

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE TASMANIAN FORESTS AGREEMENT BILL 2012 MET IN THE COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON THURSDAY 28 FEBRUARY 2013.

Mr SEAN SULLIVAN, FIRST ASSISTANT SECRETARY, BIODIVERSITY CONSERVATION DIVISION, **Ms CLAIRE HOWLETT**, ASSISTANT SECRETARY, BIODIVERSITY POLICY BRANCH, **Ms EMMA CAMPBELL**, DIRECTOR, FOREST POLICY SECTION, **Ms VERONICA BLAZELY**, DIRECTOR, NATURAL HERITAGE SOUTH SECTION, DEPARTMENT OF SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES, AND **Ms MAYA STUART-FOX**, ASSISTANT SECRETARY, DEPARTMENT OF CLIMATE CHANGE AND ENERGY EFFICIENCY, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Harris) - Thank you for making the time to be here. From the communications which we've had with the minister we have understood his preparedness for you to be here.

Mr SULLIVAN - You have the roadmap of who is at the table in terms of relevant responsibilities, though we don't have the full suite of commonwealth representatives from the departments here. This is a whole-of-government issue, as you would understand, and there are also responsibilities with respect to the Department of Regional Development and also the Department of Agriculture, which handles forestry, but we will do our best in terms of answering those questions. Where we can't, where the primary responsibilities lie with those other departments, we won't stray into that, but we will try to get you that information as soon as possible.

CHAIR - Regarding the World Heritage nomination, can you provide the committee with a bit of a picture of the process that brought that about and where the department feeds into the minister's process and vice versa, what advice the minister takes from the department, and how all of that comes together?

Ms BLAZELY - Over a number of years the World Heritage Committee asked the Australian Government as the state party to consider at its own discretion extensions of the World Heritage area into the east, so that was our policy framework outside the forest policy issue. When the intergovernmental agreement and the Tasmanian Forest Agreement was signed we noted that within that there was an intention to include some areas within the World Heritage area. At the request of the minister we developed a nomination, a dossier for putting forward a request for a minor boundary modification. That was the request that he announced on 31 January this year.

The process is that the World Heritage Committee meets annually, generally around June in each year. Any requests for a minor boundary modification need to be made to the World Heritage Committee by 1 February in the year in which it is to be considered. There is then another month in which a state party can prepare any supplementary information. That is the process that we are going through at the moment.

Once the agreement was signed, the minister requested us to prepare the dossier. We worked with some technical experts to do some further work on the values of the area

that were involved. We worked with the Tasmanian government to look at a boundary that had integrity and was a sound management boundary. This meant in fact that some additional areas were included in the nomination, areas that were already reserves.

We also had letters from Bush Heritage Australia and the Tasmanian Land Conservancy asking us to consider some of their parcels of land in the request for a boundary extension. We did analysis of the parcels that they nominated and agreed to include some of the parcels that they had requested us to include.

CHAIR - You mentioned that periodically ministers come to the department and suggest that some work be done. Was there any work done on further World Heritage nominations in Tasmania prior to the intergovernmental agreement?

Ms BLAZELY - We made requests for minor boundary modifications to the Tasmanian wilderness in 2010 and 2012. They were the first two that we have done since Macquarie Island was nominated.

CHAIR - Was there any particular reason for that work being done at the time?

Ms BLAZELY - In 2010 the nomination related to the 21 reserves that had been declared as reserves through the RFA process and were managed as if they were part of the Tasmanian wilderness by the Tasmanian Parks service.

There was a reactive monitoring mission in 2008 in which representatives of the World Heritage Committee, the IUCN and ICOMOS, the International Council on Monuments and Sites, came to Tasmania to investigate claims that the values of the World Heritage area were under threat because of forestry on the eastern boundary. They were here for about a week. When they went back to Paris and wrote a report they recommended that the 21 areas that had been identified through the RFA and were managed as if they were part of the World Heritage area should be included in the World Heritage area.

They also made a request in relation to Melaleuca-Coxs Bight that if mining should ever cease there that it be added to the World Heritage area. In 2010 the request for the minor boundary extension involved the 21 areas and in 2012 it involved Melaleuca-Coxs Bight because we had been through a process with the Tasmanian government and mining had ceased.

CHAIR - With those you have just mentioned, and probably also with the most recent one you have been doing work on and hence the nomination, what input from the State government was there in terms of motivating those considerations?

Ms BLAZELY - For the 2010 extension, the RFA process was quite an extensive commonwealth/state exercise, so I would imagine the state government had significant input to the declaration of those 21 reserves.

CHAIR - At RFA time?

Ms BLAZELY - At RFA time, and then after the monitoring issue we made sure that the Tasmanian government agreed to the inclusion in the boundary. With Melaleuca-Coxs Bight, again it was a cooperative exercise.

