

**INQUIRY INTO THE TASMANIAN FORESTS INTERGOVERNMENTAL
AGREEMENT INDEPENDENT VERIFICATION GROUP 'REPORT OF THE
CHAIRMAN'**

Prof JONATHAN WEST WAS CALLED, MADE THE STATUTORY DECLARATION
AND WAS EXAMINED.

CHAIR (Mr Wilkinson) - Thank you for coming. I will read the terms of reference:

To inquire into and report upon key finding 1 of the 'Report of the
Chairman' Mr Jonathan West, as part of the work of the Tasmanian Forests
Intergovernmental Agreement Independent Verification Group, which
found 'Tasmania's native forests (not including plantations) have been and
continue to be harvested substantially above long-term sustainable yield, in
respect of the key product segments to which they provide resources'.

Jonathan, obviously you are aware that everything you say is recorded in *Hansard* and
becomes information for the public. If there is any information you want to give us that
you believe should be in camera, or private, please let us know and we will then discuss
that and may, depending upon the matters put, go in camera to discuss that evidence.

The report revolves around the terms of reference I just read to you, and there has been
much comment made about that statement. Some say that your information has been
misconstrued for whatever purpose; for purposes that certain interest groups want to
follow. Others say that it hasn't been misinterpreted. That is why we asked you to come
in and speak in relation to it, to hopefully clear the air.

Prof. WEST - It is very important to be specific about what we did, or I did - but we, the
independent verification group did - say and what we didn't say. Our terms of reference
were to inquire into the sustainable yield of the publicly-owned native forest estate, not
the forest estate as a whole and not even - a large part of which of course is private - and
not even all the forest managed by Forestry Tasmania. In a sense the facts here are not in
dispute. Forestry Tasmania, to my understanding, doesn't dispute the conclusions of the
so-called Birdman report into sustainable yield. The question is: what interpretation and
what context should those facts be put into.

It is very clear, and it is not a secret, that the native forest is being harvested above its
long-term non-declining yield, both in respect of the legislatively required commitment
to provide 300 000 m³ of high-quality sawlogs, defined as category 1 and category 3
sawlogs, and in respect of the contracts to provide 265 000 m³ of peeler billets to Ta Ann.
There is no question, and I don't know of anyone who disputes it, that those requirements
are substantially above the long-term sustainable yield of the publicly available native
forest.

The question is when you take into account plantation resources that will become available in coming years - in about 20 years time - would they be sufficient to mean that the forest estate managed by Forestry Tasmania as a whole is being sustainably managed. That is not a question that my group investigated. So it is very important. My comment is about the publicly-available native forest and then about the risk. If you have read my report, and I am sure all the committee members have, it is very clear that the focus is on the risk that the plantations will not prove suitable to supply the existing industry that we have. Many members of the industry have indicated to me privately, and some publicly, that they believe there is great doubt about that, whether those plantations will supply the types of products that the existing industry needs. But that is not a question that the IVG investigated, and so my comments are only about one part of the forest estate and the implications for the risk posed to the industry of the transition to plantations that will need to come in the future.

CHAIR - In relation to the unsustainability aspect that people obviously seized upon, I understood your report was saying, taking into account the native forest alone, there was an unsustainability aspect that would creep in.

Prof. WEST - That's correct.

CHAIR - But at no stage did you take into account the plantations that the RFAs and CFA set out in looking at sustainability.

Prof. WEST - And I make it very clear that I am excluding the plantation estate from that assessment, other than to look at the risk for the industry that the product types required by the industry that we actually have, will not be able to be supplied. The problem there is we don't know the answer yet. The point I make in my report is that by the time we find out the answer of whether those plantations will be able to provide the product types that our industry needs, it may be too late to go back if we continue on the path we are on.

Ms FORREST - Jonathan, with regard to that, are you making the assumption that the product types will remain constant? What I am hearing you say, and correct me if I am wrong, is that your findings are based on current product types. If there is a change in the product types, which has been suggested is important because markets and demands change and a whole range of other factors change. If product types change, then this may not be relevant. Is that what you are saying?

Prof. WEST - The product types inevitably will change because the resource will change and of course market, taste, fashion, et cetera, changes. However, the difficulty we have is that the legislation requires the provision of a certain volume - 300 000 m³ - of a particular product type, and contracts provide to Ta Ann the provision of 265 000 m³ of a particular product type. There is no doubt that the product types that our industry will provide will need to change in the future, and will do so, and change all the time.

The difficulty created by the current environment of bitterness and controversy is that any shift in the product types that our industry provides will require a shift in technology, equipment and markets. To make that shift will require investment, and to move to the plantations to provide these product types will require considerable investment.

Ms FORREST - Hasn't that been happening already? Under the TCA - certainly in my area - timber had some support, funding and private investment themselves to retool much of what they do.

Prof. WEST - There has been some in particular areas. The general comment from potential industry investors is they find the Tasmanian forestry industry a difficult place to invest, and an unappealing place to invest, precisely because of all the risk associated with being at the centre of bitter controversy. My own view is that it is unlikely that we will see substantial investment in the Tasmanian forestry industry while a large proportion of the population opposes it, and a significant minority is endeavouring to kill it.

Ms FORREST - Opposes it outright?

Prof. WEST - Opposes it as it is conducted. There is no question that it is a very controversial industry and there is no question that a small group of people is determined to try to deny the industry access to markets, and to capital, and are successful in doing so. In fact, it is my conclusion that it is almost inevitable that they will succeed in that.

One environmental leader outlined it to me very simply. He said to me, 'Why do you think we ask people to chain themselves to machines down at Ta Ann?'. I said, 'Obviously you're trying to generate publicity, and through publicity get people to focus on the issue. That will build public support and put pressure on politicians to reserve the areas you think should be reserved, and it will dramatise the issue'. He said, 'We couldn't care less about any of that. All we need to do is show that there's a controversy. Then you go to Europe and say to potential purchasers of Tasmania's products, "Which would you prefer, controversial plywood coming from a battle in a far away place that you've barely heard of, or non-controversial plywood? Same price, same material; which one do you want?" '.

CHAIR - Coming from a place which hasn't got the protections we have within Tasmania.

Prof. WEST - That hasn't had the controversy. 'Do you really care? Are you going to look into it, are you going to read all the reports and investigate it? Do you want controversial or non-controversial, same price, same product?'. 'I think I'll go with the non-controversial product.'

That's how we lost the contracts for the London Olympics. When you have a company operating on low margins, if you lose two or three customers, to say nothing of 50 per cent of the customers, just because the customers are avoiding the controversy, there goes your margin, there goes the profit, and the industry ultimately fails on that basis.

That change in tactics by the environmentalists from trying to persuade Tasmanian public opinion and politicians towards denying the industry access to markets and then to capital, I think is a very significant change. It means the environmentalists, in my opinion - and others can disagree - have acquired the capability to destroy our industry as a whole. I see my report attempting to do is to find a way that we can make our industry sustainable, particularly in the economic sense. I might say, personally my sympathies are neither with the environmental protagonists nor with the industry. My sympathies are with the members of my own community, workers who have no part in the argument and who every day do their best to do a good job in an industry they think is entirely

legitimate. They are victims of these games that are being played in far-away capitals that are very, very difficult for us to deal with here in Tasmania.

Ms FORREST - Having said that, Jonathan, do you think that the comments that you make in your report and your summary here, and particularly the first key finding that Forestry Tasmania has been harvesting at double the sustainable yield, only adds fuel to that fire when it's potentially taken out of context, as you are suggesting that it probably is?

