That will do me.

CHAIR - Thank you, Michael.

Mrs TAYLOR - I want to bring you back if I can, Michael, to yours and Dimity's - the rest of you will probably want to answer, too - but can I just bring it back to your own situation and ask if you tell us, fairly simply, what effect it has had on your business, and what would help you?

Ms HIRST - I will answer that because I know Michael will not be able to do that as he was starting to get very emotional when you started talking about this.

Michael's father was involved in very, very early time with Northern Woodchips initially, so you are going back a very long time; we do have a history in forestry. As far as we are concerned and our family is concerned, we have native forest blocks and we also have plantation blocks and that has been the vast income for us over the last six, seven or eight years. We moved out of farming full time because we wanted more certainty for our family. We have four children under the age of 17 all the way down to five so our girls were our priority and we saw forestry as a safe, secure industry when we went into it. The way we looked at it was that trees grow, trees die and you can harvest a tree at its full potential and then another one will grow back. It was such a sustainable industry for us to get into.

Three years ago things just went pear-shaped; all of a sudden we couldn't sell any blocks that we had developed. The banks refused to lend and this happened time after time again. We would have John Hewitt, who was our real estate agent, who knew about forestry as he had been involved in forestry for most of his working life, and he would come back and say, 'We've got people wanting to buy your land but the banks won't lend'. They needed to have a minimum, I think, that was 50 per cent and we were just getting knockback after knockback after knockback - that's three years that we haven't been able to sell a single block. During those three years we have progressively had to shut down the harvesting of our native forests and during those three years we haven't had any income from either our FEA or Gunns plantation blocks.

Our debt is now at a point probably two-thirds of our actual equity. What happens with us now financially is not in our hands. We find that very frustrating because we have had

absolutely no say in that. It has been dictated to us by what has happened with the environment movement stopping Gunns from selling to Japan. For us to sit back and watch all these things happening and falling into place, which meant we couldn't continue to trade as a business, has just been heart-wrenching and we are now at a point where all of Michael's work that he has spent since he and I have been in business together - and we have been together 22 years - has all been for nothing.

Mr HIRST - One thing I will never forget, Adriana, and it will never leave my mind, and I reckon I think of it 10 times a day since it happened, was when Gunns went into administration and Christine Milne and Bob Brown were on TV smiling and had their party hats on. I will never forget that because we are some people who realise the implications of that - and you just had Jan Davis in the room - are just huge and those guys don't realise it. I understand that they were happy because Gunns weren't a great corporate citizen in the later years. Mick was disappointed by them on several occasions but the simple fact is the greater good of the company - it was a prop for so many businesses in this state and you are not even starting to see the ramifications of that because banks can't sell. They can't sell our blocks because there are no buyers.

Ms HIRST - We have had our blocks on the market now for three years and they cannot physically sell them. They are unsaleable and they are not at the point - I rang John the other day to try to get some values on it and is saying, 'What's the point, you cannot sell them', but the fact is that our interest is still accruing and has been accruing. We haven't paid interest now for 18 months.

I don't know if any of you can understand what it's like for a man, or even for a woman for that sake, to watch their business go downstream when you have absolutely nothing to do with it. The effect that it has had on our health has been catastrophic, the effect that it has had on our children watching our health decline has been horrendous and it has been a really hard thing for us to watch.

Mr HIRST - Legally, we did nothing wrong.

Ms HIRST - We didn't do a think wrong.

Mr HIRST - That's why it hurts us so much when you get these guys rolling into workplaces and breaking the law and then they're bloody held up as heroes. They are not heroes because they don't have responsibilities like we have. We are trying to school four kids. We had a business. We were contributing to this state.

I like the kids down there, they are great to talk to, they are passionate people just like we are but, you know what, they don't contribute to this state and a lot of them don't even come from this state.

And we are about the state and it's the state that matters, and it's the state that we've got to stand up for, nothing more.

Ms HIRST - It is a really hard thing. I don't know if anyone here has ever been at the point of losing everything that they have worked hard for. We are very lucky, we are blessed, we still have our children, and I suppose we come from a point of view where we nearly

lost a child when she was three. So, for us, we still have our family and that is all that matters and that is all we are going to have after the end of all of this.

We were only in a doctor's surgery the other day talking to a psychologist that we have had to deal with for the last few years and try to understand how to get through this. To watch my husband break down in tears, time after time, as she is trying to tell him that he is not useless, that this is not his fault, that he is a good provider to his family - I can't tell you how frustrating that is when we sit back and watch this girl sitting up a tree, saying 'I'm doing this for the greater good of Tasmania'.

We are not the only ones in this position. The people who contact me, from old people to young people, saying, 'What have I got now, what am I going to do?', to talk to people whose husbands have had to go to the mainland to find work and find a job that is able to support their family. They have little children who say, 'When's Daddy coming back, Mum?'.

I don't understand why we can't have an industry here that is so sustainable like forestry. The trees grow every year. Our plantation is growing but nothing is going on. Our native forests are growing. We look after them. We have the most sustainable product. It's pushed throughout the world as being sustainable and yet down here it's like it has arsenic in it, and I just don't understand it - I really don't.

It is so frustrating. You see it in the schools - my children come home and they say, 'What's happening? Why are you saying it's good to cut down trees when we're told we need to plant trees?'. The whole thing has got so skewed down here.

Mr HIRST - They are allowed to get away with it, it is as simple as that.

Ms HIRST - But you need to understand that this is a very emotional thing.

Mr HIRST - I reckon they understand that.

Ms HIRST - And you need to understand that we are only one small group out of a huge number of people that this affects who aren't represented around that table. In Westbury alone, we have seen three businesses close in the last couple of months. It has been awful and they are all leaving.

I don't know when people are going to start waking up and understanding that forestry was underpinning all of this. Forestry was bringing in money. Forestry meant I would go and buy my Ashgrove milk and I love Ashgrove milk. It's a local product. When I lived at Bridport I brought Jon Healey's milk from Pyengana and it was fantastic - I don't buy that any more and that is not a choice. It irks me. I feel embarrassed when I go and buy Homebrand milk. That's just one example, there is someone who is missing out on that.

The local florist in Westbury has just gone and I wrote her a letter to say I am so sorry. I used to go in there every week to buy three lilliums, because I love their smell, and they would go in my kitchen. I haven't done that over a year now and I sent her an email and said 'I am so sorry' because she has now left.

Mrs TAYLOR - Thank you. I am sorry, I realise how distressing it is for you to have to say that but I think it is really important for me to hear it and also for it to be on the record.

Ms HIRST - Well, there are another two families here that will tell you the exact same thing, and we don't have seven generations like the gentleman sitting at the end, whose property borders land that his grandfather and great-grandfather - seven generations - have logged that is now going into the World Heritage Area, and yet it has been logged numerous times. They must have done a bloody good job of logging it for it now to be of world significance. We are a very small part of a very, very big picture.

CHAIR - I am just wondering, members, whether it might be productive to hear from Michael and hold the questions. Any opposition? No? Okay.

Mr JOHNSTON - I would like to thank the Legislative Council for the opportunity to speak and to congratulate the councillors for not being bullied into a decision earlier before due diligence could be done. With your permission, I would like to give you a couple of photos and a copy of my talk.

CHAIR - Certainly.

Mr JOHNSTON - I will keep going as these are handed out. I didn't come here today to debate trees and the timber industry; there are much more qualified people out there to do that than me. Instead I am going to talk today about one family and one farm that is directly affected by decisions made over the last 40 years and decisions you will make regarding this bill. That family is mine. As you get those photos, you will see the first photo was taken on our farm in 1913 and there are three generations of my family in that one and in the second photo there are four generations. That adds up to seven generations, of which I am the fifth generation who have lived and worked on this farm.

The first photo looks up across our farm to the Great Western Tiers and the second photo looks down from our mountain track to our farm and the township of Meander. The track was used not only for income, it was also used for enjoyment. The generations in the first photo regularly walked to the top of the mountain for picnics et cetera and to this day we take family members, sometimes as many as 30, on Easter Monday for a picnic to continue this tradition. Also in the first photo the second person from the left is my great-uncle Will who, from the age of 16, used our track to go up the mountain to snare possum and wallaby to provide for his family through the Depression, and in 1942 he went to war to fight for this country so that his family could continue to have the rights and freedoms that he enjoyed. He was blown to bits somewhere on the Malay Peninsula in 1942. I wonder what he would think of the world we live in today.

My family has also run sheep and cattle on the mountain. I can remember as a child the family tradition of brothers, sisters, cousins, mothers, fathers, uncles, aunties and friends taking sheep up the mountain in the summer to return in the autumn. I have never been able to do this with my children, as this practice was stopped in the late 1980s due to green lobbying - another part of our heritage eroded.

We also have a strong history in the local timber industry. My great-uncle Joe was killed in the Huntsman working in the bush. Many of my relatives have worked in the bush and

in sawmills and, as Dimity said, we must have looked after this place pretty well as it's now considered World Heritage.

Over my lifetime I have seen our heritage eroded. The conservation areas in all their different forms have grown like a cancer to now land at our back door. This is our home. The families in our entire community have thrived through the use of these areas. We hear people now talk about social licence, communication and consultation. We are now a direct neighbour of this proposed World Heritage Area and we haven't been consulted or even notified of the listing.

We hear people talk about World Heritage, but what about our heritage? Our ancestors have managed these areas for more than 100 years, so well they are now classed as World Heritage, and our heritage is to be wiped out. What happens to property values? What about the fire risk? What impact will it have on us as landowners, who now border World Heritage areas? I have talked about one family in one area but this story could be told about hundreds of families in lots of areas all around Tasmania.

In closing, I would like to thank you for your time and call on you to ignore the contempt that Tony Burke has shown for the Tasmanian parliament and the Tasmanian people and throw out this bill.

Ms FORREST - Thanks for sharing those personal stories; they are stories that are reflected around the state. We have had lots of evidence since this whole thing started about the decline of the industry, particularly since about 2007 when the industry had a number of pressures, and the global financial crisis and the high Australian dollar didn't help, all things you're well aware of. The demise of Gunns has had a particular impact on private growers because they were the main purchaser of the product.

The industry has been in decline and personally I see this as a way of putting a handbrake on that decline and trying to get some stability so we can look at how we can grow the industry in a different way. Things have changed; the industry has changed, the markets have changed, a whole range of things have changed. If we can somehow get some support and consensus around every table to look at how we can grow the industry into the future in a different way, this may be the opportunity.

You said we have to stop these people. The signatories included a range of industry representatives as well who also signed this agreement that is now reflected in the legislation, so it's not just the environmentalists who have had their way here. They've had to compromise quite a bit on their views and expectations, even to the point, as I said to Phil Pullinger recently, that their constituents expected wall-to-wall national parks. They're not getting that -

Mr JOHNSTON - They have 50 per cent of the state now.

Ms FORREST - More than 300 000 hectares will be regional reserves, which means you can continue mining and all those other activities.

Ms HIRST - But not forestry, and for how long?

Ms FORREST - No, I am saying that is the compromise they had to make. The point I am making is that the industry supported this agreement.

Ms HIRST - Some - please use the word 'some' of the industry.

Ms FORREST - Okay, some industry and some environmentalists.

Ms HIRST - No, some of our industry. Not all the industry was represented by the industry.

Ms FORREST - No, I accept that. Some of the industry and some of the environmentalists support the agreement. It's the first time we've been in a situation like that. If we don't have this agreement the industry will continue to decline because the fights will still continue and the markets will still be attacked, even though I absolutely agree people shouldn't be locking themselves onto equipment and machinery and getting in the way of people lawfully doing their business, but we can't stop people protesting legally either. Legally protesting still has impact on markets, so there is a range of challenges there. If we don't have this agreement, what will that mean for people like you, when the fights continue and the markets don't emerge?

Ms HIRST - So you are convinced by the people who have spoken to you during this process that the durability of this agreement with the Wilderness Society and the other groups around the table that the groups underneath them, that Michael sat with around the tree who weren't around the table, that the process is going to stop if this agreement is signed?

Ms FORREST - No, no-one has said it's going to stop. Every witness to this committee has said they realistically know that some of those protests will continue. Michael, you said there is no durability since this agreement was struck, and was referred to in the legislation that we are now considering. The Wilderness Society and Environment Tasmania have been to market places in Japan promoting the timber industry -

Mr HIRST - Yes, I understand that.

Ms FORREST - There have not been the protests, the lock-ons and things like that we have seen in the past in this time. I certainly talked to Vica Bayley for example and said you guys need to rein your lot in if you want any hope of this process having any success and we have seen that. Doesn't that demonstrate a degree of durability?

Mr HIRST - I understand where you are coming from. I am not in the room with these guys so you have a much better understanding of that than what I do obviously. Where we are coming from is the fact that we have lost everything -

Ms FORREST - I can understand that.

Mr HIRST - We have lost everything and these guys are still getting what they want. You say they are not getting what they want they should not get any more. Why because of a massive downturn in the industry, which they are partly responsible for, would you reward them? What are you rewarding these guys? What I do not understand is that we had a legal business, the Greens did not like that and I get that, but why are you rewarding them? You say they are not getting much and that they have compromised?