CHAIR - The current nomination is with the World Heritage Committee?

Ms BLAZELY - The first dossier has gone off and there will be a supplementary dossier today.

CHAIR - Is it correct that there is a proposal or an intention to withdraw some of that which has been considered in the first round figure of 170 000 hectares? Is there going to be some withdrawal of areas?

Ms BLAZELY - The Tasmanian government wrote to the minister requesting that some areas be excluded from the nomination. The minister has not yet made a decision on how he will respond.

CHAIR - Are you in a position to advise the committee as to the reasons being advanced by the state government for those withdrawals?

Ms BLAZELY - They fall into three major categories. One is mining, that opportunities for mining should continue to be available. The second is around hydro infrastructure and the third is around a small number of forestry coupes in which it is proposed that forestry still continue for a little time.

CHAIR - Can you indicate what area of land that is in terms of hectares? If you are in a position to identify the location then that might be helpful as well. And what is the 'little time'?

Ms BLAZELY - I cannot give you a figure on the hectares, I am sorry. The little time, I believe, in the transitional agreement is 31 August.

Ms CAMPBELL - My understanding, and the decisions are still being worked through, is that there are two deadlines being considered. One is for activities that will continue until 30 June and one is for activities that will consider until 31 August this year. So if activities have to continue until 31 August, the proposal being put forward is to excise them completely from the World Heritage area. If we were to allow logging until 31 August there would have to be excised. That is my understanding of the rules.

CHAIR - In terms of the location and the area of land we might need to check that with the state government?

Ms CAMPBELL - I think it is between three and 10 coupes that have been discussed but that was about two weeks ago. I am not across what the final figures were.

CHAIR - Do either of you have an idea of the area of land rather than location, just broadly? We will get the precise number from the state government.

Ms BLAZELY - I would be guessing if I answered that.

Ms FORREST - Did the state government make any request around the consideration of the Warra site? That is included in those three areas?

Ms BLAZELY - Yes.

Mr HALL - When was it determined to enlarge the World Heritage extension nomination from 123 000 hectares to 170 000 hectares?

Ms BLAZELY - When we looked at the areas that were on the table, which was map C from the forest agreement, we realised that it did not actually have an integrated boundary. There were a number of islands that were isolated from the World Heritage area and it did not make a sensible boundary, but we noticed that some areas between were already reserves in many cases. We spoke with the Tasmanian government in relation to adding those reserves. That would have been in either later December or early January.

Ms CAMPBELL - The final decision was made on 31 January.

Mr HALL - I realise the final decision was made.

Ms BLAZELY - We are talking about officials' discussions.

Mr HALL - It would seem to me that private property covenants became included in the extension. Who selected those private landowners to be offered this option and why was nobody else asked?

Ms BLAZELY - The two private landowners in question wrote to the minister and made the offer; we did not approach them. We approached no private landowners. One of them wrote to the minister on 24 December and the other wrote in early January asking that the minister consider including their blocks within the World Heritage area.

Mr HALL - Can you tell the committee who those two landowners were?

Ms BLAZELY - Bush Heritage Australia and the Tasmanian Land Conservancy.

Mr HALL - Why should the extension not be treated as a new nomination given its size?

Ms BLAZELY - The World Heritage committee has a process which allows for minor boundary extensions. They have a rule of thumb that a minor boundary extension might be around 10 per cent.

Mr HALL - This is about 16 per cent, isn't it?

Ms BLAZELY - No, this is 12 per cent. We have asked them to treat it as a minor boundary notification.

Mr HALL - Bush Heritage and Tasmanian Land Conservancy were obviously in the know and they made those applications, but what about other individuals out there? Would they have been aware that this whole process was going on? Would they have been given the opportunity to do that, or is it just some people who are in the know who got the opportunity?

Ms BLAZELY - I would imagine that anyone who read the papers or watched TV would be aware that an extension was in the offing because we did not ask either body. I do not

know how they discovered it. I assumed they read it in the paper or saw it as an outcome of the forestry process.

Mr HALL - Minister Burke recently went through, as he said with the listing of the Tarkine, a very small part of it, a community consultation process. He decided to do what he did, because of social and economic grounds, to only nominate that very small part. Yet a couple of weeks prior to that, with a significant extension, might I suggest, there was no consultation with all the local communities and there are a lot of people in Tasmania who are very upset. So no consultation and arbitrarily nominated areas, like the Western Tiers with 200 years of community use. That is probably a political answer that minister Burke should give.

Ms BLAZELY - I don't know what was in the minister's mind when he made that decision. I know we were pressed for time in terms of preparing the submission.

CHAIR - When you say you were pressed for time, what opportunities does that give to the department to provide a robust contribution to the debate or the consideration? Is the department somewhat restricted because of being pressed for time?