Prof. WEST - There's no doubt in this dispute that anything anyone says is likely to be taken out of context. We have the most vexatious people engaged in this. I have personally been accused of being corrupt, a psychopath, socially bankrupt, intellectually dishonest and a fake academic. There's a great deal of poison and vitriol around this issue and there's no question that anything that anyone says that could be construed as aligning to one side or the other. I've been attacked equally by people opposing a pulp mill, supporting the industry, opposing the industry - anything anyone says can be taken out of context and used as a tool to pursue the hate.

CHAIR - You believe don't you, as I understand it, that you have been taken out of context?

Prof. WEST - I believe I have been taken out of context because the comments I make relate to only one part of the forest estate and not to the forest estate as a whole, but I also think that it's important if we are to try to resolve this dispute and to put our industry on a sustainable basis, which means a largely non-controversial basis, that we have to be able to talk about the facts of the matter. If we avoid the facts because we're afraid that they can be misconstrued and we start to see our role as to protect the industry by not discussing things then we can't move forward and figure out how to put it on a proper basis, and overcome this conflict.

If we thought that we could just tough it out and supposedly defeat the green lobby, then we might pursue that course. I've lost any conviction that that can be done as a result of the change in the tactics by small environmental groups. The Markets For Change group, for example, is probably only half a dozen people operating on a shoestring budget and yet they are capable of inflicting such damage on our industry that it may take out one of the major components of the industry.

CHAIR - You disagree with that type of behaviour, as I understand from reading your report, and you have stated that I believe, or certainly implied it within your report, you wouldn't support that type of behaviour.

Prof. WEST - Of course not. I don't think any person who cares about the community they live in and people who are part of it would want to see people become victims of machinations in far-away capitals. Of course that sort of behaviour is exceedingly damaging and cruel and heartless, there is no question, but simply condemning it doesn't get it to stop.

Dr GOODWIN - But how do you stop it? If you believe that it's almost inevitable that that sort of market disruption will succeed, how do you stop it?

Prof. WEST - That's what we're trying to address in this whole process of discussion. Personally I believe the first step is to ensure that the industry is sustainable in both a

physical sense and producing no more product that can regrow, and in an environmental sense that it is managed in such a way that it doesn't damage the environment. It's a very good question, but it's a very big question, how do you stop it.

Dr GOODWIN - Pretty fundamental really, because otherwise what's the point of it all?

Prof. WEST - It is possible. For example, the largest single component of the forestry industry in Tasmania is entirely uncontroversial and that's Norske Skog. That's the largest single element of our forestry industry and it's never in dispute. No-one is calling for it to be closed down, terminated, there were no campaigns going on in London and Tokyo to boycott the product. Similarly when you go to Europe, in some of the most environmentally-minded, sophisticated countries. I spent quite a bit of time personally in Switzerland; you drive around the mountains in Switzerland and you keep seeing log trucks. And they have a very big green vote and are a very environmentally-minded nation, but they have managed to put their industry on a basis that the community accepts. What we have been trying to do is think about what an acceptable industry would look like in Tasmania. Again I stress, if believed that it was possible to defeat the environmental lobby, then I would not believe that it was possible to reach an agreement, because the industry would simply go on fighting to try to overcome the environmental lobby.

Mr HARRISS - Jonathan, just to get some context around where we have been going so far. Ruth drew you to a matter a moment ago about the misconception about your words, if you like, and the damage to the market. I will come to that in a moment. You mentioned a prominent environmentalist had told you about what their campaigns are up to at the moment. Would you care to identify that person?

Prof. WEST - I would prefer not to. It was a private conversation and they spoke to me on a confidential basis.

Mr HARRISS - Might it have been Alec Marr -

Prof. WEST - I would prefer not to.

Mr HARRISS - in terms of not reopening the woodchip plant at Triabunna because it is in their interests to continue the angst?

Prof. WEST - No. Alec Marr, whenever I have discussed the Triabunna woodchip mill, has made clear to me that his view is - and it's not a view shared by everybody in the environmental movement - but, as I understand it, his personal view is that reopening Triabunna and accepting only material taken from non-controversial forests would be a valuable tool to achieve his objective, which is to move the industry out of those controversial forests. So I do not believe anything that Alec Marr has ever said to me indicates that he doesn't want to reopen the Triabunna woodchip mill. Now I am not an expert on what Alec Marr believes in, even less on what other members of the environmental movement believe, but that is his personal opinion as he has expressed it to me.

Mr HARRISS - So on that matter then - and I will come to the other about damage to markets - what do you say are the non-controversial forests?

Prof. WEST - There is a wide range of non-controversial forests in Tasmania. Plantations are non-controversial. A large area of forest that has not been proposed by anybody for reserve is non-controversial. A significant volume of the forest that was proposed for reserve that the investigation found did not have significant conservation values would, I believe, become non-controversial. There is certainly a substantial area of forest in Tasmania that is broadly non-controversial. There is some that is highly controversial and there is some that I think not a lot of people know a lot about, so there is a lot of grey area where forests are, for example, old regrowth. How do we regard that? Has that sort of lost its environmental virginity, or is it now significant habitat? So there is dispute. There are a lot of shades from black to white and a lot of grey in between, I think, in the level of dispute.

Mr HARRISS - I accept that that is your grab on non-controversial, but Alec Marr's contention clearly is 572 000. As long as the residues come from anything outside the 572 000 hectares, then he will take the residue through, if he ever reopens it. He has a different view than you as to non-controversial.

Prof. WEST - I am sure he does. I am sure he has a lot of different views to me on many topics, but I'm certainly not here as an exponent of Alec Marr. I have talked with him and a lot of other people who are part of this dispute, but I am not here as an advocate for anyone.

Mr HARRISS - Yes. You mentioned that the plantations are non-controversial. You would be aware of the publicly announced opposition to our current plantation management by the Greens in this state that would render them controversial?

Prof. WEST - The establishment of them has been controversial. The harvesting, as far as I am aware, is not controversial.

Mr HARRISS - Just on that matter that Ruth went to as to that component of your chairman's summary possibly damaging markets, are you aware that PEFC had been sent a number of complaints from activists who had seized upon that comment of yours with the claim that FT was logging unsustainably? So activists have actually presented to PEFC that FT is a rogue organisation - my words, not theirs.

Prof. WEST - I am aware that there have been three complaints made to PEFC. I am not aware of who made the complaints but I want to reiterate that I believe the words have been taken out of context. I believe that we in this dispute always are in jeopardy of any serious discussion being twisted by fanatics on either side to pursue their agendas. I do not believe we should therefore withdraw from having a serious discussion about the facts and different interpretations. We should try to be able to talk about it, discuss and seek an answer without fear that what we say will be misinterpreted and in the context of a bitter and ugly controversy.

I was asked to take on this role as chairman of this group. I twice declined because my friends and family said I would be publicly vilified and lose my reputation because everybody who tries to resolve this matter becomes subject to that personal attack. I twice declined and then both sides of the argument asked would I reconsider and take it on.

I did, and sure enough my family and I have been subject to bitter attack. Someone tries to seize upon everything we, and I, say to make a point against the opposition one way or the other. Nonetheless I maintain we should continue to talk about it because if we don't we run the risk of losing both the forests and the industry. We are on track to lose both the forests and the industry that relies on them.

CHAIR - I suppose Rudyard Kipling's poem If resonates in your mind then, Jonathan, doesn't it?

Prof. WEST - Exactly.

CHAIR - 'If you can bear to hear the truth you've spoken twisted by knaves to make a trap for fools' and that does seem to be what is happening out there, doesn't it? They are misconstruing what you said, misinterpreting what you said and then endeavouring to do damage with it.

Prof. WEST - That's right, and if we resile from that discussion because of that risk then there is no hope of us moving forward. If we do not move forward we will lose our industry. We are on track to lose the industry.