Do you know what? I feel like they have the lot. Burke has gone ahead and already nominated totally, to run over the top of you guys, 170 000 hectares. Imagine how this guy feels? The amount of work this guy has put into even our little group and Burke just comes and says -

Ms FORREST - Can I just say with the world heritage listing, and this may be something you do not understand as we have a lot more information than you guys have had obviously, the world heritage listing is in a time frame and it was a linchpin to the agreement. If minister Burke had not proceeded with that nomination the whole deal would have been off and we would not be here today.

Mr HIRST - What is the rush, Ruth?

Ms FORREST - It is the time frame.

Mr HIRST - No, no it is their time frame.

Ms FORREST - Can I explain to you, Michael?

Mr HIRST - It is all about them, isn't it?

Ms FORREST - The world heritage listing was a linchpin of the agreement and the time frame is set by the world heritage commission or whatever they are called -

Mr HIRST - Ruth, is that just for this year or for next year?

Mr JOHNSTON - We have suffered long enough. Why not let it go to the next election and let the people have the say on what they believe should be done with 500 000 hectares of Tasmania's land?

Ms FORREST - We can do that by voting against the legislation. What we are doing in this process is looking at the legislation that is before us. Our job is to determine, in my mind, does this legislation reflect the agreement because if you do not support the agreement you vote against the bill. It is simple. If you do think that the agreement is the way forward then we need to determine does this bill reflect the agreement, does it miss out important things? They are the things that we need to look at and we accept that the challenges that you are facing and you are losing everything. I cannot imagine how awful that is because I have not had to face it but it is happening and we see it happening but what I want to see is an industry that can have the handbrake put on the decline to try and support it.

One of the other aspects you said, with Gunns decline, if Ta Ann leaves the state if this falls over then that is another potential customer for you gone.

Mr HIRST - Just to clarify some of that, Ruth. You know how minister Burke had to put the world heritage nomination in by a certain date?

Ms FORREST - Yes.

Mr HIRST - Okay, is that the last nomination?

Ms FORREST - No, no, it is not, but it is part of this agreement. If we do not support this agreement it goes -

CHAIR - Order, I will intervene at this point. I have been very lenient, not only today but throughout these hearings as to commentaries from members rather than framing questions and I am going to intervene at this stage because there is a lot of commentary rather than questions. The commentaries from members need to be not commentaries but questions. To be fair to Michael there was that exchange which was going on. I was intending to intervene from both purposes so that I will remind Michael that we are not here to answer questions. My judgment would be that the panel at the table would respect that and that members will respect that contribution which I have just made as to commentary. If you have other questions, Ruth, we will go to questions.

Ms FORREST - My question is, Michael, if Ta Ann remains in the state does that offer you other opportunities for selling your product and perhaps growing your business in that way?

Mr HIRST - Ta Ann at the present moment is probably an important part of the industry but they may not be here, no matter what this outcome is further down the track, because just like we said before you are never going to control the likes of Get Up, Markets for Change and people like that and they have said they won't be controlled and no-one can dispute that. They are going to find it very difficult.

The cold hard facts with Ta Ann are number one, they are only wanting this process to go ahead so they can get compensation for their breach of contract and that is a lot of money, \$80 million or something. Okay? If this agreement does not go ahead they do not get it because you know what? They are not going to survive. They have already said that. Okay?

Number two, Ta Ann is also in an industry that takes all our future saw logs. They take long, straight, and by the way last year we were selectively logging a native forest block and it was 30-year regrowth so the long, straight, I specifically asked my agent, if you like, to leave the long straight trees for future saw log production. Okay?

The logging crew went in there and took nearly every one of them because Ta Ann, they get paid in tons and also on a commission basis. They took all the long, straight trees and they went straight to Ta Ann as peelers.

Okay, I got more money in the bank, I accept that, but the fact is I did not want that to happen. I took the agent back up there and said what is going on. The long, straight trees that will be our future saw log production are Ta Ann's bread and butter. They are that perfect tree looking for light that is about that round and make a beautiful peeler.

You talk about value adding, they are not at the top of the tree. The saw log is at the top of the tree but they will substantially reduce our saw log production if they remain in the state, okay? I hope they do but their future is by no means guaranteed so do not hang this on them because they are going to find it very tough and not because of us around the table but because of the likes of Peg Putt and Get Up and what have you. They are not going to stop campaigning because they are in native forests.

Ms FORREST - How will knocking down this bill help your business?

Mr HIRST - It won't help me. We are gone. We are no different to the girl up the tree. We have nothing to lose. We have been smacked that hard that we have nothing to lose just like they have nothing to lose.

Ms FORREST - How will knocking down the bill then help the timber industry broadly in the state?

Mr HIRST - It is already on its knees, Ruth. How it will stop it is because we are drawing a line in the sand and saying we have enough of Tasmania locked up for environmental purposes and now we set about rebuilding the industry. Private guys will rebuild it themselves because when the dollar goes down and the opportunity presents they will be back into it.

Ms FORREST - One of the big issues I am sure you are very aware of is with the residues?

Mr HIRST - Yes.

Ms FORREST - Part of the funding agreement is to spend quite a bit of money in looking at other uses for the residues because without that -

Mr HIRST - Yes, it is the most important.

Ms HIRST - Can we leave that question to Mick Kelly? That is the sort of thing he is going to be talking about, those issues of looking towards the future and what -

Ms FORREST - My question is if the money does not flow because there is no agreement, and Michael might want to address his mind to that, what does that mean? I am looking for how the industry is going to thrive.

Mr HIRST - In our opinion, money will still flow because it is an election year. Money will still flow and it always does. Like I said before in my address, for us it would seem that \$200 million is just a slush fund for the federal government and the state government. If it goes through, I can just imagine Premier Giddings sitting back in the chair thinking, 'Right, let's do some good with this money'. But I am not prepared to see the forestry industry smacked between the ears just for that.

Ms FORREST - Hasn't it already been smacked, though?

Mr HIRST - It has, but taking away the farm doesn't actually improve it.

Ms HIRST - Can I make an analogy here? When we were still at Bridport, when I first met Michael, they probably had 12 000 sheep. When I first met him, one of the jobs that he had to do was to shoot sheep into a pit because they were worthless. There was no value in them. They were zero dollars. If they took them to market, they wouldn't sell; they would just go to get their heads chopped off and you would get a bill for the cartage to send them there. Sheep at that particular time were in the biggest downturn that they had had for a very long time, but the government did not step in and say, 'Hang on here a

minute; let's close it down. They're not making any money. This is inhumane. We can't have this happen'. And where are we now? Last year, fat lambs were at \$200 a head - and their mothers were the ones being shot. Fifteen or 18 years ago, that same age group were valueless and now the ewes are selling for \$180. And do you know what? The government didn't intervene. That was just the law of economics and the ups and downs of cycles.

Mr HIRST - Private enterprise.

Ms HIRST - It goes up and it goes down and so why, because we are in a downturn, do we have to say, 'Okay, you're not doing very well so we're going to shut you up and we're going to start again'?. Why not let the natural cycles come in? Ta Ann is not the only person in this and they weren't before. They weren't here 10 years ago. What makes them the linchpin now? There will be someone else coming up.

Mr HIRST - The guy negotiating for them is the guy who did the first contract. I mean, God, give me a break! He is the one who actually negotiated with Paul Lennon to give them this great big fat contract to take all these trees in the first place. Now he is coming back and saying he wants another \$80 million. Ruth, we cannot just throw away the key to our country anymore. For 20 years now they have been saying clean, green tourism and, boy, what's happened in the last week? We have the Abt Railway that wants another \$20 million and there goes the forestry money. That will be funnelled into it, no doubt.

Ms HIRST - They are asking for it.

Mr HIRST - They will be asking for it, and all our future is now looking shaky. The trick to a good business model is diversification and we are an example of that. We didn't diversify enough. We were in farming and we were making 3 per cent return on equity but we were paying 10 per cent interest and it didn't make a lot of sense. So we got into forestry and now we have been smacked there. It doesn't make sense to narrow our business case down, it makes sense to ride this storm through and then rebuild it. That is what we have to do and then tourism will rebuild as well but, for goodness' sake, we have 45 dairy farms up for sale in Circular Head. We have the Abt Railway closing down. Don't hang your hat on tourism and agriculture because things are not that great there either. Diversify, look after ourselves and just get the state on its own two feet.

Ms FORREST - The question I have is how does rejecting this bill help the industry?

CHAIR - Ruth, I am going to intervene again. You have asked the question three times, I think the panel has done their best to give an answer and I will not allow it to just continue to be repeated. Mick, just before you do, be fair to other people who have lined up for questions and I am going to go to other people for questions because that has been almost a 20-minute session. Tanya, to you, please, and we will come to you in a moment, Mick, if that is all right.

Ms RATTRAY - I have a question for perhaps Michael and Dimity. You talked about Gunns being the big cog in the whole industry and now that has gone. It has been suggested to me, and probably to other members I expect, that now it is time for Tasmania to have cottage industry with forestry. Could you just give me a view? Obviously, you are bigger than cottage or were, so do you see that as being something

that Tasmania can do if this 504 000 hectares is put into non-production forests? I admit that you may be able to mine in it. I think that is probably fairly limited in its ability, but that is a view for others. I know you may have sort of answered it in some way.

Mr HIRST - Not to a great extent. My view on Ta Ann is simply because I don't see anyone stopping these groups that roam around the world bagging out our products, and Ta Ann has a good product. They have real challenges even if this does go ahead; that is our view. The simple fact is that we need to explore how we will deal with our residues; that is number one. Quite simply, a great analogy is that when you cut down a beast, most of it goes into mince; you only see the prime cuts in the supermarket. Without the mince, without the offal and without the bones - they cover all the costs of killing it and that is a big component of it.

It is similar to residues in forests. We need an outlet for residues, but don't think we are going to be sending it overseas. I don't think we are going to be doing that, to be honest. The more social media gets going and the more the people who don't understand our industry and the plight of our state have a hold on what we do and what we can do, the more we have to keep this in-house. That is simply through biomass or through ethanol; you would have heard submissions on this.

Ms RATTRAY - Pellets, do you see a future for pellets?

Mr HIRST - Pellets, or anything that keeps it in-house. Quite simply, the residues have to be in-house, because just like Ta Ann we are not going to be able to export. I don't think we are going to be able to do it because I think these guys have us beat overseas anyway. I don't think they have us beat down here. I think we can deal with them down here, but not overseas. I do not think we can stop these organisations because they are backed by some of the richest people in the world. That is whom they are backed by. How you compete against that? I don't think you can.

Ms HIRST -A cottage industry? I think it is laughable to say that when we have this wonderful resource that is so sustainable. The trees are growing all the time and I think if we do draw the line in the sand and say 'enough is enough', we have a beautiful area. Michael brags all the time - he is the biggest avid bushwalker you would ever come across. I had a conversation with a lady the other day and he said, 'I've climbed Mt Nares, have you?' He loves our national parks. We're not people who don't respect what we already have.

Mr HIRST - We just want a balance.

Ms HIRST -We just want a balance and we feel that we have a really good balance now. Instead of putting an industry that could be, and was, so vibrant. Yes, things needed to change a bit; there were wrong things done. Goodness, there are people who own dairy farms that allow cows to die with bad feet standing in a paddock, but it doesn't mean you shut down. You make sure that you go forward. We have a wonderful agreement that we have to abide by every time we log an area. Every time we do anything, we have to make sure that it is all done properly and we get somebody in to assess it. That sort of thing needs to continue. We are not against legislating to say, 'If you are going to log that, you need to do these things to do right by the environment'. That is not what we are

saying. We do need to continue to do that sort of thing. We do not want open slather, and that unfortunately did happen a little bit earlier.

Mr KELLY - I think you could actually answer the question yourself.

Ms RATTRAY - I want you to answer it.

Mr KELLY - Okay, I will put it this way: A cottage industry? Yes, we have lots of different cottage industries, but do we want to be able to sustain our state's economy? Do we want to be able to provide jobs for our youth, our hospital beds, our police force? Now, that is a question that you need to ask yourself. What industry has the capabilities and is proven to have done it for decades? There is no other industry like the timber industry. It has done it and the proof is there. We are up against a climate that is out of our control. As you well know, it is a perfect storm. We have other sectors really struggling. Had they been wrapped up in politics like our industry, then they would be in the same boat as us - pretty much closed down, and we would be 100 per cent reliant on the federal government.

The question is, do we want to be 100 per cent reliant on the federal government all the time or do we want to pull our own weight as a state and use our best asset, which is our native forests. It is our most sustainable industry and is environmentally friendly, despite what they say, and stand on our own two feet or do we just want to be a hand-out state? That is, I guess, the key thing I look at. We are locking up something that is a tremendous asset and has been for decades and then turn it into a liability that we are then going to have to throw volunteers' time into and more taxpayers' money to stop the fires. The infrastructure is falling down with all the roads and the firebreaks that used to maintain it. We are losing our skill sets that used to fight these fires. In another five years like this we won't have our bushmen to be able to put in there. A lot of the volunteers, and they do a great job, haven't got the skill sets to handle bushfires. You need to have the guys that work in the forest, who know the lay of the land and how it works so they do not put themselves in danger. We have a great industry here. It has the potential to be one of the best in the state but we cannot lock up our resource because that would be the death of it.

Mr JOHNSTON - Cottage industries do not pay for schools, hospitals, roads. As Mick said, we do not want to be reliant on federal hand-outs for the rest of our lives.

Mr HALL - Thank you for putting that human face on this whole issue. I do not know whether you heard the TFGA submission. Their end proposal was that this is the government's bill, the government's agenda and therefore this House should send this whole matter back to the House of Assembly, back to the government, to sort out all those issues - the science and community consultation. It is their responsibility, not ours. What would you say to that?

Ms HIRST - I agree with that.

Mr HIRST - You know where we are coming from, Greg; quite simply, whatever it takes. Just like that lady up the tree saying 'whatever it takes'. I am the same because this has been flawed from the start. I am sorry they got it wrong but they have got it wrong. The last thing we want to hear is that we are going to put it through because we don't know

what else to do. That is just selling out our state and we do not want to do that. We want to stand up for our state. That is why you guys have been so crucial in this process. Thank God for you guys because you are actually standing up for the state. It was a close call but you are standing up for it.

Ms HIRST - This bill is not a bill of last resort. We believe that the forest industry can go ahead without this going ahead and without the clauses that both sides have put in, the toing-and-froing. If it all got flattened and we started again and the government backed the forest industry then absolutely it will get going again.

Mr DEAN - You talked about the rebuilding of this industry. Currently in the TFA there is, I think, 137 000 hectares set aside for logging and so on. Where do you see the possibility for a rebuilding of the industry when the logging areas are so restricted?

Mr KELLY - One of the things that really concerns me is that they have shrunk our paddock to be able to get the critical rotation that we need to maintain our sawlog industry. From a business view it makes no sense. From an environmental point of view it makes no sense because you have shorter rotations, more disturbance and more environmental harm.

We are losing our professionalism within our industry. One thing that has really upset me for years, particularly the media have a fair bit to be blamed for, is that they always drive the boots into our industry whenever someone finds a mistake within it but no-one ever gives the industry a pat on the back when it has done something great. We have made mistakes over the years and the only way to not make a mistake is to do nothing. We are trying to do stuff; everyone improves from mistakes. If you look at where we have come in the last 30 years it is just amazing. We have some of the best logging practices in the world. I have been to South America, Scotland, Ireland and Victoria and around Australia, and when I look at their logging practices I am proud of where we have got to.

You do have to give the environmental movement credibility in the sense that they forced our hand to improve our practices, but it has gone too far. It has gone beyond a joke now where it is starting to have a huge impact on how profitable our operation can be. The pendulum needs to swing back the other way to find some commonsense ground for us to achieve environmental outcomes and social and economic. That is the problem with where we are at the moment: the pendulum has swung far too far for us to be able to go to work.

Mr DEAN - With the intensification of logging that will be necessary in the areas that are now set aside, if you had to now provide the same amount of timber and logs from an area that you could own, and had to increase the logging on that area, what devaluation of the area would be created or caused as a result of that? What is it likely to do to the state?

Mr HIRST - The simple analogy is Festivale. It might seem strange but City Park looks magnificent all year around. You go back there a couple of days after Festivale and all the lawns are trodden down, nearly down to dirt because of the amount of footsteps. So if you decrease the farm and get the logging done from a smaller area then you are going to have more disturbance. The rivers will not be in as good nick and the actual sawlog

will be smaller because you will never allow it to grow to its full potential. The industry is going to be smaller. Gunns have exited so it is always going to be smaller, so having the same size farm but having a smaller resource coming out of it makes complete sense because our rotation is longer. I would not care if it was a 100-year rotation. If we stick to a sawlog allocation that gives us a 100-year rotation, wouldn't that be a great outcome.

Here we have a state like chessboard where we have roads and culverts in good order, but every 100 years you go into a small coupe and take a sawlog. What a great outcome, and then you are backing up the firefighters. You are giving that area a value rather than having to look after it - is it \$11 per hectare? So you are getting an income which manages the access to these areas. You back up the firefighters and everything works. That is how we run our properties. Everything works because you are utilising what you have, but you know you need it 20 years down the track so you do not overdo it.

That is the biggest mistake of the logging industry in the past. They went too hard but a lot of it was driven through Forestry having to make a profit. The relationship between Forestry and Gunns was purely because Forestry was put under enormous pressure from the environmental movement and government to turn a profit. If you were sitting in the Forestry chair and you were under enormous pressure to return money to the government, you would give out big contracts too, probably, because it is your job. It is your job to make yourself look successful. Forestry have had a part to play in this too and they got very cagey with Gunns. They did over-cut, there is no doubt about that, but it was purely from public pressure and from environmentalists saying, 'God, you're not even turning a profit'. They did turn a profit there for a few years but they were probably over-cutting.

You cannot expect a GBE to look after the environment and also turn a profit. The environmental movement have it down pat because every time they come out with a loss they are saying, 'Look at that; what did we say?', yet they want us to look after it. You can't have it both ways. We get funding to fence off our rivers, okay, to keep the cattle out of them so all the silt does not end up in the Tamar basin but that comes from Landcare, a lot of it. I have done a lot myself, but a lot of that comes from Landcare.

We get incentives to do that and Forestry Tasmania needs incentives to look after their resource and not be plundered every time they come up with a loss. There are not too many GBEs that are making a profit.

Dr GOODWIN - Dimity, you talked about letting the industry rebuild itself, assuming we do not proceed with this agreement and this bill. What could be done to facilitate that? You say you do not want to see any more land locked up but we have this issue with workplace and market disruption and we also have this issue with the residue problem.

What could be done to help the industry rebuild, in your view, that would address some of those matters that you have pointed out as problematic, particularly with regard to workplace and market disruption and the residue problem.

Ms HIRST - I think Mick Kelly has probably got a pretty good hand on that one, too, but I would say it is going to have to come back to government. I do not think that is something you guys can control - what the government does and how they legislate against people who make very significant workplace disruptions.

I would say the disruptions that are going on now, compared to what has gone on in the past, are a fair bit calmer but they are much bigger - they have gone overseas with it. Before they would put - as you guys would know, there would be spikes going into trees and that sort of thing and it was absolutely horrendous because people could or probably did get killed because of it.

I think if we have a strong government that stands up and says. 'You know what? We have done a damn good job of looking after our state and we are really proud of what we have got. We have thousands and thousands - hundreds of thousands - of hectares in World Heritage area that we are extremely proud of. We are extremely proud of our forest industry because we have all these things in place to make sure that our streams are looked after'.

I would love to have you all to our place, to be honest, and show you what we do. We do not have any roads - it is really annoying for my daughters and their horses, I can tell you. They get so angry because they will be cruising up a road that has been put in for forestry and the next minute there is a culvert in it. Then you go along again and there is another culvert. That is to stop the run off; that is to keep everything on the place. It is so sustainable and those sorts of things are legislated for.

You can't go into a coupe and do things on your own land, if you want to have forestry, without having to go through all these things. By the end of it all, once our land has been harvested - which this was, it was selectively logged - someone comes in and says, 'Okay, this has been done to a satisfactory standard'. If it has not been done to a satisfactory standard then they have to come back and fix it.

I would love to show you all the work that we do in protecting our own land. It is all done, and it is all regulated. If the government comes out and says they are really proud of this, and really promotes it and shows examples - actually shows examples of what is being done and how proud they are of our industry - it will turn around.

Just like any other main industry - primary industry - that we have in Australia, it will turn back around again. It is private enterprise and there are obviously issues with the world economy and the dollar and all those sorts of things. It will happen, we just need to be given a chance to make it happen. We need to encourage the sawmillers and the businesses down here like the guys at Lilydale - the Bardenhagens, and these big families that have been doing it for generations, and who have the ability. We need to encourage the guys that have had to leave the state to come back to start up these mills again, and to start promoting Tasmania overseas.

I think the government money would be far better spent in promoting our state for what we have to offer, and the tourism potential in that, I think, goes hand in hand. Come down and see what we can do. See our beautiful World Heritage areas and see what goes along beside it. See the fact that we have a bustling area that is paying for our schools, and paying for our hospitals, and it is working side by side. If we have a government that backs that, and backs that to the hilt and promotes it, I cannot see how we are going to lose.

CHAIR - Mick, can we go to you for your presentation, but if you want to make a short response to that.

Mr KELLY - We had an opportunity here, I think it was two or three years ago. There was legislation to do with renewable energy credits on biomass and the federal parliament voted against it. That would have been a game changer in our industry because since about 2004 we have been looking at transitioning our waste products into biomass to either power our sawmill, or for sale. We had a client who was interested in putting in around about a 20 megawatt biomass plant, but the key to getting it off the ground was two things - renewable energy credits to put it on the same footing as wind and solar, and guaranteed supply of resource. This was a \$20 million investment and they wanted 20 years guaranteed supply of resource, but one of the major crippling problems we have with our industry is the fact that it is always in the political arena whenever we have a compromise government. We have to address that if we want to rebuild our industry to be pretty much the key economic driver of the state.

CHAIR - You can launch into your presentation if you like, Mick, and you indicated to us earlier that you wanted to table those documents from you and Cindy because of the email mix-up, so if you want to table those.

Mr KELLY - I did not really have anything to address to you guys other than ask questions and I thought you may have had an opportunity to read our submission.

Ms FORREST - Wasn't Michael going to address his mind to the residue issue?

Mr KELLY - Sorry?

Ms FORREST - Weren't you going to address your mind to the residue issue?

Mr KELLY - I just covered it.

Ms FORREST - Okay, I thought you had more to say.

Ms RATTRAY - I want to ask a question in relation to the potential compensation. We know that there has been some compensation in the past and I think it is not really a secret that I have not been a supporter of the inequity, as I call it, of the compensation in the past. Do you see that if this piece of legislation passes and we get into compensation mode, as to who gets what and how they get it - do you see that there is any potential improvement in that process at all? I do not mind who answers it whether it is Michael, Michael or Michael.

Laughter.

Mr KELLY - Given past experiences, no-one really knows what the criteria look like until they come out. In the last two assistance packages for harvesting contractors, I had the rug pulled out from underneath me - for whatever reason, and we still do not know, we did not quite meet the criteria.

The whole compensation, and the way in which it was distributed, was a disgrace. It has caused so much grief within Tasmania because these forest guys, and I do not go crook

at them because it is not their fault - they do not sit on their hands; they go to work and do something else. A lot of them agreed to move on. They put a bucket on their machine that had a grab on it, and a tipper on their log truck, and they are competing in other sectors. Some have swung into plantation, but some like myself, looking forward - if I was going to go into plantation harvesting I could not do it, because these guys have now had a leg into the plantation industry, with their gear paid for. So I cannot compete. But that is not their fault. It is the way in which it was coordinated and done by the powers that be, whether it be the government or whoever. It was absolutely ridiculous.

Our industry needed a hand, but instead of bail-outs we needed to spend the money to look at other things, which are in my submission, to get our industry back on a stable footing.

Ms RATTRAY - Are you referring to the \$68 million that was given in 2007?

Mr KELLY - No, I am not referring to that. I am referring to the payouts after Gunns was shut in 2010. The \$68 million in 2008 was an incentive for the timber industry to invest in plant and equipment upgrades and so forth, to move into smaller piece size diameter, and that is in the submission. Everyone seemed so confident that this was an industry going forward and then in 2010 they closed it down. A lot of us had gone for this dollar-for-dollar grant. Ours was really small but it was still a dollar-for-dollar grant which we got a loan for over a five-year period which we're still paying off. Some of the other guys are not as fortunate. We have a political system that's failing Australia. How can you send a message to the private sector saying, 'We can see how important this sector is to the economy and the wellbeing of Australia and the state', and then two years' later shut it down? No wonder we're confused. We don't know where to invest from the private sector point of view because as soon as we invest it could be shut down five minutes later if the political climate changes. How we resolve that I don't know.

Ms RATTRAY - So I take it you have no confidence in the previous process and potentially any future process to be fair and equitable?

Mr KELLY - I have no confidence, no. I see it as blood money because we have a handful of industry, which we are in, and for example, if you guys were to approve this deal, we may get some funding that may help us out, but what about our kids? What about the rest of the state?

Ms RATTRAY - I felt I needed to ask that question but I'm sorry it put you under that pressure.

Mr VALENTINE - I want to tap into your thinking on the different standards: the Forest Stewardship Council versus Australian Forest Standards and PEFC. Do you have any comments to make on that area as to how it impacts and the cost of getting that sort of standard? Have you been in that space at all?

Mr KELLY - Dad went into it in about 2002. One of the key things that frightened us off FSC certification was the social licence component and also the fact that our harvesting of native forest differs across the state. You can't have one blanket method because of the different species of timbers; we all manage them differently. There is delicatensis, for example, which is the high-altitude white-top, which is probably one of the species

that sits in the prime box to get FSC certified, as opposed to a wet obliqua forest where the best regeneration method is to clear-fell and burn it. At that time we came to the conclusion it was a very poor certification for our product. Seeing as we have world's best practice, why would we want to also contaminate what we do best in the world with other countries whose harvesting practices are substandard? We'd be tarnishing our product. PEFC and AFS long term, in our view, is the best way to go forward because once the truth comes out and people see how good our product is we will be miles ahead of FSC.