Mr HARRISS - Just on your sustainability argument, what account do you take of the 300 000 cubic metres in having made that comment as related to the native forests? Are you suggesting that if the 300 000 cubic metres was reduced then we do not have the magnitude of problem of overcutting, as you say?

Prof. WEST - If I understand your question correctly, yes. The sustainable yield of the publicly available native forest is very clearly considerably below 300 000. If we reduce that number sufficiently we will bring it back into sustainability, even not including the plantation estate. That would then reduce the risk of whether our industry can transition and on what terms it can transition in the future to the plantation estate that will become available.

Ms FORREST - Alternatively, you could make available more area. There are two ways of looking at this -

Prof. WEST - Yes.

Ms FORREST - to get the same outcome, surely. You can reduce the 300 000 cubic metres or you can make available land with trees on it to harvest in the future.

Prof. WEST - Yes, we could increase the sustainable yield by increasing the area of forest that is available for harvesting by revoking reserves.

Ms FORREST - Or not locking more up.

Prof. WEST - No. These assumptions are that no further reserves are made. The analysis that I have made presumes no further reserves.

Ms FORREST - I just wanted to clarify that.

Prof. WEST - Yes.

CHAIR - As I understand it, too, Jonathan - I don't want to butt in and spoil Paul's train of thought -

Mr HARRISS - No, not at all.

CHAIR - but your comments also within your report suggested that there could be one-off harvesting of native forests to wait for these plantations to come on line.

Prof. WEST - One path to potentially resolving this issue is to classify the contentious forests in accordance with the types of values that they have. There are clearly some conservation values that would not survive being harvested once - habitat for rare and endangered species, wilderness. There are certain types of values that were they ever to be harvested would be lost, but there are other values that are not of that type and that could be harvested once or more times and survive, depending on the type of harvesting, depending on when and how and where it was done. There are certainly significant areas in Tasmania that have some conservation values and, in a sense, every tree has a conservation value in that it is a home for a bird's nest, insects or whatever. There is a wide range of different types of values and some of them are of the type that you could have harvesting and protect those values.

Ms FORREST - That has been verified in many ways through the fact that some of these identified areas that were assessed through your process have been harvested in the past and subsequently have been identified as having a high conservation value.

Prof. WEST - There are certain types of values that will regrow along with the trees - there is no question about that. I think we have to move away in Tasmania from the idea that you have two categories. If something is found to have any conservation value then it must be reserved in your national park and the only tool we have is to reserve things in a national park. And if it is not, then kind of anything goes. That is clearly a dichotomy that puts us into a damaging conflict and that creates more troubles than it solves.

CHAIR - As I understand it, what you may be saying - and just tell me if I am wrong - is that every tree may have a conservation value because of what you have just described. Some areas of forest, though, have a higher conservation value property than others -

Prof. WEST - And different types of values.

CHAIR - Yes, and therefore, as I understood your report, you were saying that it is the ones that have the lesser high conservation value that may be able to be harvested once, twice or however long until these plantations come on stream. Do I understand your comments correctly?

Prof. WEST - Close, but I would not use the term 'higher and lower' or 'lesser and greater' but rather different types of values. There are definitely certain types of conservation values that can be harvested, including repeatedly, and preserve the value that is inherent in that forest.

CHAIR - Are you saying that they are within the 572 000 hectares that you were looking at?

Prof. WEST - Yes, some of them are.

CHAIR - Approximately how much is in that 572 00 hectares? That would come into the sustainability argument.

Prof. WEST - But again the answer to that question depends on what type of harvesting you are doing. If you are doing clear-felling it is one scope of answer and if you are doing selective harvesting it would be different. There is a wide range of different management regimes so it is a difficult question to answer.

CHAIR - Can we conclude then that you believe that within 572 000 hectares there is an area and a not insubstantial area of native forests that can be logged once or maybe twice?

Prof. WEST - Yes. I would also point out that it does not really matter what I believe. I didn't write the report. I am not making any kind of adjudication. I am not even really making a recommendation about any particular areas to be reserved or numbers to be reserved. What really matters is what the community believes, what the protagonists in this believe and, ultimately, what the parliament believes.

Ms FORREST - You said we're never going to get to an agreed position here. So if we think we've lost the fight with the market damage and that sort of thing, how can we get to a conclusion where we see an agreement made that those areas of high-value conservation that are different to others can be harvested and that be accepted by these groups who seem to want to lock up the whole thing and stop all native forests from harvesting?

Prof. WEST - That's a very good question. My own opinion on that, and it is merely an opinion, is if those environmental groups believed that they could achieve securely everything that they want to achieve then they would continue to pursue their campaign until they have achieved it. Why they might compromise is fear that they will lose everything unless they do. Clearly what's required on both sides is some form of compromise, if my premise is correct.

CHAIR - How many times do we compromise? If you look at the RFA and the TCFA, what happens is that the people who want to argue against it seem to forget about history and what has already been compromised and start afresh and you have this bracket creep?

Prof. WEST - When I reluctantly agreed to this assignment one of the things I did to prepare myself was to go back and read the history of previous inquiries and what became of them. There were 10 previous inquiries. We've repeatedly tried to resolve this problem with compromise. The pattern is always very similar and they all fail in the same way: an area of land is reserved; the boundaries are generally drawn to exclude the largest trees, which are the ones the industry most wants, and to increase and maximise the number of hectares so that the headline announcement is 'X hundred thousands hectares reserved.'

CHAIR - Four hundred thousand, wasn't it?

Prof. WEST - Yes, 400 000, 282 000 - the number was always around 300 000 incidentally. Maximise the hectares so you have a big headline number, 'We're creating a big new reserve'; minimise the amount of forest that's excluded from production; then some fund is established to have the industry re-tooled, and then industry security legislation is passed to guarantee the future of the industry. Then, at some point during the process, one or the other side walks out and says, 'It's not acceptable', and the politicians always say, 'This is a reasonable middle ground and if we enforce it through legislation it will stick', and it never does.

CHAIR - Some agree to it right up until the ball is about to be bounced and then they walk away.

Prof. WEST - There's all kinds of negotiating tactics and games played.

Dr GOODWIN - How is this process different to what is already been?

Prof. WEST - The reason this process is different is two-fold. One is that it was initiated by the industry itself and then participated in by the main environmental groups, without government engagement, oversight and direction. So it comes from the ground up. Both sides are starting to say, 'We can't go on like this'. The second reason it's different is that for the first time both sides don't have the comfort of believing they can go on as they have in the past. If the environmentalists don't achieve what they want in the next 10 years, it is very likely the things they fought for will be lost. If the industry doesn't succeed in shutting down the campaigns against it in international markets, it is very likely that it will cease to be economically viable and it will close down.

Both sides have looked at the alternative and said, 'We've got to keep talking'. Repeatedly through this process, one or the other side has said, 'I've had it, I'm walking out', out the door and then they say, 'Now what?' There isn't an alternative to reaching an agreement.

Ms FORREST - We talk about this bracket creep, this compromise, compromise, compromise, and always a bit more is added to the area that is reserved. We're talking about a sustainable yield, and you focused your mind on that in your summary as well as other parts of the report. One of the reasons the forestry area comes under pressure is that there is a smaller area to use, obviously.

Prof. WEST - Yes.

Ms FORREST - But I haven't heard anyone in this whole debate - the industry or anyone - say 'we want to actually unlock some of those areas'. We want to have a look at the whole shooting match here. We want to look at every area in Tasmania that has been reserved in the past through the RFA, the CFA, Helsham, everything else that has been done in the past. So let's have a look at the whole lot. All we are doing is cherry-picking the new bits to look at, because if a sustainable yield is 300 000, or that is the figure the market demands, a moot point at the moment, but it's saying that's what it is.

CHAIR - That's what parliament's legislated for.