Mr VALENTINE - As to native forest logging versus plantation - and when I say 'native forest logging' I am talking about regrowth, obviously - as a grower do you see greater benefits in plantations, given you can find a market for the plantation product? I know there are a lot of plantations out there at the moment that seem to a lot of people to be worthless because of the type of timber it is, but all things being equal in a perfect world, do you see a future for plantation versus native forest logging or do you think native forest logging provides the better material and the best way forward?

Mr KELLY - You have to have both. One of the frustrating parts is that no-one ever predicted Gunns to turn its back on the key industry that has been driving Tasmania for more than 100 years, to short-sightedly try to cash it in for a social licence to run its plantation business. In a sense they call it forestry, but you're talking about two completely different industries. Plantation is more of an agricultural commodity-based industry as opposed to our native forests.

Mr VALENTINE - It's more intensive, too, isn't it, in terms of having to clear off lower branches and those sorts of things over a shorter period of time?

Mr KELLY - It's a completely different crop. It's like comparing a pumpkin to a pear. Essentially managing native forest is like organic farming. There are no inputs into native forest.

Mr VALENTINE - It is allowing nature to regenerate rather than interfering with it.

Mr KELLY - Exactly, rather than using intensive farming practices to grow a crop.

Mr HIRST - Plus it is our premium end of the market, that's the other thing. Plantation will never be the premium end of the market.

Mr VALENTINE - I guess what I'm asking is could it ever be if it was properly managed and you had the right type of material there and had long enough rotations?

Mr HIRST - There are a couple of problems with that. Number one, the crop that has been planted will never be a premium product, it cannot be.

Mr VALENTINE - No, I understand that. You're talking about nitens?

Mr HIRST - Yes. The other thing of course is what do we do in the meantime? We're talking about 50 years down the track. If we do move down that track and we think we can do it, give us time - that's what we need.

Mr VALENTINE - Yes. There is talk of the need for the forest practices code to be reviewed and that the current code is not good enough. Do you have any comment on that?

Mr KELLY - It depend on what they mean by 'review'. If they mean strengthening or tightening up the code then I disagree. The code has worked really well. Things constantly change and if you have a look, even the code in some circumstances starts to lack a little bit of common sense and probably does need a bit of fine-tuning in that it's very rigid in its reserved areas. You've got your forest practices officers who draft up the plans and everything else out in the field. They need to be able to apply more of their commonsense and experience and expertise to their plan rather than just to pull it out of a handbook and say this is what the book tells us we have to do. If they were going to look at that and free it up a little bit to give the forest practices officers the ability to use their commonsense more then I would be in favour of that, but not tightening it.

Ms HIRST - This is what I mentioned before. We're very proud of what we do and that is all in relation to the forest practices code, and to be able to show you what we do and what is approved and what is done would be of great benefit, but it's not.

Mr HIRST - Rob, for me the agenda to tighten the forest practices code to bring in more biodiversity provisions - and I know that's on the table -

Mr VALENTINE - Because of threatened species and the like.

Mr HIRST - Yes. It's purely about getting their hands on the private native resource because they know if you lock up this 500 000 hectares then extra pressure will be put on the private reserve when the market turns around, and it will turn around. I suppose this is what Peter McGlone is on about. The only way at the moment they can have an influence on the private reserve is through the forest practices code. They'll tighten that up if they get their way to the extent where it will be unviable for us to do anything in the private native forest, and that is 1.2 million hectares in this state. It is a big resource. It is now bigger than the public resource by a long shot, so it is important. But guess what? If the biodiversity in the private native blocks is so important and is there at the moment that's because we've managed it right up until this point.

Mr VALENTINE - What about carbon farming and getting money through that resource? Have you looked into that at all?

Mr KELLY - Carbon farming? Please explain to me how it actually generates jobs for our local communities. You've got a heap of fat cats sitting in Melbourne and Sydney trading away our kids' futures. What happens when it goes up in a big cloud of smoke? It's a big furphy, the biggest load of rubbish I've ever heard of in my entire life.

Mr VALENTINE - I was just interested in your take on it. I think I've got the answer.

Laughter.

Mr HIRST - Quite simply, there's a lot of noise about plantations being bad for regional communities because they take away farmland. You know what? Carbon farming is so much worse because if that gets a foothold in here it won't be us trading the carbon

credits to someone overseas but we will be trying to live here. That is the worst result for Tassie.

Mr VALENTINE - I was just interested to know whether you had explored it and whether or not you thought there was value in it. That was basically the reason for the question.

CHAIR - We are way over time, folks, but Mike Gaffney for the final question.

Mr GAFFNEY - Thanks. Coming back to the statements made earlier that there is room perhaps for private investors to come into the marketplace here to support, I want to put this to you and I'd like a comment, perhaps. If the TFA fails and Ta Ann pull out, and Gunns have gone due to the failure of a number of things, what sort of message is that sending to investors? I'm not sure that there are big enough investors within Tasmania to fill that space, but if I was a fat cat sitting in Sydney somewhere or Melbourne, saying, 'I'm not going to touch Tasmania because it's just so volatile and it has been for a number of years', so if we draw the line in the sand, which I hear and it has some merit, is there enough interest in our local market to sustain a viable industry? But for how long a period because in 2013 there is the federal election, in 2014 there is the state election - you are saying 'a stronger government', it's going to take some time. How much time will it take for private investors to have confidence that Tasmania still has a viable timber industry with all these things happening?

Mr KELLY - If this agreement fails, the first thing that business people in Sydney will be saying is, 'Great, Tasmania is open for business again, it's actually got some resource left'. Then we have to get the correct attitude and get the people who want to make this state vibrant again and not kill it off to work together. There are a lot of people working behind the scenes with a lot of really good ideas and concepts that need to be really looked at - you would have heard of them, no doubt. Move forward, but we have to have the right political environment for the industry to get going again because it won't matter what idea or concept we put on the table it will be knocked back with this current government that we have.

Mr HIRST - The other thing, Mike, just quickly, I see it as a real opportunity, to be honest. Quite simply, we are on our knees. The industry is on its knees and that's just the one thing the environmentalists haven't got. They have flogged us that hard that we don't have much of an industry left, have we? We can start on a clean slate. It does need to be done a lot better, make no question about that, but we have a clean slate to start off. But the first thing you do is protect the farm and then you build from there. You don't put more aside.

Mr GAFFNEY - Further to that and just a quick one, I suppose if this fails the three major signatories from the environmental movement, being ACF, Tas Environment and the Wilderness Society, have said they will walk away and then they will continue their market campaign on a worldwide scale.

Mr HIRST - Let them go.

Mr GAFFNEY - But I suppose my end point there is that if what they have done has been so effective over the last 14 years that they will continue that. That is an issue that you guys have to give us some advice on because if that happens they will go worldwide. At the

moment, because they are signatories, they have said, 'We will go to Japan, we will go to these places and say no, Tasmania has a viable forest industry and they are world's best practice'.

Mr HIRST - We are being blackmailed, simple as that. Blackmailed.

Mr GAFFNEY - Exactly. But as you said, that's the environmental movement's way that they work. That is the way they operate.

Ms HIRST - Should we jump to them?

Mr GAFFNEY - No, we shouldn't but the decision must be made, I think - and don't get me wrong here - the decision must be made if they say, 'Okay, gloves are off again. We tried and they didn't accept us, we're going to go back into the market.' Do we have a strong enough financial sector here in Tasmania to sustain our timber industry locally until we get a strong government, until people start to realise that Tasmania has best practice because that's not the message the world is going to hear.

Mr KELLY - We are talking six or eight months until potentially we have a change in politics.

Mr GAFFNEY - In federal?

Mr KELLY - Yes. That's where the main grief is coming from.

Ms HIRST - It's not the state that has put the World Heritage back and completely disrespected this room that we're in now.

Mr JOHNSTON - It comes down to the fact that we talk about short-term fixes. That's all well and good. They are just bandaid treatments. Someone has to stand up and draw a line in the sand and say 'enough is enough'. We have to change the concept of our product overseas. All this money that has been thrown around, this compensation, put that money into marketing our product and have an alternative marketing program out there so that we can put the truth out there rather than the lies that have been peddled.

Ms HIRST - Because they have just sat back and let the environmental movement go, but who has been actually standing up and following in their footsteps to these countries and saying, 'Hang on, we've got another side to this', and our government hasn't been doing that.

Mr HIRST - Exactly right.

Ms HIRST - Even if the money goes into funding a pro-forestry lobby group -

Mr HIRST - Tell the truth.

Ms HIRST - can I put my hand up so that someone can actually say, 'Hang on, these are the facts. This is the other side of the story and you make up your own mind'.

Mr KELLY - For two years we have been hanging onto our businesses, paying our wages, busting our guts to pay our bills on time - I haven't been drawing a wage, I have been living off my wife's child - what do they call it?

Ms RATTRAY - Child support.

Mr KELLY - I didn't do that because I had no belief that we could not chisel this industry out and just give us a sniff, just give us a bit of hope and there are some great people out there and we'll do our best to get this place going again. Gunns didn't have the right to do this to the people of Tasmania.

Mr GAFFNEY - Thank you.

CHAIR - I think that is a good note to end on. Thank you very much for the six of you being here and we will move straight to Rodney Stagg when you have had a chance to have a break.

THE WITNESSES WITHDREW.

Mr RODNEY STAGG AND Mr WAYNE JOHNSTON, LIFFEY MEANDER BRANCH TCA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Harriss) - Rodney and Wayne, welcome to this session. We appreciate the written submission you forwarded at an earlier time. Rodney, would you like to commence?

Mr STAGG - The Meander-Liffey Resource Management Group condemns the action taken by the federal environment minister, Tony Burke, in nominating the Greater Western Tiers for World Heritage listing. This is nothing more than a federal and state Labor-Green minority government land grab to appease the Greens politicians. It reeks of the same deal that took place between former Labor environment minister, Graham Richardson and Bob Brown after the Helsham Inquiry. It is ironic that Tony Burke's political career started in Graham Richardson's office. This is an insult and shows how little respect those who support this nomination, and therefore the Tasmanian forest agreement, have towards a democratically-elected House of government - that is, you, the Legislative Council - in not waiting until these hearings are completed, submissions have been tabled and the findings of this committee have been released.

This nomination has denied the Meander-Liffey Resource Management Group the right to natural justice where we have in all good faith made a submission as required by you, the parliamentary committee, expecting it to be accepted and included as a continuing part of this process. This nomination now makes our submission irrelevant. I therefore ask you to allow me to speak to that submission as if the World Heritage nomination has not occurred.

Often when green groups talk of sustainable development they consider only the impact on the environment and find it hard to accept there are social values such as community vitality, pride and spirit. It is these people values that are the key to the long-term sustainability of the heritage we endow on our future generations. Since settlement there is a history of sawmilling and forest harvesting in the Western Tiers by families who are still living and working in the local communities. These families not only created a productive community but they grew to love the land of the Tiers. They have cared for it and passed that stewardship on to succeeding generations. They created something money can't buy. It is not found in a supermarket and you won't find it on the internet, it's called 'community spirit'.

It is the concept that public servants in the city can't come to grips with, a commodity the Greens are jealous of and try to claim as their own. For communities along the Western Tiers it is the vitality that provides it togetherness and a common pride. It is social capital we use to fight adversity, be it the loss of our services such as banks and schools or attacks on our values as we are excluded from the land our parents and grandparents have managed for us.

The walking tracks of the Western Tiers were put in since the early 1900s by families such as the Howells, the Lees, the Boxalls, the Parsons, the Staggs and the Johnstons and continue to give access to the plateau. Today they are managed by descendents of those families at a cost to no one. Indeed, in the Liffey region the Jordan family has taken

responsibility to maintain a forestry road for access for emergency vehicles. The Meander community maintains a lookout on Scotts Road, a forestry road that gives magnificent views of the Meander Valley through to Mount Barrow and Ben Lomond. Our covering photo shows our community at that lookout, and is also figure 6 in our appendix of this submission.

This is a community spirit that binds us, values our heritage, and gives us strength to face the future and go on being proud communities. There are plenty of places just like ours throughout Tasmania such as down the Huon, Circular Head, Scottsdale and the west coast where the community spirit is still alive and well - the only change would be the name. If these values are to continue, rural communities and the forest industry must have continued access to our sustainably managed forest for all its social, cultural and economic values.

In the last 18 months, 20 schools were earmarked for closure; three of those were Meander, Mole Creek and Bracknell. Schools are the heart of a community and ensure there is continued survival for our future generations. Maybe the government should look at enlarging country schools to give city kids and their parents an appreciation of what real community spirit is about and not the tar-and-cement world they currently live in.

Communities have historical and cultural attachments that are not recognised or accepted by the environment groups. In Meander today there are four generations of the Burns family, two Johnston families with three generations, three generations of Boxalls and three generations of Chilcotts. These are the families that have made Meander what it is today. Let us not forget the Whiteleys, the Dixons, the Paines and my own family as a fifth generation. In Mole Creek there are the Howells, the Blairs, the Lees, the Miles and the Stephens family, with its honey enterprise, and then to the Liffey with the Jordans, the Byes, the Bosworths and the Beckitts. Travel further south and that same family connection is there with the O'Connors, the Archers and the Gatenbys. This is best summed up by Joe Knowles, who in 1997 a study of five communities and their attachment to the area.