Ms FORREST - That's right, yes, and things change and sometimes we need to review legislation.

CHAIR - Even though for a number of years that hasn't been harvested.

Prof. WEST - With the exit of Gunns that hasn't been harvested.

Ms FORREST - Whatever the figure is, and I think we also have to look at whether there could be other markets that could emerge if it was clear that there was going to be availability for this product without all the controversy and everything. So why don't we ever have that discussion about opening it up? We are only looking at one side of this argument here.

Prof. WEST - I wish I could answer that question. I might say in all this that my own view is: we will probably fail. I don't think we will reach an agreement, and I don't think we will resolve this issue. I think we'll probably lose our industry and in response we'll probably go down a path of cutting down the remaining forests.

Mr HARRISS - If the industry is marketed with the assistance of government rather than pouring money down a black hole for compensation and exit packages, then we won't lose the industry.

Prof. WEST - My own view is we probably will, because I think we are trying to fight global public opinion and we will probably lose that fight. But it is a matter people could have different views on, but my own view is: we have a small chance of resolving the matter and we should try to take it, and the alternative is probably disaster for both sides. So I don't stand here as someone -

Ms FORREST - How is it disastrous for the environmentalists? Explain to me how it is disastrous for the environment to see the industry close down.

Prof. WEST - Because I think the response to the industry closing down would likely be a renewed commitment by government to try to rebuild the industry, and that the government would probably provide financial support to the government entities to try to continue, try to find new markets, go to places where there isn't such a high environmental consciousness, go to China, open up new markets for different products, and in response to the round of the industry collapsing there would be renewed commitment to harvest the forests, and there would probably be quite considerable public support for it. And after so many decades of harvesting the native forests, there is only a certain amount left. We really are at the point where in 10 or 15 years the forests that the environmentalists have identified will be harvested. From their point of view, if they do not succeed this time, it is likely they will face a decade of inability to move forward their agenda and lose what they have sought.

CHAIR - Jonathan, am I right in saying that reading the reports in relation to forestry over the last few months, in the reports that have been written there is evidence to suggest that a 90-year cycle would show that there are going to be a lot more native forests and trees than there are at the moment. That is the modelling as I understand it.

Prof. WEST - The estimates that we did where we talked about the sustainable yield of the native forests after a 100-year non-declining yield, those numbers are drawn from an assumption of looking at it over a 100-year period, and they show that the sustainable yield is - again, not including the plantations - about half of the legislative commitment.

CHAIR - But in any sustainable yield, as I understand it, it takes into account when you are looking at sustainable yield, and all the textbooks I have read on it, take into account the mixture. They take into account native forests and they take into account plantations and any others.

Prof. WEST - And that's as it should be, yes.

CHAIR - So when you are looking at a sustainable yield you can't just focus on one area, even though you say that was your charter. You have to focus on this mix, which includes plantations that haven't been taken into account. If you take plantations into account, which is what I understand science says you have to do when you're looking at this type of question, we have a sustainable yield - which has been tested every five years, as you know.

Prof. WEST - I don't comment on that question but it does require that you assume that the plantations will be capable of providing the same product mix, or at least the product mix to which you are legislatively and contractually obligated. That has been questioned. It is quite uncertain whether the plantations will, but that's not surprising because the plantations have been managed on the assumption that we will have a pulp mill and they had been managed to provide the material for a pulp mill.

CHAIR - But that wasn't the case back in 1991 when it first was involved -

Prof. WEST - We've been trying to build a pulp mill in this State for 30 years.

CHAIR - Am I right in saying that the plantations came into being as part of the RFAs? The RFAs gave a certain amount of money in order that the plantations could be sown and established. That was part of the RFA agreement, as you know, and also it continued with the TCFA agreement. Even before the pulp mill was considered there was this wish to have Tasmania's forestry not only focus on what it was focusing on at the time but focus on plantations. As a result of that, part of the RFA was to a situation where it was saying you have to establish these plantations, and that is exactly what Forestry Tasmania endeavoured to do.

Prof. WEST - Absolutely.

Mr HARRISS - It wasn't pulpmill-driven. You've suggested, Jonathan, that plantations are all about a pulp mill and that's simply not true.

Prof. WEST - I didn't say they're all about a pulp mill. I'm saying that we've been managing to provide material for industrial processing, of which the pulp mill is the obvious example, and that there is now uncertainty as to what types of product mix the plantations will provide, but this is not a matter that my group investigated. When we look at the sustainable yield of the forest estate as a whole, we have to take account of that question. When you look at the entire mix of forests, you have to assume, as you

move to different areas over time, that they will be able to provide the types of products you are seeking to provide and that you are obligated to provide.

Mr HARRISS - On the back of that, was your charter lacking because you were tasked with assessing the native forest but any assessment of sustainability takes into account the whole canvas of a forest manager? That includes the plantations. The reason it includes the plantations as compensation for locked-up forest - Forestry Tasmania had access to certain funds to investigate, develop and trial new product for the market to ensure ongoing sustainability. The nub of my question goes to whether your charter was, by that very process, lacking - to work in that vacuum.

Prof. WEST - It's important to think back to what the purpose of the charter was. The purpose of the charter wasn't to adjudicate a dispute, to be an umpire, to reach a decision or a conclusion, even to make recommendations about what should be done. The purpose of the charter was to provide certain information to groups of protagonists in this dispute who were trying to reach an agreement. There were matters of fact that they felt they didn't have enough information about or that they couldn't agree on. The purpose of the charter was to provide that information to do some research into a limited number of questions. You could always add more questions and expand it out, but I don't know that that would have made a great difference to the outcome. I didn't design the charter; it was given to me by the so-called signatories group and by government to provide what they saw as their evidence.

Mr HARRISS - That being the case, though, notwithstanding you were dished up that meal, what in your view was that charter lacking? Any assessment of sustainability of a forest manager has to take account of the product mix.

Prof. WEST - If we wanted to have an inquiry into whether the forests had been managed sustainably then you would certainly have to look at that question, but that is not the question that we were investigating.

Dr GOODWIN - I wanted to read something from the IGA because I am struggling a bit with this question about why plantations were not factored in.

This is paragraph 20 and it says in the middle of it:

This independent verification group will design and implement an independent and transparent verification process that will assess and verify stakeholder claims relating to sustainable timber supply requirements including at the regional level, available native forests and plantation volumes and areas and boundaries of reserves from within the NGO-nominated 572 000 hectares of high conservation value native forests.

What aspect of plantations did this process look at?

Prof. WEST - The difficulty with looking at plantations is that we do not really know what types of products they will be capable of yielding. There are a variety of claims about that but because we have not been harvesting them and utilising them in the industry, we simply have a great deal of uncertainty about what they will provide. The conclusion that

Prof. Bergman reached is that we have somewhere between 0 per cent and 100 per cent and it is not possible to say.

CHAIR - Wasn't it his view that 89 000 cubic metres of sawlog could have been -

Prof. WEST - To be derived from plantations?

CHAIR - Yes.

Prof. WEST - I do not recall that but perhaps yes.

Dr GOODWIN - So it is not really the case that the process did not involve looking at plantations, it is just that it is so uncertain as to what the plantations will be able to deliver in terms of product?

Prof. WEST - Prof. Bergman provided an appendix to his report that does assess what we know about plantations.

CHAIR - I will butt in and say table 2 of the Bergman and Robinson report, I think, confirms the availability of 89 000 cubic metres of high quality sawlog material in 2021.

Prof. WEST - That's from Forestry Tasmania statements, it's not his conclusion. That's a quote from Forestry Tasmania of their prediction.

CHAIR - But you accept Forestry Tasmania's records and information in relation to it, do you not, and -

Prof. WEST - Firstly I did not do it because I did not write this report or any of the report but he used Forestry Tasmania data and did the work in Forestry Tasmania's offices with Forestry Tasmania personnel. But his own conclusion -

CHAIR - That was his view then.

Prof. WEST - No, that was Forestry Tasmania's view. In his view, as stated in appendix 1, 11.1, he says that in an ideal world the FT eucalypt plantation resource is sufficiently large to provide a very substantial supply of sawlogs, which would support what you are saying, and ultimately enough to satisfy clause 17 of the IGA without use of native forest products. That is, were you to accept the estimates provided by FT. However, 'uncertainties about the following points all combined to suggest that if discount from projection', which is the Table 2, 'to product could be anywhere from zero to one hundred per cent'. Then he lists what the sources of the uncertainty are. That is the problem.

CHAIR - I hear that, but when Forestry Tasmania look at these projections they have them independently audited. That has been done now on three occasions and the next one is to be this year. On each occasion the independent audit has accepted the figures that Forestry Tasmania have come up with. That is correct, isn't it?

Prof. WEST - Yes, as I understand it. I have not looked at those reports.

CHAIR - If there was any comfort that was needed, one could argue, that is these independent reports of audits that have come back, just like your accountant auditing your reports or whatever it might be or auditing your forward business figures and saying, yes, we accept what you say and we accept that is a fair and reasonable figure that you have arrived at.

Prof. WEST - Yes. Why would anyone doubt it then? The reason they would doubt it is that it is repeatedly stated by industry participants that the plantation resources will not be able to provide the product types that they need.

CHAIR - People are wanting -

Prof. WEST - Ta Ann has testified to the Legislative Council that the plantation resource will not provide what they need.

Ms FORREST - Currently, they said, but if you take it in context -

Prof. WEST - Very importantly, if we change the way the forests are managed, we may be able to.

Ms FORREST - This points to the need for time to be given to enable this to be established, surely, if there is a lot of uncertainty out there about what the plantations are capable of in terms of product, in terms of how they are managed and whether we need to start planning a different variety as well to complement or to perhaps develop new product lines or types. What we seem to be hearing is this rush, let us make a decision right now, right here to effectively determine the future, a future that is very uncertain. Is that a fair comment?

Prof. WEST - A rush? We have been arguing about this for 35 years.

Ms FORREST - Yes, but we haven't been arguing the plantation issue for that long. The plantation issue only started after the RFA and all the MIS schemes, which is a problem in itself in many ways. That drove the plantation establishment and the compensation issue with Forestry Tasmania losing the significant areas under the RFA. Then there were the MIS schemes, and everybody knows what a disaster they have been.

We are now at a point where the plantation study is not that old and its capacity is unknown.

Prof. WEST - Yes.

Ms FORREST - We might have been dealing with this forestry issue for much longer than I care to think but the reality is, aspects of this industry are still very young.

Prof. WEST - Yes.

Ms FORREST - I was going to mention this earlier, but this is from your executive summary, the last point 1. It says:

In summary, for Forestry Tasmania to commit to harvest Tasmania's native forests at levels double that of long-term sustainable yield, it would appear to expose the industry that exists today in Tasmania to excessive risk of resource depletion and market rejection unless plantations prove, in the future, able to provide a large quantity of sawlogs and peeler billets which, at this point, appears highly uncertain and to contradict a growing body of evidence and belief in the industry.

This is one of the comments that I think had been seized on by environmental groups. But also, it basically does not acknowledge that the plantation sector is particularly new in terms of forestry, and hence part of the problem we seem to be having here.

Prof. WEST - The difficulty is that I think the very newness of it is what creates the uncertainty. We do not know what it will be capable of providing the plantation estate. The question is, if there is high uncertainty about whether it will be able to provide the sort of products our industry needs, who bears that risk? At the moment, that risk is put onto industry, and the people who are there. Essentially, if the industry does not adapt it will fail. My point then is, in a context of conflict and uncertainty politically that we have, that the required investment to be able to adapt to use that plantation resource appropriately will be difficult for us to attract.

Ms FORREST - Wouldn't you agree that the risk is even greater if we try to force the industry into a position where they have to adapt a plantation resource that is a little bit unknown at the moment by further restricting the access to native forests, which have a known capacity and known market, though markets are changing, I accept that.

Prof. WEST - I'm certainly not advocating forcing them to use plantation timber. My recommendation is that we bring the mandated level of harvesting into line with the predicted sustainable yield, so that we can provide a physically secure base for the industry. I also claim that were we to do that it will probably reduce at least some of the conflict around the industry. My key recommendation is that we bring the mandated required level of provision of timber into line with the estimated sustainable yield. Transition to a plantation resource is then two decades away and nobody can be forced to use it.

CHAIR - Some would argue that's not the case though, Jon, wouldn't they, because some are saying that the oldest now is around about 15 years. Some are saying it is 15 years and going to be able to be harvested earlier than that.

Prof. WEST - Some will, yes, but in significant volume it's still some time away. Some will be available, yes.

Dr GOODWIN - I wanted to relate this to the proposed guaranteed wood supply in the IGA, how does what you're saying sit with the numbers in that? We have at least 155 000 cubic metres per year of high-quality saw log, 265 000 cubic metres per year commitments of peeler billets, and also the specialty timber supply. Do those numbers in there line up with what you're saying is the sustainable wood supply?

Prof. WEST - Those numbers are not derived from the estimates of sustainable yield. They are what the industry currently uses and what the industry is contracted to buy, so they are not an attempt to bring them into line.

Dr GOODWIN - There would need to be some movement there, is that what you're saying?

Prof. WEST - My argument is, what we really should do is do our best estimate of what the sustainable yield is and set the industry at that level, rather than -

Dr GOODWIN - Which is unlikely to be the same as this level here, it would be lower; is that a likely scenario?

Prof. WEST - Depending on what assumptions you make. It could be close in the case of the saw logs, but it will be difficult in the case of the peeler billets. What we ought not to do is mandate a level of timber supply and then try to build a justification for it.

Dr GOODWIN - You are suggesting that it started at the wrong end? Your process should have come first and then you decide what is -

Prof. WEST - Yes, I think you are absolutely correct. The right way to proceed would have been to get an agreed body of fact and then to start arguing about what you are going to do about it.

Dr GOODWIN - Yes, that's the usual way.

Prof. WEST - That would have been highly desirable. To agree what the questions are, hire some people to research those questions, get a body of fact, have your argument about whether it's true or not and get some broad agreement on what the factual basis is. We reached an agreement without agreement on what the values were, where they were, how much timber industry is using, how much timber can the forest provide and we're trying to backfill, which makes it very hard.

Dr GOODWIN - This sets up some sort of false expectations really, having those figures inside that document in the IGA.

Prof. WEST - The IGA sets up lots of expectations, whether they're false or -

Dr GOODWIN - Some of which are probably false.

Prof. WEST - Whether they're false or not is not for me to -

Mr HARRISS - They're defensible numbers. Forestry Tasmania addressed their mind scientifically to that in those aspirations in the IGA and going back on your most recent comment in response to Vanessa's question about the chicken or the egg, all of this was done, was it not, at the RFA process: scientifically justified, comprehensive, adequately representative reserves set aside and the 300 000 cubic metres of high-quality saw log was an entirely sustainable component, scientifically developed. It wasn't a grab bag.

Prof. WEST - I cannot comment on that.

Mr HARRISS - But you were just saying in response to Vanessa that we needed to get the equation right, rather than 300 000.

Prof. WEST - The numbers in the IGA weren't derived from that sort of process. They were derived from looking at what the industry is currently committed to buy and trying to agree that that amount could be provided. That's where those numbers came from. The RFA process numbers came from a whole different process some years ago.