Forestry has played an integral part in the region's employment both in the past and the present. It has provided access for both social activities and emergency vehicles such as fire fighting and ambulance. The forest management of the area has created a long-term economic resource of regrowth, much of which is currently being assessed for future harvesting to ensure a continuing economic value for the regions.

A key point in the Tasmanian Forest Agreement, originally the forest statement of principles, is the creation of high conservation value forests. These areas of forests have been identified and marked on maps by the signatories to this agreement as worthy of reserve status, and in the case of the Western Tiers, world heritage. These same working forests of the Western Tiers have for the past 40 years been attacked by Green parliamentarians and their single-minded forest activists with their endless campaign of misinformation and untruths painting the picture that these forests have been trashed and destroyed forever. Now, all of a sudden, these same working forests by the same activists are being labelled high conservation and a world heritage icon. How should those who have lived, worked and managed those forests feel about this - the ultimate insult or the ultimate reward?

Former Wilderness Society activist and Jackeys Marsh protester, Sean Cadman, authorised the verification group's social value report that ignored the hopes, aspirations and values of members.

Members are relying on the Legislative Council to ensure that no new reserves are created and no land tenure changed without a proper assessment of social values many of which have been documented previously by real experts such as Joe Knowles. The social values report is number 17 in the agreement.

Governments have focussed on a proverbial carrot, but I say blackmail money, to be made available for regional development but how can there be development if the economic sustainability through forest management and harvesting, along with continued access, is now in reserve? No amount of money could ever replace what we have to lose if this agreement is accepted. There certainly will be peace because the only things you will hear will be trees growing.

Before I take your questions here is one back to you. In your own electorates if there are communities and generations of families with just as strong an attachment and the same social values that we place on the Western Tiers would you turn your back on them if the circumstances were changed because for those who support this agreement that is exactly what you are doing to us? Rather than go on with more information I would rather take questions and may be go back to that afterwards if that is all right with you, Chair.

CHAIR - Certainly.

Mr HALL - Rodney, in your submission you mentioned Sean Cadman. Sean Cadman, as we all know, has been a very high profile environmentalist and a key player in the negotiations and also a member of the independent verification team. In my previous role as Mayor of Meander Valley you would remember the Greens' proposal to lockup a significant area and to have the Great Western Tiers declared a national park. You would also remember the very strong community opposition that it created at the time. You would also be aware of a document put around the community just recently. It is titled '*A Greater Western Tiers Tourism Master Plan*' and part of that just to quote is that 'whilst the status of the new conservation reserves is still unknown it is likely that the area will be identified as having world heritage values.' Just to put that in context.

Do you find it somewhat, could I say, déjà vu, that here again we have the same proponents and, indeed, one Rosemary Norwood, a chief proponent pushing this, who is a business partner of Sean Cadman?

Mr STAGG - I take your question, Greg, and I find it difficult to answer this in any way which would not be inflammatory but I'll try.

We have been dealing in Meander since the mid-1970s with first of all the Jackeys Marsh Action Group, headed by Sean Cadman and Rosemary Norwood, until virtually today. In the 1970s, Jackeys Marsh became, for want of a better term, a hippies' drop-out area, where you had university graduates from Melbourne and Sydney moving into Jackeys Marsh and because of the natural beauty of the Western Tiers and Jackeys Marsh they then put those values the way it looked then onto us saying, 'We're here now, you do

what we want, and that is stop all forest development'. They didn't realise that there had already been perhaps five generations of harvesting going on in that same area and the way it looks now is not because of anything that they have done, it is because of the way the Tiers have been managed, and we have got no credit for that.

Sean and Rosemary have been very active in that same period of time and I think those behind me would back me up on that because we've been fighting and it is a real 'us and them' scenario. That has not changed and this agreement is probably only going to increase it. It's not going to help matters whatsoever.

Greg, you referred to the recent application for funding that was proposed by them for development and I take you back to Rosemary and Sean's original proposal in 1993. This was towards a Great Western Tiers national park management plan and in that management plan the yellow part there reminds me very much of the exact same area to be put in reserve as we currently have in 2012. This was back in 1993 so nothing has changed in their push for a national park and protection of the Great Western Tiers.

Coming back to Sean and Rosemary's attachment to the Tiers, I find it ironic that Sean is part of the process which was social values. Part of those social values was to engage the community in coming up with a proposal where social values were important. As a community group and certainly long-term members with a lot of history and knowledge of the Western Tiers we have never been approached by Sean Cadman or any who have done this verification process, and I think that is an insult to us but it is also an insult in the government accepting the social values report, and until that is finalised we take the position that we are shut out of this process.

Wayne is also a long-term resident of Meander. Mike said he was seventh generation and Wayne is part of the seventh generation of the Johnson family, but he is also a private landowner, the deputy chair of the TFGA and is within the business sector at the Meander Valley Enterprise Centre. In 1993 when this was proposed, it said in part, 'The plan recognises the potential of the Great Western Tiers as a source of employment in tourism and services' - and this is the most important part - 'however, the potential for damage to the natural and cultural values due to increased visitation is very real'.

In the application that came forward that Greg spoke about then for nature-based tourism developments the master plan would identify how to increase accessibility of the Great Western Tiers to the public and the tourists and deliver durable and long-term benefits. In 1993 they wanted less visitation and had to be very careful about how they managed that. In 2012 they want increased visitation for eco-tourism.

Who is going to benefit from this? The forest eco-walks of Jackeys Marsh owned by Sean Cadman and Rosemary Norwood. If that isn't a pecuniary interest in this whole process I just don't know what is. Wayne might like to talk about that. I know they have approached the Meander Valley Enterprise Centre requesting funding. I want Wayne to -

Mr JOHNSTON - Gee, thanks for putting me in there, Rodney.

Mr STAGG - I'm good at that.

Laughter.

Mr STAGG - I'll take no responsibility from here on.

Mr JOHNSTON - As chair of the Meander Valley Enterprise Centre we are an enterprise centre that has been going for 21, 22 years and have been instrumental in getting Giant Steps up and going in Deloraine, the Four Springs dam and also helping with the construction of the Meander Dam or getting that underway.

We were funded by AusIndustry. We lost our funding in September/October and are now partly funded by the Meander Valley Council and ourselves at the moment. Hopefully the state may pick up the slack in July but that is a little bit of history. We are an enterprise centre so if somebody comes in with a business proposal we don't discriminate, that's what we're there for - to promote business in the Meander Valley. The Meander Valley takes in from Prospect through to the Sassafras area.

Yes, an application for \$250 000, I think, was put forward to get funding out of the money that came from the commonwealth. They were after support from the landowners, farmers and business people in the town and from an enterprise centre perspective we put the proposal forward. It doesn't mean we agreed with the proposal but we're not there to agree; it is for people to put up the business proposals and we go forward with them.

That is me on the chairman's point of it, Rodney; I don't know whether I can say much more on that part of it. As to my history, I am vice-chairman of the TFGA, chairman of the enterprise centre, and have been a volunteer firefighter for 22 years in the Meander area. I don't actually have any land that will neighbour the World Heritage Area but I am close.

I congratulate the Legislative Council on taking the stance you have to review this legislation because if this was put through as it was it's a terrible piece of stuff. You have 130-odd submissions from people coming forward talking about their local areas, you have had TFGA put a wonderful submission forward this morning and talk on it, you have had the Give It Back group with their passion and you are getting an understanding of what is involved. It is not just a piece of forest that is wanting to be locked up, it is people's heritage and part of our livelihoods.

Mr STAGG - Chair, I agree absolutely with what Greg had to say there. I think it is also important to look at this whole World Heritage listing that has occurred in the last couple of weeks and put that into perspective of the nomination and management plan that was going to be in place back in 1993, because that is one of the problems with this nomination that was made by the environment minister. It is a bit like someone building a house without the foundation because this heritage listing has gone ahead and none of us have any idea what the consequences of that nomination will be, either in the short term, the long term or any other term because there is no management proposal there for it.

The environment minister has nominated this area and assumed that later on we will worry about how we are going to manage it. I cannot understand the concept of putting something into reserve and then worrying about it afterwards.

In most world heritage areas - and again I come back to the difference between the values that were placed in the national park listing back in 1993, if it had gone ahead, to what is there now. Particularly, Greg, I know your involvement with bushwalking. It is clear from the 1993 proposal about a national park which is a federal issue - the recommendations in regard to walking tracks - I mentioned them in my submission, and just how important they are to our cultural heritage but also as a family heritage.

I will mention some of them - Pastor's Track which is currently maintained - and I would imagine, Greg, you would have been up there many times with Kelvin Howe and others. We have the Meander Falls Track which follows the Meander River, Dixon's Track, Stagg's Track, Johnston's Track, Derek and Lee's Track - this is the recommendation from a national park.

In regard to my own family track:

Volunteer groups may maintain them in consultation with the department.
All publicity is discouraged and there are to be no published maps.

In Johnston's Track, which Wayne's family have been very much a part of, there was an old stock route closed - that was the recommendation back in 1993: closed, no access. After seven generations of family in Meander, that is the recommendation of a national park so what is the world heritage recommendation going to be?

This is the dilemma that many of us face. Our cultural values and our social values that have made Meander and communities along the base of the Western Tiers what it is today are being taken away from us. Not only are they being taken away from us but no-one has accepted the way that those communities have interacted and the way that our forests have been managed. In my case, four generations of harvesting up there have never been recognised for the values that are there today because it is all about trees and not about people.

That is what is wrong with this process. There are 10 signatures of members around the table for the whole 50 000 people in Tasmania whom they might represent. Where is the representation for the other half a million Tasmanians? They are certainly not involved with those ten signatories sitting around the table and yet they are making decisions supposedly 'in the best interests of Tasmania'.

And remember, there were 170 000 hectares last week; there are another 350 000 to come. So what other communities are going to be involved in the next 350 000 hectares? That is what worries me.

Ms RATTRAY - Rodney, that for a small group I thought this submission was fantastic. I am not sure how big your group is. It is very extensive and very well put together, so I want to congratulate the work. We have a lot of submissions but, from a small organisation that is probably fairly under-resourced, it was terrific.

I want to ask either one of you about the rates. You talked about rates for your local council in your submission. You touched, Wayne, on the fact that the enterprise centre is at this present time partly funded by the local council, by the Meander Valley Council.

Mr JOHNSTON - Yes, the Meander Valley Council.

Ms RATTRAY - Tell me what sort of impact you think that not having the ability to generate that rating income in your community might have on some of the services that the council already look after. We know there has been quite a shift from government onto local councils with what they expect councils to deliver in the way of services and that type of thing in the past. Can you give me some idea what you think that impact might be?

Mr JOHNSTON - Yes. Rodney may have the figures but obviously right across Tasmania the councils get a rated income from either Gunns or Forestry, from my understanding, which makes up a fair component of the rates that come in.

I nearly dodged that question and passed that one to Rodney but I will tell you about the Deloraine community at the moment. We have a Gunns sawmill in the Deloraine community. That closed down when Gunns decided to get out of native harvesting. There were 16 people who lost their jobs in the Deloraine area. Deloraine has a population of about 2 500 to 3 000 people and if you took 16 people out and converted that to, say, the city of Launceston, that would be a huge loss to the community of Launceston. To the community of Deloraine, it was a big loss but so was the flow-on effect.

You would have heard this morning that if you take the forest contractors, they are not buying their fuel, or they are not buying their tyres, and they are not going to the local hardware store. It is such a flow-on effect. Dimity said this morning that there have been businesses closed in Westbury.

Ms RATTRAY - Three, I believe she said.

Mr JOHNSTON - Three, I reckon she is probably one or two out on that. In Deloraine, we have lost one of the local bakeries that closed after 22 years. It is a flow-on effect. We have our board discussions at the enterprise centre and we say, 'Deloraine, Westbury, and Meander Valley are doing it hard but what about the rest of Tasmania?'. It is a flow-on effect for the Circular Head area and so on. It must be so hard right across the state with the economic flow-on of just downsizing the timber industry to where it is now.

Are we going to get those dollars back from green tourism? I do not think so. They would have been there if they were going to be. Are we going to be known as the clean, green state in the future? No, I reckon we will be classed as the green and black state with the fires that are going to occur. You take Forestry Tasmania out of the equation as far as management goes to do with bush fires and so forth, and we will just stand back and watch it. We will not be able to get in to fight these fires. There is probably a bit of evidence with the Dunalley fires where I think the fire service held back because they did not have the resources. They did not have the local knowledge to get in there and they did not have the logging gear to get in help them. That is my personal view. I have been a fire service member for 22 years. Just looking at the fires around the state, I would say they are holding back a little.

The rates, Rodney. Have you got any figures on the rates? I can't pluck them out of the top of my head.

Mr STAGG - I haven't got them with me. In my submission there are figures there for Meander Valley. Every local government area in this state is paid rates either by Forestry Tasmania or by forest companies. Even the Launceston City Council and the Hobart City Council get paid and there is not much of a forest practice plan needed in Hobart or Launceston, particularly up Brisbane and Wellington Streets. Yet they still get paid rates for the forest operations. This is going to be a huge loss felt particularly by municipalities that have a huge resource of state forest. In Meander Valley, someone is going to have to pay and someone is going to have to find - or Meander Valley Council are going to have to cut their services - the extra cash that is not going to be there.