Mr HARRISS - But even in the IGA process, Forestry Tasmania have made their scientific assessments which have been peer-reviewed as to what is a sustainable supply of high-quality saw log. They have done that.

Prof WEST - Yes.

Mr HARRISS - What is wrong with the numbers we set out as aspirations in the IGA?

Prof WEST - This goes back to the question of whether the plantations can provide, which is exactly the same question we have been discussing. You can meet those numbers if you assume that the plantations will provide a very large quantity of high-quality sawlogs. That's the issue around which there is not -

Mr HARRISS - Not a large quantity, surely? Not of high-quality sawlogs.

Prof WEST - Yes, it has to be a large quantity. If you harvest the public native forest estate at 300 000 cubic metres until the plantations become available, the amount that you would be looking for from the plantations would be large - if you are to meet the 300 000 target.

Mr HARRISS - I think that we might need to test that.

Prof WEST - It depends what you mean by large also. Those numbers that you are referring to do assume that the plantations will provide that significant number.

CHAIR - It is not just our assumption; it seems to be an assumption which is accepted by the independent foresters and independent scientists who overview Forestry Tasmania's progress and therefore every five years - the next one coming later this year - it has always been given the tick by these independent foresters and scientific people who look at the issue who, one would imagine, are the experts in the area.

Prof WEST - Every time an assessment is done there is a different conclusion. As I say, we are only going on what was provided to us by, primarily, industry people. It might be that most of our industry don't understand what the plantations can do. It certainly might be. There is a wide range of opinions of under what conditions the plantation resource could be used for different product types. All of them assume that we will have significant investment to get us there. That's the problem that I am worrying about: the conditions under which we could hope to have that investment in an unprofitable industry that's bitterly contested every investment it makes. It's very hard to attract that investment.

CHAIR - In 1997 the RFA report was speaking about the investment that was needed and the need for there to be new technology et cetera. It would seem, as early as the RFA, that they were also aware that there was going to be new technology needed and new science needed in relation to coping with the problem.

Prof WEST - Absolutely.

CHAIR - What you are saying is not new as far as that is concerned because they were aware of it and they factored in their presumptions and figures taking that into account.

Prof WEST - What they didn't factor in is the political context and how it feels to try to invest in a place where everything you do makes you a figure of public hate.

CHAIR - The non-scientific argument.

Prof WEST - Being on the receiving end of some of that, I can tell you, that it doesn't feel like a great industry to invest in.

Ms FORREST - Can I just take it back to the point where you talked about the best estimate of sustainable yield and trying to determine that?

Prof WEST - Yes.

Ms FORREST - Is there a risk in that? Markets change, products change, as we have discussed, so we are trying to make a best estimate of what a sustainable yield is. What are we talking about, are we talking about what we are doing now or are we talking about future opportunities or are we talking about what we did in the past? It is like with a lot of these things and I have some concerns about some other areas in this report in relation to the access for other land use including mining and the like that we will go down the same path. Technologies change, new techniques become available for exploration, for example, and bringing it back to forestry, I don't have a crystal ball and it would be very handy if I did, but what might change in the industry, what technologies may become available to value-add to the product whether it is a plantation resource or a native forest resource? When you were saying we have to work out what the best estimate of sustainable yield is, on what basis are you doing that?

Prof WEST - On the basis of the types of products that Forestry Tasmania is committed by legislation to provide. You can estimate the total wood volume and then you can look at what types of products in the normally established categories can be provided.

Ms FORREST - Are we not looking at the future then, because we're not talking about new technologies or new markets?

Prof. WEST - We are not speculating about whether parliament may change the legislation.

Ms FORREST - That's always a possibility and we have to accept that.

Prof. WEST - It is very possible. I also state in my summary that I don't really doubt that the plantation resource can be used to provide products and that an industry can be built on that basis. I don't know what exactly that industry would look like but there are products

that can be provided. What I do know is that bringing that industry into being will involve considerable investment under conditions of risk. They will have all the normal risk - will the market want the product type that we are making, will the machines work, will they be able to get finance, will interest rates change, will currency change? All of that makes producing anything in Tasmania difficult, for any manufacturing industry in Tasmania.

Ms FORREST - So it's not just forestry we're talking about?

Prof. WEST - No, every manufacturing industry we have in Tasmania is subject to these vicissitudes and is having difficulty on that basis. Forestry has a whole other level of risk added on to it that particularly strikes fear into the heart of investors, that at any moment the political context could change and decisions might be made that will change the whole basis of that investment, particularly when you're talking about manufacturing-type investment, which requires long periods of amortisation. Where you have a sustained, ongoing controversy it doesn't matter how much politicians put their hand on their heart and swear they'll never change their mind in future, unless investors can feel that the industry is largely broadly accepted. Everyone understands that there will a few fanatics on one end or the other, but unless you assume that it is largely broadly accepted it becomes very difficult to attract investment in new products and new technologies where you have all that existing risk of bringing into being new businesses.

Ms FORREST - It comes back to sovereign risk and access, doesn't it?

Prof. WEST - Access is part of it, but what I would be worried about as an investor in the forestry industry is not whether my resource is going to be taken away. That is not the main problem. What I would be worried about is whether I am going to be subject to a campaign in Tokyo that is going to rely on public opinion in Tokyo, which is not well-informed about conditions in Tasmania, that will take my market away. If it was merely a matter of being rock-ribbed guaranteeing that we will never change our mind on accessing the resource there wouldn't be a problem, or there would be much less of a problem. When you're talking about politically-derived risk around access to capital, where my banks could be attacked and will be if I invest in the new sector, markets and access to the resource, because of the intensity of the controversy, and you add on top of that all the risk of entrepreneurship and bringing new businesses into existence, that makes properly utilising the resource we have in a value-added manufacturing way very difficult. That's what I'm concerned about, as an economist and someone whose main work is about the economic development of Tasmania. When I look at it and talk to potential investors in this and other industries, we have difficulty attracting investment to any industry in this State but this one, which is the heart of the controversy, is particularly difficult.

Dr GOODWIN - Just going back to finding 1, I think the crux of what you're getting at here is that the industry has to be renewable. This is about looking forward and saying, 'We can't continue to harvest at the same levels from our native forests alone, we need to look to plantations' - and things are uncertain there - so it's all about looking forward and what we need to do in the future, would you agree?

Prof. WEST - Yes.

Dr GOODWIN - I guess my concern around the wording of this, and particularly the suggestions that Forestry Tasmania has been harvesting sawlogs and peeler billets about double the sustainable yield is backward-looking. I suppose I'm concerned about the relevance of making those statements. Were you actually trying to be critical of Forestry Tasmania's practices?

Prof WEST - No.

Dr GOODWIN - What I am saying is that you could have worded this differently and still made the same point is because it is all about looking forward and saying we can't continue at this level that we have been harvesting. The way it is written to me implies some criticism of Forestry Tasmania and I wonder why you went where.

Prof WEST - I am not critical of Forestry Tasmania. If anything I am critical of the obligations that have been imposed upon Forestry Tasmania and continue to be. They have contracts to provide 265 000 cubic metres of peeler billets well into the late 2020s. They have legislation that requires them to provide 300 000 cubic metres of high-quality saw logs and they are doing their best job to provide that.

CHAIR - For five years they haven't though.

Prof WEST - Since Gunns' exit they haven't.

CHAIR - And even before that. For the last five years they haven't.

Prof WEST - That's right. My point is they are doing their best. This is not critical of Forestry Tasmania, not critical of the professionalism of the people who work there. What I am trying to do is offer one possible path to building an industry that is broadly accepted and that can say to the public, 'We are sustainable both in terms of our management of the forest and in terms of the environment' and say that with absolute truth and conviction and thereby, win public support. It's really trying to set the parameters if we are going forward to building that sort of an industry that is important for Tasmania. It's not an attempt to be critical of Forestry Tasmania.