Tanya, your north-east area would be one of those that is going to be desperately hit by it in that rate. The further you go away from the big city, the harder it's going to be for those communities to be able to pay for their services and loss in rates because there are no rates paid and no revenue paid to any local government department if you put areas into reserve. We are now going to lose, if this agreement is accepted and that amount put in reserve, half a million hectares of unpaid area that we are not going to get one cent from in regards to going to local government. The only finance that is coming is through regional development. But is that regional development going to replace the rates we are going to lose out of that half a million [hectares]? That question needs to be asked.

Ms RATTRAY - My second question, and I will make it my final question, Chair, is around the regional development funding that has already flowed into supposedly some of these hard-hit areas and I am interested to know what has come into your area in the way of that regional development. I think there was about \$20 million put out around. I can't give you a project in the north-east, but you might be able to give me a project in your area and I would be pleased to hear if there is one or two or whatever.

Mr STAGG - If you would like to call the announcement of the lock-up, that's probably regional development. It remains to be seen whether it is or not.

Mr JOHNSTON - I can't get one through the enterprise centre, there has been no funding announcement through there or even the Meander Valley Council, to my knowledge.

Ms RATTRAY - I'm just interested to see whether that money has hit the mark as it was intended, to support those communities doing it hard.

Mr JOHNSTON - There are and the proposal for the biomass fuel production up the north-east, which probably should have been funded out of that, I don't think they got any dollars out of that. Therefore, I don't know of any.

Mr STAGG - To go a little bit further with that one again, Tania, it is not so much finance going into regional development, but in that area west of Deloraine the development over the years has wholly and solely been based around our natural resources. If those natural resources are taken away and put into reserves, the only development that's going to go ahead is Sean Cadman's and Rosemary Norwood's proposal.

CHAIR - Can I go to the area of the capacity that you may have had as a group to assess the impacts of the World Heritage area nomination in regard to a diminution of access to special species timbers or, indeed, the larger forest harvesting process? Have you had

access to maps which give you any detail as to what the boundaries are intended to be and therefore, flowing from that, the impact on the industry?

Mr STAGG - I got a map off the Internet and I had that superimposed and brought up to about 400 per cent, which is about the only way I could do something with that. What I have found with it was that the boundary from Lake Rowallan through to the Tunbridge Tier is the common boundary for the natural heritage listing, and that is 95.6 kilometres. What concerns me the most, and when Jan was here this morning she focused very much on the concerns of local landowners as to what would be the consequences of that. The other thing that has to be remembered about this is that local landowners will feel the consequences of it, but as communities, because of those local landowners being part of that community, it's going to be more than the local landowner - the whole community is going to suffer from this here. I think it has been done for the wrong reason. This initial 170 000 hectares, of which the majority is inside the forest but, yes, a big proportion of the Western Tiers, I will go back to the Community Forest Agreement. The Community Forest Agreement set aside the area which is - for those who know the Western Tiers - virtually the sandstone ledge that goes all the way round the Tiers at a level of about 900 metres, between there and the top of the plateau, as nature conservation reserve. That's what it was called. It didn't meet the requirements of a national park; it didn't meet the requirements of World Heritage, so it became that.

In that area was allowed bushwalking, hunting, shooting, horse riding, trail bikes and everything but forest harvesting, but what have we got now? The announcement by Tony Burke has included that as World Heritage value without it being assessed [by anyone] apart from those who did the assessment within this agreement. It has never been peer-reviewed and yet we have to accept that because Peter Hitchcock or Mackey or Sean Cadman says, 'I'm the expert and this is the way it's going to be'. It's very difficult, Paul, to come to grips with just what this initial announcement means and I feel very concerned for the regional electorate down there if that could happen to us and what just what the next stage is going to be.

CHAIR - So that I can be clear on that, Rodney, from what you have just said, am I right in understanding that a previous consideration of some of that area, the Community Forest Agreement, determined no World Heritage value, if you like, but we are now in this space where it is part of the nomination by minister Burke?

Mr STAGG - Yes, and further to that, Paul, the photos in the appendix that I have put there clearly show, in figure 5, regenerated regrowth looking towards Mother Cummings Peak - clearfell, regenerated five-year-old regrowth. What a wonderful job we have done of creating a World Heritage area. It's that much of an insult to those who have managed these areas for all their values to now turn around and say, 'It's World Heritage'.

Mr Chair, the other thing which that you mentioned there is part of this assessment that has been done by these so-called experts and those sitting around the table - I went to school and drove a dozer when I was 16 years old so I wouldn't know very much at all about this - but it makes you wonder about the management practices that have taken place in the last 20 years because that is the time when we had the so-called trashing of our forests to suddenly become World Heritage.

I go back into the 1960s when I first started. As I said, I drove a dozer for eight years and I probably created more environmental damage in those eight years on that dozer than in the 25 years since, but that was the way it was done, and I acknowledge the environment groups for at least bringing the industry into a stage where that doesn't occur anymore and they should be congratulated for that. But they've gone further than that because now they want areas that have been harvested and managed under the Forest Practices Code and are now worthy of World Heritage - there is something wrong either with the management plan or with this nomination because it gives no credit to forest management.

Don Henry was a signatory to this, a request for a minor extension, a minor extension of 170 000 of tall eucalypt forest. This is what was put forward - tall eucalypt forest to be put into reserve. There was neither old growth nor tall eucalypt forests - and the map is there - anywhere in the Great Western Tiers. There is none, yet this is the basis for the nomination.

I think there should be a heck of a lot more work done before this agreement could be passed. I think everyone of us whether it be the people sitting behind me - and I am one of them - I fully support world heritage, I fully support national parks, I support any sort of reserve providing it is there for the right reason.

In the Western Tiers at the moment we have got the Mersey River Whitewater Reserve, we have got the Mole Creek Karst National Park, we have got the Meander Forest Reserve, we have got the Liffey Forest Reserve and we have got the Dry's Bluff Reserve. All are recognised as having values, which have been assessed, and they have been assessed for all the right values but we do not believe, as a community, that the nomination put forward by Tony Burke meets those same requirements. Until they do I think we have a lot more work to do on the agreement.

CHAIR - I do not have any other questions lined up so we will come back to where you finished your first contribution Rodney. You indicated there may be other contributions depending on the questions raised and whether they flushed out the issues that you wanted to continue on with.

Mr STAGG - I hope this committee realises just how passionate the people of Meander are for our little patch of bush. I mentioned four generations of the Burns family are currently living in Meander. We are not a very big place. We have been through a lot of stuff.

You only have to look in the hall at those who have served our community over the years. They have been there through world wars and all types of sporting achievements - pity there were not more of them. The same names in those photos and on those boards are the same names of the families in Meander today.

When it comes to people such as Rosemary Norwood and Sean Cadman, and those who have been there in the last 30 years, I heard Rosemary on ABC Radio with Leon Compton and she said how she had been there for 35 years and for all that time they wanted to have a Great Western Tiers national park. I felt like ringing up and saying, 'Well, Rosemary has been there for 30 years and she is still only paying a weekend visit'.

Laughter.

Mr STAGG - This is what I mean by people values. It is very difficult for me or Wayne or for any of these behind me who have been in Meander for four or five generations to actually get people to understand what it means. It is a feeling and you actually can't express a feeling unless you have been there.

Through this whole process we think we have been denied the opportunity to put our point of view across, certainly with the social values aspect. You mentioned earlier Jacki Schirmer meeting with you. Jacki came and spent some time with the Meander people. We gave her a lot of information and I was also very much involved with - and you would have some of that information Paul - the furniture makers when I met with you down there.

Jacki's report may have gone in but if you look at what the Tasmanian Forest Agreement says 'the IGA socioeconomic modelling will be run and publicly released to assess and report on the regional and statewide impacts of the agreement.' How can you do socioeconomic modelling unless we as the community are involved in it? We have been shut out of the process.

When you get to a situation where you think what the hell is the use of keeping on going, we are just having what we have known for generations taken away from us, the reason we do it is because the only way we can be heard is in forums and committees like this. It means so much to us to be able to put our case forward because the way the federal government has reacted to this, and the way the state government has reacted, our only course of action is to speak to you and we appreciate that very much.

I want it known through this committee and our involvement and our association with an organisation of Timber Communities Australia. I have been proud to be president of this branch for the last 18 years. I have been honoured to be a part of the organisation and I am one of only five members of that organisation who has life membership. I am also concerned at the way in which we have been treated in this whole process. I thought TCA first and foremost was a membership community-based organisation representing the members and their communities. I have been wrong for the last 18 months and I am going to have a bit of an attack on the organisation point of view because this is my place to do it. When our CEO says when he appeared before you TCA exists to support industry it is supporting the outcomes and supports it in full as a complete package. I do not have a problem with that. What I do have a problem with is yes, we support the industry but in doing so we do not neglect our communities through that.

Then on the board decision and this came through when Jim came before you from the point of view of our branch. We went to a meeting of members in Launceston, we voiced our concerns and voted against supporting that agreement. An overwhelming majority of members throughout the state who attended meetings voted against this agreement. It went back to the board and the board did not accept the members' votes. They made their own decision and this is their reason for doing it.

The ultimate reason for making this decision in not supporting the members was it believed TCA's role is to support industry and the industry position on this matter. The board believed the TCA would be better positioned to be a signatory than not and felt it

could more effectively represent the views of the members. That is an insult to every member of TCA in Tasmania and particularly to a branch that has supported, and will continue to support the industry, but the industry is not TCA.

We have a volunteer fire brigade at Meander and we talked about fire and the consequences of this agreement. For those in small communities - Adriana, I sympathise with you. If this agreement goes through and if those areas are declared World Heritage, and again I come back to the original proposal in 1993 which was to close, gate and lock permanently five roads with access into the Western Tiers. That was a national park. What is going to be the management for World Heritage? The fire service has already told the residents of Jackeys Marsh that if a fire takes hold on an extreme day they will be undefendable. If we have residents who are undefendable, what hope is there for the forest if there is no access at all? This should be a concern for everybody in this state because it is not if it is going to happen, it is when. If you look at yesterday and today, what could the consequences be?

With the right conditions on the wrong day and a fire begins at Mole Creek there is no way it is going to be defended or stopped until it gets to the Lake Highway, or further. That is just that area. Think about what the consequences could have been if the wind had been coming from the north instead of the south-west with the fire at Arthurs Lake. It may have stopped by the time it got to you, Adriana, but I don't know. It would have wiped out every shack on Flinstone Drive. It would have gone past Lake Sorell, because there is no way you could stop a fire when there is 30 years of built-up of resource to burn. Fire management is what this is all about and there is no fire management proposal in place in any of these reserves.

Mr DEAN - Has the Meander Valley Council, to your knowledge, been consulted in relation to the heritage-listing proposal for that area? Were they consulted in any way in relation to the 295 proposed reserve areas that will occur as a result of this agreement if it goes through?

Mr JOHNSTON - I don't know, but I would be doubtful.

Mr STAGG - Not that I know of. Him being a member of this group, it's never been mentioned at any of our group meetings either, so I would take it as no.

CHAIR - Thank you both very much for your written submission and your time today.

THE WITNESSES WITHDREW.

Mr RODERIC O'CONNOR, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED, AND **Mr BRUCE MONTGOMERY**, TFGA, WAS CALLED AND EXAMINED.

CHAIR - We are back in session to hear the contribution from Roderic O'Connor. Thank you for appearing before the committee and also for your submission, and for adjusting your time to allow us to go a bit past our schedule at an earlier time today. Can we get you to speak to your submission? I recall from your submission that you indicated there were matters we might like to question you on, but if you want to speak to it first of all. We resolved at an earlier time to invite you here because of the breadth of contribution or participation which you have in carbon farming and tree farming and perpetual covenants, to name but three, so if you wouldn't mind speaking to your submission, which will certainly raise some questions I'm sure.

Mr O'CONNOR - No problem. Is this going? Can everybody hear?

CHAIR - Yes, that is all for the recording process, Roderic - for our parliamentary record.

Mr O'CONNOR - Fantastic. First, Chair and the members of the Legislative Council, thank you very much for allowing me to present my submission on the Tasmanian Forests Agreement Bill. As this is a complex subject I would like to get all my points across to you as best as possible, so I hope you don't mind if I run it off text. It won't go for long. If I could read this in its entirety, as I discussed before, it will hopefully connect the dots. I do find this rather a complex subject, like you guys do. However, if it does become too convoluted or too unclear, please feel free to interrupt.

Primarily, my submission centres on one word and that is 'reserve' or 'reserves.' In the bill the alluded to 503 000 hectares, as proposed, is to be entered into a formal reserve, which by definition means that no harvesting activities can be carried out. I would contend that there needs to be a separation of what is a 'reserve' and what can be done in a nominated area of land, in this case the proposed 503 000 hectares. Or, for that matter, any other public forest area.

There are a number of ways to 'reserve an area' and secure revenue for the state at the same time: first, carbon sequestration and a trading of its credits; second, long rotation forestry, that is, 100 to 200 year rotation; and third, keeping and deferring said areas for future timber production but significantly limiting cut volumes and harvest timing.

Take the first point, being carbon sequestration. If you formally reserve a harvestable forest area you cannot create and sell carbon credits from it because you have removed the threat of that forest area being lost to harvesting. This salient point is referred to as avoidable deforestation. In a nutshell, if harvesting cannot or will not occur no carbon can be sequestered. The answer then is to simply set aside a significant area within the referred to 503 000 hectares for carbon sequestration and for the best carbon trading program available.

In relation to the second and third points I have raised, being long rotation forestry and the deferred forestry option, every scientist that I have been involved with in my property

and in another large conservation organisation has agreed that the long rotation, and I stress, long rotation and selected harvesting, is compatible with good conservation outcomes even in high conservation areas. Again, without hesitation and without question, the scientists involved with my direct and indirect native forest interests have stated that only a fraction of the bill's proposed formal reserve area really needs to be reserved for true high conservation value purposes.

The question is: 'So what do we do with the rest?' Why not scientifically select any area suited to the above points from the referred to 503 000 hectares, then enter them into new categories as either a nominated carbon managed area or a long-term forestry managed area. I suppose what I am really saying is; 'What should we really do with the 503 000 hectares as nominated in the bill, rather than just creating a locked away reserve?'

One has to also ask, 'What is the long-term effect of a near permanent ongoing loss of income to the state with this proposed additional reserve area?'. 'What will be the true cost of permanently funding the management of the proposed reserve?'. The answer to these questions, I believe, is quite frightening in the long term. The loss of 503 000 hectares, as proposed, is grossly inadequately funded. Current resources are already way overstretched to cope with managing the existing reserve areas, let alone anything additional. The \$9 million proposed in the bill for the management of this additional reserve area will only last a fraction of time, yet the on-ground management is infinite in time.

I personally have been confronted and presented with the same dilemma as the state and had to ask myself, 'How can I secure a satisfactory future income from native forest?'. To highlight this I would now like to give you some figures and comments in relation to my property, Connorville.

Connorville covers some 18 000 hectares. The property has 9 800 hectares, or 55 per cent, in commercial forests, bush run country and native grasslands. Of the 9 800 hectares, approximately 2 100 hectares is a mixed high quality native forest, primarily regeneration, as well as lower quality harvestable trees, run country and small eucalypt plantations. About 4 200 hectares is in perpetual covenants for conservation and is managed for that purpose. Another 3 500 hectares is in high quality native forest which is now protected for its carbon value and for which Connorville receives carbon credits and income. Connorville's carbon trading agreement enables my property to sell carbon credits assigned to it, dependant on the volume of timber that could have been harvested, or that was intended to be harvested. Currently, the revenue from the carbon credits is better than we would have received from long-term logging. The agreement stipulates that trees cannot be harvested on that 3 500 hectares for 25 years. Theoretically, the agreement can be renewed after 25 years or we can resume logging. I would like to note here that my wood harvesting rotation policy on the property is over a 50 to 100 year time frame.

Selling carbon credits is a commercial, pragmatic solution to conservation and environmental problems and has an annual economic outcome for the property. My property also has 4 000 plus hectares of perpetual covenants, for which I was paid by the government. The moneys received were in my view not representative of the true value of the conservation, however I accepted the deal as I was allowed to build on the block, adding to the capital value, and to retain to a lesser degree sheep and/or cattle grazing to

retain an ongoing annual income. More than a half of the other 2 100 hectares of forest that was remaining is available for harvesting and is scheduled to commenced beyond 2035. I would like to point out that is 22 years or so away so it is part of our program to look into that. Beyond that point we're looking at 50 to 100 years for the next rotation. Effectively what I am trying to achieve is to significantly improve on-farm biodiversity, enhance income to obtain a better return on capital and cover future conservation and infrastructure management costs.

Back to the big picture. As I and some others see it, there is another way. This bill must not be the only deal. Let us not fixate on exactly 503 000 hectares but on what can be done for the best environmental and economic outcome within our public forests. Isn't that what we are trying to achieve? The longer the view you take on this issue the easier a solution becomes. Much more independent science is needed here for a more flexible outcome in the state's forests. We also need to change the way we are looking at the problem. It has to be a lot more than just adding to formal reserves for an inadequate one-off sum of money.

I must make comment here on a very recent Great Western Tiers World Heritage additional listing. There has been no scientific justification for this and it has been made without any consultation at all. This is yet again another perversion in an already grossly flawed and abused process.

Mr DEAN - This came from a submission from the TFGA and I will read the comment:

The minister's second reading speech stated it is expected that carbon sequestration and reduced greenhouse gas emissions will be an important purpose of any reserve established under the bill. How that is to operate in practical terms is not explained.

Are you able to expand on that? What should now happen, how should the explanation be put and how should it be delivered?

Mr O'CONNOR - It is one thing to say that's what the intention is, to put reserves into carbon sequestration, but it is clear that in those 4 200 hectares of my perpetual covenants which you have timber but can be assessed, they are not eligible because they are not in fear or being lost to harvesting, therefore there is no carbon loss. If you can expand the definition of a so-called reserve or get rid of the word 'reserve', it leaves those forests open for other uses - and one of them being carbon - and you are free to log it technically, therefore you are free to carbon-sequester.

CHAIR - Roderic, you have mentioned in your submission the agreement you have regarding the carbon component you have in however many hectares but that there is a prohibition on harvesting for 25 years. Is that a consistent time frame or is this a negotiated position you reached with those you have come to that agreement with?

Mr O'CONNOR - Under the voluntary carbon system, or NCOS, that is a consistent 25-year growth, so we had no choice in altering that time line or number of years. I think it might have been originally mooted to be 50 years, but the international standard seemed to be set on 25 years.

CHAIR - Does that take any account of the age profile of the trees in the stand?

Mr O'CONNOR - Absolutely. It is assessed exactly the same way as you do when you are foresting. There is only a minimum diameter they can go down to - I believe it is 20 centimetres. The inference there is it hasn't produced enough carbon to build up into the bank and is therefore part of what would have been there. Anything beyond that then is incremental and is added into the value, and it is assessed exactly like timber.

CHAIR - So 20 centimetres would not necessarily equate to a particular age of a tree; it depends on the growing conditions.

Mr O'CONNOR - That is correct. It could be many years or it could be two or three depending on what situation it is.

CHAIR - I go back to the question about the age profile rather than the size profile of trees because a 20-centimetre tree, as you have just said, could be very old and therefore has sequestered a heap of carbon, or it could be very young and not have sequestered too much at that time.

Mr O'CONNOR - The 20-centimetre tree could be quite old, even it is still quite small, so it is only going to sequester to a certain amount of carbon. Technically, size is the issue - the bigger the tree, the bigger the wood, the bigger the carbon. I am trying to keep this as easy as possible; it is quite complex. Technically, if you go into the carbon you really want to probably put some of your best forests up because they have the best early- to mid-aged forests with some growth and a good age structure, so they are growing rapidly. Also, every two years or every five years, depending on which system you are in, that timber volume or the carbon gets reassessed. So if it is growing really quickly they will say there is an incremental gain from what you did two years ago - 10 per cent, 20 per cent. You get the corresponding credits for that, the certificates and then you go and trade the units. So you want to pick the right forest. Anything that is in a developing stage is probably the best stage.

CHAIR - I might have more questions when I get my mind around some of that.

Mr O'CONNOR - It is really difficult. I chose some of our better harvesting ground because we had previously selectively harvested on a very low scale and my rotation for the future was going to be a longer scale. So I thought the best thing to do, because it fits in with my income schedule and my rotation schedule for harvesting 50 years or 100 years hence, is to put it into carbon. I wanted to maximise the carbon value out of that rather than giving it a lower yielding forest.

CHAIR - During your presentation you indicated that to lock up the forests is not a desirable or optimal outcome in terms of carbon sequestration, environmental outcomes and the like. So what of the carbon value of reserved forests? You have some forests which you are reserving under the agreement which you have but you are able to harvest them at a point in time. Then, if you wish, you enter a new agreement and regrow. What of that notion then of locking up, which this proposal before parliament intends? Is there a perverse environmental and carbon outcome but locking up and never harvesting? For instance, you can harvest yours at a point in time and maximise the carbon sequestration but do something with the trees.

Mr O'CONNOR - I basically think it is a travesty. How you look at the problem is the issue. It has either been lock up, get a bit of cash from the feds or state or whatever, whereas to me the whole thing needs to be opened up. If we do not get some income out of these forests, if we do not have some disturbance, it is not great for a conservation outcome but it also doesn't help the state's resources. So it seems crazy to put hundreds of thousands of hectares back into reserve with no income stream.

I have done it because it is important for us to continue on our 50 or 100-year program. If the state has significant - which it does - reserves already that cannot be unwound, why are we putting more in when we could use these alternative paths which are a conservation outcome in their own right. I think it is more than perverse; it really needs opening up.

CHAIR - I don't understand the nature of the perpetual covenants, which you mentioned both in your submission and your verbal presentation today. What is the significance of that in terms of where you are at as a contributor, if you like, to some sort of reserves and the like?

Mr O'CONNOR - Two reasons I went - when the scientists came around they said it was a significant block of ground between other reserved areas or it would be a good link, it had medium to high conservation value, although not all of it, just bits. The other reason I looked at it more is that once the scientists were there I understood what was in that reserve and then I realised how important it was. Again, I could get the dual outcome. I could get conservation, I could still graze it, I could still get some annual income and I could then get some money to look after it as a capital sum. I think everybody really has underestimated the cost of maintaining these reserves because it is going to be far greater than three pieces of silver. That's the thing I am really concerned about.

Even for me in my private enterprise we are seeing that with the demise of some of the funding of either Forestry Tas to do things or whatever that we are taking over some of those roles even on the buffer with state forest, but it is starting to cost significantly. It would be nicer to have a joint venture where we could fund that properly, but it just doesn't happen. It's either weeds or fire, but particularly the roading and the infrastructure is not a cheap exercise when you're not earning any money.

CHAIR - With the scientific analysis or assessment which was required of these various land tenures, if I can put it that way, on your property, who identifies and appoints the scientists who carry out that evaluation?

Mr O'CONNOR - For the perpetual covenants? It was under a federal program and the scientists were, I think, seconded through the department at that stage. They came up and invited me to say, 'Are you willing to participate?', and then groomed over the areas we looked at. I went with them, so it was actually a fully consultative and mutually agreeable thing. It wasn't, 'We want this. We would prefer this,' and I would say, 'What about this because that links up with my area?'. Personally I saw some of these areas were getting degraded and I thought, 'How can we fix the problem?' They said they were very happy with those particular areas because they had high native grass value, which really fitted with me because I then could secure a long-term income but also manage to get a great conservation outcome. We're very pleased with the results.

CHAIR - You mentioned they had determined through that evaluation process medium to high conservation value. Is that documented anywhere in any of the agreements which you have, because this committee has heard at various times whether there is a capacity to determine high conservation value or not? I would be interested to know whether you have any documentation that sets out just what parts of your land is either medium or high conservation value.

Mr O'CONNOR - They didn't really put it into that parameter. It was basically when they went through and picked up those particular high conservation values and marked them, so it is mapped for everybody to see and know, but it wasn't saying one-third was high conservation or whatever. It was set up to fit the program that the government of the day was arranging. There have been three or four programs and they all vary a bit, whether its regrowth or older-growth forest, or native grasslands and a mixture thereof. It gets a little confusing but they do go through. I thought that was essential for me, personally, because then I knew exactly what we were trying to look after rather than just having a tag of high conservation value or medium conservation value. It is not itemised so much in these agreements but there is information there that leads you to it. On a much larger scale for the state that is probably a much better way to do it.

CHAIR - You have indicated that the revenue from your carbon sequestration component equates to about what you would have received if you had harvested over that period of time and logged, so that makes it a reasonably attractive proposition. I guess my question is whether that is a consistent outcome for any person such as yourself who embarks upon that carbon farming or that carbon trading component, whether that is consistent all the time, whether the compensation or the revenue from the carbon sequestration equates to the logging? How do they make those assessments?

Mr O'CONNOR - We have only been in for two years and, as you know, this whole thing is quite seminal in Australia particularly, but so far it has been consistent, not so much through the year but when you annualise it every year it's coming up quite consistent so far. The deal pipeline is looking quite good. The problem has basically been the CFI carbon trading system and the confusion sent into the marketplace about that and the international voluntary systems we are involved in. That hasn't made it any easier but we believe and the marketers and promoters of the RET schemes believe that the market is now becoming fully aware of what this is all about and we believe that it will be consistent and, if anything, I think it will improve. Once people know more about climate change and the continuing debate on that matter companies or individuals will get more and more savvy about the fact that they need to offset their emissions.

Mr WILKINSON - In relation to that and your last two years in the business, have you had to get any FSC or PEFC in order to enter into the trading? It would seem that some of the environmental groups are saying to some of the companies that unless they have FSC or PEFC they are going boycott their wood. Is it the same in relation to carbon sequestration or carbon trading?

Mr O'CONNOR - No, not at all. As long as you're legally entitled to harvest at that point in time or intend to harvest at that point in time that's all they require.

Ms FORREST - I am not quite sure how sad and tragic your life is, Rod, but have you watched the live feed of our committee inquiries and, if you did, did you hear Mr Johannes from DPAC speak on 22 January?

Mr O'CONNOR - Unfortunately no, on both counts.

Laughter.