Dr GOODWIN - I think it's important to clarify that because it has been certainly taken as criticism of Forestry Tasmania's practices.

CHAIR - As I understand it, Jon, that in no way are you critical of the work that Forestry Tasmania has been doing.

Prof WEST - That's right. I've been talking to them and senior people at Forestry Tasmania have now accepted that this is not an attack on their professionalism.

Mr HARRISS - When you were responding to Vanessa you were suggesting that we need to find a better way forward. But I read from that: are you suggesting that we have not been managing our forests in a sustainable manner in the past?

Prof WEST - That's not what I am asserting. I'm saying that there is risk in the way we have managed it because of the uncertainty around what the plantations will provide, and the discussion we need to have is: what can we do to manage that risk? Who bears it? How

can we prepare for the future? The approach of simply saying 'We're just going to stonewall the greenies' I do not think is working any longer. It isn't protecting our industry. That's my fear. We are losing our industry as we speak and as we all say 'Just deny the greenies what they're asking for and we'll beat them,' it's not working. We have lost the woodchip market, which is 87 per cent of the volume that comes out of the forest. We have lost half of Ta Ann and we may well lose more. We have lost a large number of our sawmills.

We are losing the industry as we speak. The approach that we have been using isn't working. My approach might not work either. I think we should discuss what to do but simply saying 'We must not change and everything we've done is correct' - even if it is, it won't protect our industry.

Mr HARRISS - I am still struggling, Jonathan, to understand and I am relying on your own words in the report by you as the Chairman, where you reflect on history that forest wars would resume, the environmentalists usually would at some point state that compromise was not acceptable and so on, and then you say that harvesting would be pushed further above sustainable yield levels - that's in the past - because of this intransigence, if you like, because you highlighted the environmentalists as usually being unhappy with whatever compromise. That suggests to me that you are providing a commentary to the effect that they had not been harvesting sustainably in the past.

Prof. WEST - Of course we haven't been, and everyone accepts that. Forestry Tasmania accepts it. Our analysis shows it.

Mr HARRISS - FT accept it?

Prof. WEST - Yes, of course they have.

Mr HARRISS - And yet they have their own sustainability charter.

Prof. WEST - It all depends on what your interpretation is of the plantations. We are going over the same point. Harvesting the publicly available native forests above the sustainable yield of those forests, that matter of fact is not in dispute. What is in dispute is the significance of that and its implications for the future. The difficulty is that most - and it has happened repeatedly in other Australian states - politicians declare new national parks, but they don't reduce the requirements on the forestry management agencies to provide timber resources by the same amount as they have declared the national parks, and that has pushed an intensification of harvesting in those forests. That has happened in other Australian states, and in respect of the native forests in Tasmania that has happened here. What we have done a little bit differently is that we have made the plantations. The question is: what type of industry will that plantation estate provide, and how do we get there? That's the longer term question we face: what type of industry will it support, and how do we get the investment, the entrepreneurship required, to make that industry happen?

Mr HARRISS - It won't be high-quality sawlog, will it?

Prof. WEST - We can have a high-quality sawlog industry in Tasmania. Our finding is we can have quite a large high-quality sawlog industry in Tasmania on a sustainable basis -

Mr HARRISS - From native forests?

Prof. WEST - From native forests, yes. At a minimum it would be something like 110 000 cubic metres, and it may be as much as 150 000 cubic metres. We can have a high-quality sawlog industry on a sustainable basis in this State into the future from native forests.

Mr HARRISS - From native? You just said 'from native'.

Prof. WEST - From native forests, yes.

Mr HARRISS - A while ago you said from plantations. That's on top of that, is it?

Prof. WEST - I must have misspoken. We can have a forestry industry based on plantations. It's a matter of great uncertainty how much high-quality sawlog industry based on plantations we could have.

Mr HARRISS - It is very much a controversial matter.

Prof. WEST - Yes.

CHAIR - I take it, Jonathan, you are saying you believe that within the native forests we can have a high-level sawlog industry to around 150 000 cubic metres, and on top of that we have our plantations? Is that as I understand it?

Prof. WEST - It depends what assumptions we make. To make 150 000 cubic metres -

CHAIR - Well, between 110 000 and 150 000 you were speaking of.

Prof. WEST - Yes. If you go to the upper end, the way of getting to the upper end is to declare no reserves, which will guarantee that you have a war to wipe out whoever is harvesting the sawlogs, and you have to make assumptions that there is a low level of headroom. If you go to the lower end of it, you can make reserves which will reduce the controversy level surrounding the sawlog harvesting, and build more safety into the numbers by having more headroom. So it depends where you want to be on that. If you make no reserves from this current round of discussions, then my prediction is a market-based campaign will be launched or continue to attack those companies that are utilising the sawlogs.

Ms FORREST - Isn't it a fair comment, though, that there is a significant portion of the environmental groups that want an end to all native forest harvesting? And so what you are saying, if you are going to have some - I don't want to use the words 'peace in the forest' because that's a complete misnomer, in my mind.

Dr GOODWIN - Durability.

Ms FORREST - Yes, if we get to a point where there is agreement that we can have harvesting of what you consider to be a significant, if not large, high-quality sawlog

industry out of native forests, we are hearing from a significant number of the environmental groups that they don't want to see any harvesting of native forests.

Prof. WEST - That point of view wasn't put to us and it wasn't part of what was investigated by the environment groups. None of the groups involved in the current process have advocated a position of terminating native forest harvesting.

Ms FORREST - No, but the groups that are in the marketplace are.

Prof. WEST - Which group do you refer to?

Ms FORREST - Markets for Change and people like that.

Prof. WEST - No, they don't. In fact, they are asking for less reserves than the groups in the signatories process. It's important to understand the enemy, as it were. Markets for Change is a very dedicated group and very capable, and they use different tactics to the mainstream environmental groups that I don't approve of. They say they are not trying to wipe out native forest harvesting. There are some groups that I think are opposed to all native forest harvesting. When we put together the investigation - and I became chair of this group - I asked the environmental groups: 'Bring forward a statement, with maps, of every area you could possibly want to reserve. I want you to look at every conceivable claim. I want you to go and talk to every local group and every environmentalist who is running a campaign for some area. I want to see the whole lot because if we do resolve this issue, you can't come back in future and say, "By the way, we've discovered another area".' What they came back with was the 572 000. That's the biggest claim there has ever been and it is because I asked them.

Mr HARRISS - But it's a perpetual claim, it's not new.

Prof. WEST - I said, 'I want to see everything you could possibly want'.

Mr HARRISS - It goes back to the last federal election and the one before that.

Prof. WEST - But even that claim didn't say 'end native forest harvesting'.

Ms FORREST - There are those people you have talked to but there are people out there in the marketplace, and it has been recorded - whether it is inaccurately recorded is an issue for the media perhaps - who want to see an end to all native forest harvesting. If those are the people, after the decision is made that it won't happen, who end up in the marketplaces doing the damage that you quite rightly point out will destroy the industry, where does that leave any of this?

Prof. WEST - Nobody imagines that this, or almost any other industry, can be made entirely uncontroversial. We have a percentage of the population that is opposed to milking dairy cows; we have a percentage of the population that is opposed to killing and eating animals. Almost any industry faces some controversy and certainly Australia's major industries - coal and iron ore - face a lobby that is opposed to their very existence, but they are not in jeopardy by campaigns by mainstream organisations with tens of thousands of members and global reach supported by a large proportion of the population. What puts our forest industry in jeopardy is the fact that a large proportion

of our population doesn't accept its legitimacy and that proportion of the population has its point of view, articulated by large organisations which have a lot of money and global reach. That's what places it in jeopardy, not a few fanatics on the fringe who have extreme points of view. We will always have that. What we can't deal with is global organisations with major budgets, thousands of millions. Any industry that exists in a swirling climate of bitter controversy will be in jeopardy. In Tasmania we have a worse situation than that because that segment of the population which is most sceptical about the industry happens, by and large, to be the most educated and most articulate. It's the professional classes, the white-collar people, who by and large are sympathetic with the Greens point of view.