Ms FORREST - I will read you a little bit of what he said in the hearing on that day because it crosses over that complex area of the carbon farming initiative and the concern about reserving land now that denies access to income at a later time, because that was a concern raised by a number of people. Mr Johannes said:

To hopefully allay some of your concerns I will read a sentence from a letter that came back from the Parliamentary Secretary for Climate Change to the Tasmanian government. It reinforces my point. 'This arrangement is to regulate to ensure that we will still qualify subsequently for our projects under the CFI. Parliamentary Secretary Dreyfus writes, "this regulation will ensure that paragraph such-and-such [?] of the CFI does not exclude projects that involve conservation reserves established under the Tasmanian Forests Agreement Bill 2012".'

You were raising that concern about locking it up now and potentially denying ourselves a source of income in the future. Does that address some of those concerns?

Mr O'CONNOR - I would have to say no because there's no detail -

Ms FORREST - It's only a short snippet from a letter.

Mr O'CONNOR - But there is no real detail around it and it could be a what-if sort of thing in the future but we're not dealing with that at the moment. I can only speak from my experience in that what we're seeing is that any other systems available have to have a threat of being removed. If you remove that there is no way you can claim any of the carbon credits arising from that. I don't have enough information but I would seriously raise a concern by saying I can't understand how that would happen.

Ms FORREST - It would be good if you could read a bit more of that evidence before and after because I just took a small section of it to illustrate that. In reference to clause 13 in the bill subclause 5(b) that talks about the carbon farming initiative but maybe that is something you might like to get back to us about, having more knowledge in this area; that would be really helpful. It is one of the concerns that I have if we are potentially denying ourselves a future benefit from reserving any forests in this state. This is one of the reasons why it was also included in the long title of the bill - 'benefiting economically from the carbon in Tasmanian forests'. If you read Mr Johannes' evidence you will see that there is a reason for that and it is to make sure that we are not disadvantaged in the future. Maybe it would be helpful if you could have a look at that and get back to us.

Mr O'CONNOR - Yes.

Ms FORREST - Thank you.

Mr O'CONNOR - I think the thing is that it really questions whether you need to put it in a reserve anyway, and that is the comment.

Ms FORREST - I hear your points around that.

Mr O'CONNOR - Why not make everybody else's life a little bit easier and keep some of this stuff in limbo? Why does it have to be attached, or why do we have a black situation and a white situation? That is really the basis of my submission. It is saying, 'Let us not muddy the waters but let us keep things fluid'.

Ms FORREST - I hear what you are saying and I appreciate your viewpoint. It is well made and I think it is a very valid point but we have here a negotiated agreement between traditionally warring parties, for want of a better term, that have both compromised to get to where they are. If we, as Legislative Councillors, could unpick some of that and say that we are not going to put them into regional reserves, national parks or conservation reserves or whatever it is but we are going to put them aside under a covenant approach - the approach that you have used - that would, as I understand it, fundamentally undermine the agreement and thus the bill would then not reflect the agreement and it would be all over.

We are in a difficult situation where we basically have to accept that the bill affects the agreement. If you do not agree with the agreement, you vote it down. If you think there is some merit in the agreement, our job is to determine whether the bill reflects that. Is there any way of achieving what you are seeking without unpicking the agreement?

Mr MONTGOMERY - If I can assist here, the TFGA is happy to make available to you the legal opinion that I referred to this morning. We looked at that particular point and the question of carbon credits and came to the conclusion that it was quite unclear in the provisions of the bill how it was going to work. We are quite happy to give you that advice but we will give it to you privately as it is not for public consumption. It crosses that subject and I think the point you are making is that it is not covered in the bill. He says it is not covered in the bill and it has to be clarified. Mr Johannes had not clarified it at that stage.

Ms FORREST - Had not clarified, it did you say?

Mr MONTGOMERY - Had not, because when we sought advice, we were going purely on the bill and then the amendments to the bill.

Ms FORREST - Did you manage to look at Mr Johannes' advice?

Mr MONTGOMERY - No, because it was not available at the time.

Ms FORREST - That is right. Maybe it would be helpful to look at Mr Johannes' advice and see if there is a shift there, maybe.

Dr GOODWIN - Could I just jump in there, Mr Chair, because my interpretation of Mr Johannes' advice was that there is a long way to go before we can realise any benefit out of this.

Ms FORREST - That is what I am saying - that you should read it all.

Dr GOODWIN - A methodology has to be developed. Then there is an issue with the commonwealth being concerned about double dipping and that might have to be negotiated between the state and federal governments because we are getting some money from the federal government if this deal proceeds. It would seem to me that there was a long way to go before we could have any guarantee of any funding for carbon farming.

Ms FORREST - That is why I said they need to read all of it and not just that small bit I read.

Dr GOODWIN - Yes.

CHAIR - Rosemary, we are still with supplementaries arising from the points that -

Mrs ARMITAGE - That is fine. I was actually going to reference as well, just like the member for Murchison, but I have a supplementary question going back to the carbon farming. How does a bushfire affect the situation? I am assuming that your income is going to be affected detrimentally if a bushfire goes through the area you have reserved for carbon credits?

Mr O'CONNOR - No, quite the contrary. When the timber volume is assessed in order to work out through a massively complicated formula to get your carbon credits, there is an automatic discount in our situation - I mean, a lot of the schemes in the past did not have that but we have decided to try to go for the best voluntary international system we could go for and that is a discount of 14.5 per cent annually of your carbon credits. So it is effectively saying that you could have a total loss over a seven-year period and you are still covered.

Mrs ARMITAGE - So it is taken into account?

Mr O'CONNOR - Yes, storm damage, wind throw - all the other unforeseen things - and fire, particularly.

Mrs TAYLOR - Do you know whether the carbon farming scheme you've gone into is available to public estates as well? If instead of going into reserves, we went into that kind of scheme, would the state stand to get an income from carbon credits for that?

Mr O'CONNOR - I believe so. I think there's an election and the government is either going a CFI way or the signing of Kyoto 2. There are other reasons why they are going down a particular path but I believe there is no impediment to entering into a voluntary system. Ideally, what we would have liked them to have done a couple of years ago was to not introduce a CFI trading system and stay within the international system. Then, if it didn't go the way they wanted it to go over a period of one or two years, to steer it in the direction the government of the day wanted it to go, but it didn't clash. Unfortunately there has been some clashing - it hasn't caused any diminution of the value of the credits but it made the market uncertain.

Mr GAFFNEY - Roderic, I attended a timber industry forum where this topic was raised and it created the most discussion out of any of the ones between the people who were there. How many other examples are there in Tasmania of what you've done with your property? Are there more property-owners looking at the concept? What has the take-up been, because people see it as a solid way of going?

Mr O'CONNOR - The initial take-up was very good. I think there are about eight or 10, and a queue of those are being assessed right now. I can't tell you the exact number because that's not my business.

Mr GAFFNEY - How long does the process take with the assessments and negotiations from when you started with your property to where you got to?

Mr O'CONNOR - It's a lot quicker now. Because it hadn't been done in this state when it was originally broached, the contracts we were given were completely unfriendly. It took a whole year to get the contracts right - either capital gains tax, stamp duty or whatever made the whole issue untenable. Once we ironed those out, the onground work was probably six months. It is not a cheap exercise because if you want the best validation, you have to pay for it. If you don't, the market won't like it anyway so you are cutting off your nose to spite the face unless you do the best possible validation and verification.

Mr VALENTINE - My question is about the value per hectare you get from carbon farming.

Mr O'CONNOR - Too hard to tell at the moment. We've only received a year-and-a-half's worth of income.

Mr VALENTINE - Sorry, I'm not after your own personal situation; I am after a broad understanding if it is voluntary or involuntary.

Mr O'CONNOR - The cost of going in?

Mrs TAYLOR - The return.

Mr O'CONNOR - I can't answer your question. To me, the issue was, 'Does it equate to what I would be getting if I was harvesting the timber?'. If it is, 'Yes', then I didn't need to do any further analysis.

Mr VALENTINE - So it's commercially viable for you to be in it?

Mr O'CONNOR - Absolutely.

Mrs TAYLOR - Roderic, just because you mentioned the significant cost in establishing it and getting the best value, does that mean it would only be useful to people who have a fair-sized block?

Mr O'CONNOR - No. Again, the people who had organised this program with us worked out that they can aggregate. You can get a group of 10 or 15 and they can spread a lot of those costs over that 10 or 15 and pro rata it. There is not a huge barrier to entry for small operators who want to get in. I know a few corporates have been asked to be

involved in that and people are quite keen to do it because they see it as a good business opportunity.

CHAIR - We have exhausted the questions, Roderic.

Mr DEAN - I have another question, but not related to this.

CHAIR - Do you want to talk about the football or something?

Mr DEAN - No.

Laughter.

Mr DEAN - You made the comment, and I think I recorded it properly, that there was no scientific justification for this position - something along that line? It was to that effect, I think.

Mr O'CONNOR - Scientific justification of the World Heritage?

Mr DEAN - Yes.

Mr O'CONNOR - Yes.

Mr DEAN - What would be your position? If there had been science involved in this - had there been the appropriate expertise and experts involved in all of this process - do you believe, in your opinion, that the outcome would have been different?

Mr O'CONNOR - Yes. I believe it would have been different if you had the people that really had the on-ground scientific expertise, rather than a small number of people and a chair looking after the process. I believe you would have then had the people that have scoured most of the state for the last 10 or 15 years. They could have sorted it out, with the remit of finding the highest conservation values, to the medium values, and the lowest, or whatever, but with the remit also that other activities can happen.

They could be charged not only with just the science of determining what else we can do with those areas - can we do carbon trading; can we do long rotation forestry - but also with determining how we can do the best to ensure a renewable resource in say 10, 15, 50, or 100 years hence. They could take a really big picture view. That is where I think the science went wrong - in putting up maps and areas. I do not believe it has been fully covered.

Mr DEAN - Thanks, I really appreciate that.

Mr GAFFNEY - Have you had the opportunity to speak to the environmental groups that were signatories about what you are doing, and your thoughts and views on the locking up of the land? Have you had an opportunity to present what you think is a better model?

Mr O'CONNOR - Indirectly, yes. A lot of those sites we were referring to before in Ivan's question are inextricably linked with some of these groups, in varying degrees of intensity, to put it euphemistically. I have gone to those architects and spoken with them.

Not in a formal sense, but certainly with those who were the architects of a lot of policy. Even going back to discussing FSC five or 10 years ago, which was another thing we were looking at - or me personally - so it has been ongoing.

Not all the signatories, no, but certainly the architects of a lot of the reserve design, or management design structure in the state, in the last ten years, yes.

Mr VALENTINE - The Tasmanian Conservation Trust is saying that the Forest Practices Code really needs to be reviewed and strengthened. Do you have a position on that, out of interest?

Mr O'CONNOR - Yes I do. I do not think it needs to be strengthened any more at all because it has an open remit. If something has got an open remit it, will fix the problems. If it stayed with the RFA principles, as they were, it would be fine but it has already extended beyond that remit. If anything, I would like to see it reined in in certain areas to make sure it is not just a creeping grab, because it is like a pincer movement.

If we do not get some common sense on the state's forests in this area and also provide an open door for private native forests to continue running a business - if we even get through that hurdle - we are going to get jammed in extremely difficult and onerous code issues. If there was going to be a review, it would certainly have to be a two-sided review rather than another bureaucratic prescriptive outcome.

Mr DEAN - Intensification has been brought up in this whole process, and evidence has been given to this committee that finding the necessary timber is already tight. The TFA will make that super tight. The words 'super tight' were used in reference to getting the amount of timber that is necessary. We know in the agreement that it is identified as 137 000 cubic metres, minimum, which means that there can be a greater amount than that. From your experience in logging, and getting timber, and forestry, what is the likely outcome of the greater intensification of the logging of the forests that will be left to provide that timber?

Mr O'CONNOR - I think that is really the point I was trying to make before. If you remove these other threats, you don't have the intensification process. Also, on my farm, the first question we were asked when I entered into the carbon agreement was: 'Is it a question of additionality?'. 'Are you going to attack the rest of your remaining forest to cover any loss from not harvesting, if the carbon agreement ends up with a value of 50 cents a tonne and way under the mark?'. 'Would I do that?'. I had to sign up and say, 'No, I can't.'

Why can't these so-called reserve areas be changed in title so that you can pick and choose from areas in the state's production forest that are not in production, and those that are in the mooted 503 000 hectares. Jumble them up, so you don't run production capacity down to a point where all you do is take from the available forest, until you have nothing left. There is nothing left for the future, or there is too much over cutting. That was part of the reason for our submission. I was concerned that if we ran out, we would have nothing for the future.

Ms FORREST - Just on that point, Mr Chair. You make a good case for reviewing the whole of the public estate, to be considered under that framework?

Mr O'CONNOR - Yes, ideally, let me have a crack at it. I would start from scratch.

Ms FORREST - That is what I am saying - go back and look at the whole shooting match.

Mr O'CONNOR - Start from the ground up, not from the top down.

Ms FORREST - Good luck with that.

CHAIR - Thanks very much, Roderic and Bruce. We appreciate both your submission and your time today. We will need to remain here, members, for some further business, but if we could ask everybody who is here to take a few moments to clear the room.

THE WITNESSES WITHDREW.