Ms FORREST - Some of them live in Sydney and Melbourne.

Prof. WEST - Some of them live in Sydney and Melbourne.

Dr GOODWIN - Isn't the other problem -

Prof. WEST - It's unfair, really unfair, but you have to deal with the fact that what's happening is unfair and have a realistic approach to resolving it.

Dr GOODWIN - Isn't the other problem that the concept of high conservation value is quite fluid as well? You might get people around the table today and say, 'What are the areas that you think at the moment have high conservation value?' and they'll come back to you. But 5, 10 years down the track there will be other areas that you talked about, the old regrowth, down the track there'll be other areas that they think are high conservation value, so how do we stop this scope creep that you talk about?

Prof. WEST - We didn't use the concept of high conservation value in our investigation, we looked at the actual conservation value and then separated them. You can't put it all together into a single number. How do we stop the scope creep? The best way to stop scope creep is to look at the whole plan, not look at it bit by bit, but look at the whole thing, which is what we did in our report. That's why I was saying earlier I went out of my way to ask the environmental groups to provide a map listing every area they could claim, and it's a pretty bold claim.

Ms FORREST - You are saying that 572 000 hectares is every area they could ever hope to claim at this point in time. If there was an agreement that 572 000 hectares was reserved, one way or another we would give them absolutely everything they could ever hope for, so where is the compromise in that?

Prof. WEST - The compromise would be that they would cease campaigning for it.

Ms FORREST - Then we'd all wake up.

CHAIR - In other words, if the bully stops hitting us, we'll give him some sweets.

Prof. WEST - What the compromise would be, in all seriousness, is an end to the campaign to destroy the industry and an acceptance of the legitimacy of the industry that we have.

Ms FORREST - I'd like to be able to say that would be lovely.

Prof. WEST - You are in the same position as everybody who looks at this industry and this controversy. Of course people are sceptical of the motivation and intentions of the other side, but then think about what's the alternative: we stonewall them. We say, 'No, we'll never bend,' and then they go off and destroy the industry. If you don't believe that's true and if you don't believe that's possible, then in terms of defending our industry we're fine. All you have to do is deny them new reserves and we win, the industry wins. If you believe there's a real risk that they can push the industry to a point where it becomes economically unviable, we have to deal with that.

I've become convinced that that's the case. It's the case partly because the industry as a whole and each component of it needs to be profitable. When you take a tree and you have to sell the top bit for wood chips and the next bit for peeler billets, and the rest of it for saw logs, if you can't sell the first two bits, then the industry as a whole becomes unviable and the risk is that it then becomes a cottage industry. That's what is happening. We've already lost half to two-thirds of this industry. We are losing this industry right now. In my view we can't respond to that, those of us who care about the economic development of this state, simply by saying, 'We're not going to change. We're not going to give in. We're not going to make any compromises.'

CHAIR - That's why we're here now, Jonathan, because it seems to me that you were saying that unless you give them everything they want, they won't go away, but history tells us, does it not - and I'm a great believer in history - when you look at conflicts around the world and you look at history some argue why things should have occurred, but history tells us it's just not going to be the case.

Prof. WEST - My report very clearly doesn't say 'give them everything they want'.

CHAIR - I know that, but it was a comment that you made to Ruth.

Prof. WEST - Nobody can guarantee that all conflict will end; in fact I can basically guarantee it won't. I can't stop the vegetarians trying to shut down our meat industry. What I can do, I think, is exactly what the meat industry has done and adapt to the concerns as we are doing, for example, with our beef exports to Indonesia. We have made major changes in the way the beef industry works in order to address public concern about the way it operates. That wins us a high degree of legitimacy. If we continued to say with the beef industry 'Everything we're doing is fine, we're not going to change', then public opinion would overwhelm us.

Dr GOODWIN - If I could ask what your thoughts on this are: if these environmental groups are all on board with the process and they are optimistic about a satisfactory resolution, why are they continuing their protests?

Prof. WEST - I don't think they are either on board or optimistic.

Dr GOODWIN - Because they are continuing their protests, so what are they doing? Are they flexing their muscles to make sure that everyone realises what is at stake here or what do you think that is about?

Prof. WEST - I can't speak for the environmental groups. I can speculate as you can speculate but my view would be: they aren't certain that it's going to work either. Nobody is certain it is going to work.

Dr GOODWIN - Why aren't they giving it a chance though -

Prof. WEST - It's a very hard thing to do.

Dr GOODWIN - - if that is the case?

Prof. WEST - Why don't they give it a chance?

Dr GOODWIN - Yes, why are they not giving it a chance? Why are they giving in in the process?

Prof. WEST - In so far as their participating in the process they are making it happen.

CHAIR - Do you believe that it would be appropriate, taking into account the 1997 RFA and then the TCFA, that the environmentalists should be giving it a chance to work and that is, allowing for the plantations to come on line because by allowing for the plantations to come on line, that would be a situation which we were back in 1997. It was agreed upon until right at the last minute and then the people could see. The proof of the pudding is in the eating - let's wait until another 10 to 15 years for the plantations to come on line and see what happens. Then, if what you are saying is correct, they might have a valid reason for arguing but until then, one could argue that they haven't let anything take its course.

Prof. WEST - You are asking my view on whether I wish they were different?

CHAIR - Do you believe that's -

Prof. WEST - When my team is playing football against another team, I often wish they'd play worse than they do. I'd like to see my guys win, every week. But me saying I wish they didn't have such a great full-forward and be kicking those goals doesn't make him go away. You've got to deal with what's there.

Look, I agree with you. There is a lot of irrationality in this and a lot of it is about public perception, half-informed opinion, impressions, but that's what we have to deal with. It is not in Tasmania that we have to deal with it, we have to deal with the global reality that we are collaterally damaging. I can understand the frustration.

I tell you, I have been through six months of it. It's a monumentally difficult issue to solve and we've had 10 different shots at it over 30 years and they have all failed but we are now reaching a point where if we don't do something different, as I say, we will lose the industry.

CHAIR - We are drawing towards the time that we gave you, Jonathan, and thanks for bearing with us.

Jonathan, getting back to the point that we came here for in the first place and that is in relation to the comment that you made, I am right in saying, am I not, that to some degree

you felt constrained by only being able to look at the native forests because in any sustainable yield definition it takes into account not only native forests but also plantations and any other mix it might have?

Prof. WEST - My comments were not about the sustainability of the entire forest estate. It was about sustainability as number one and therefore it was about risk that is inherent in the way it is working at the moment.

CHAIR - As I understand it, you are saying when we look at sustainability with the definition of sustainability taking into account plantations, firstly, you didn't take into account plantations because that was not your charter and secondly, whatever the case you believe that plantations might have a problem at a later stage because they mightn't be able to do what they were believed to have been able to do back in 1997?

Prof. WEST - Yes, that's accurate.

CHAIR - Is that a fair conclusion of what you are saying?

Prof. WEST - Yes, I think it is.

CHAIR - But as I understand it, you've got no criticism at all of the work that Forestry Tasmania have been doing in relation to their management of the forests.

Prof. WEST - The point of the comments wasn't to criticise Forestry Tasmania, no.

CHAIR - Jonathan, thanks for coming along and thanks for bearing with us and answering the questions in the way you have. Thank you.

THE WITNESS WITHDREW.