Mr SULLIVAN - In terms of being pressed for time, that should be read as a definite cut-off point with respect to the World Heritage processes. The end of January is a cut-off point and today is another cut-off point in terms of providing additional information to the committee. The World Heritage Committee basically has timelines that are set in concrete. When we say we were pressed for time, we were driven by those timelines as we are driven today by another timeline.

In terms of the amount of information that was available, this is an area where there is significant understanding in terms of ecological values as well as significant understanding with respect to the other factors that Veronica was talking about in terms of the island issue and how we make sure we have a World Heritage area that is being managed in a most efficient way and has integrity in terms of increasing resilience and providing better protection for values that are there. In terms of being pressed for time, we are not devoid of information. It was basically meeting those timelines that are set absolutely in concrete.

Mrs TAYLOR - To continue with being pressed for time, is it an arbitrary timeline? It is not set in concrete. It is probably a timeline set by the minister because if you didn't do it by 31 January, or if you didn't do it by today, then it does not mean you can't ever do it. It just means you can't do it this year. So it is not absolutely set in concrete.

Mr SULLIVAN - I take that point.

Mrs TAYLOR - I just wanted to clarify that because it sounds like if we don't do it now we can never do it, but that is not really true. It was a time that was set for you, if you like.

Mr SULLIVAN - It was the timeline of the committee and a decision taken by the minister.

Mrs TAYLOR - For this round.

Mr SULLIVAN - Yes.

Mrs TAYLOR - Back to the 123 000 hectares; do you do your own investigation? Does your area do their own investigation or do you just take it as a recommendation from the state government or somebody else? I ask this question because with the 123 000 hectares there does not appear to have been community consultation, whereas with the Tarkine there was the reason for not putting that in. So there discrepancies between the 123 000 and the Tarkine. How much do you do of your own investigation?

The other reason I ask this question is that we have had numerous witnesses saying that not all the areas are of high conservation value and that small pockets that ought to have been included are not in there because nobody nominated them. The other side is saying that there are some areas in this 123 000 that are probably not high conservation value but were nominated for other reasons.

Ms BLAZELY - We had as a starting point the documentation of the studies done through the independent verification group. We had an analytical tool called the Australian National Heritage Analytical Tool which we used to run studies of species richness and endemism. We ran that tool across the areas. We also looked at the geological values of the areas and also their natural beauty, their aesthetic value. The four criteria for which the World Heritage area is listed involve geological values, evolutionary values, ecological values - including conservation biodiversity - and superb natural phenomena and aesthetic values. We ran those. We started with the work done through IVG. Then we did our ANHAT analysis on species richness and endemism. We also looked at geological values and beauty.

Mrs TAYLOR - So you, yourselves, investigated all of those areas and said, 'Yes, they fit'?

Ms BLAZELY - Some of the work was done in-house and some of the work was done through other experts.

Mrs TAYLOR - So you followed that process with the 123 000 hectares and the 175 000 hectares because they were already reserved areas. And the Tarkine area?

Ms BLAZELY - The Tarkine was not considered for World Heritage listing. It was considered for national heritage listing and it is a totally separate process.

Ms FORREST - Going back to the Warra site, you made the comment earlier that there were forestry areas that could be excluded. You said that was only until June or August.

Ms BLAZELY -The Warra site is in a different category.

Ms FORREST - How would that be dealt with if it was to be excluded?

Ms BLAZELY - That is one of the issues the minister is considering today, so I am sorry but I cannot answer at the moment.

Ms FORREST - So it is not the same as one of the forestry coupes where activity could continue there until June or August; it is a separate category to that?

Ms BLAZELY - Yes. The Tasmanian government has noted that it is a long-term research site and has asked that that research continue there.

Ms FORREST - So they are looking at long-term access for research for that area?

Ms BLAZELY - Yes.

Mr SULLIVAN - There was a secondary question from Adriana around some areas of lesser value and what is the reason for those being part of the World Heritage nomination. That is an important point. Reading through some of the transcripts it has come up a couple of times that there is an area included that has previously been logged or that was logged 30 years ago or whatever. It comes down to a couple of issues about the integrity of the World Heritage area in terms of nomination.

Ms BLAZELY - In considering the areas, we needed to consider not just value but the integrity of the area and the ease of management. This was one of the reasons for putting what we call the 'sandwich areas' in the reserves. These were between the existing World Heritage area and some of the 123 000 hectares forestry agreement area. You want the boundary to make sense in terms of protecting the values which are within the boundary and making sure the management boundary makes sense in terms of protecting those values. We do not have to include all the values within the boundary. It is a matter of picking a boundary that would help protect the values and promote or facilitate management of the area.

Mr SULLIVAN - It is an issue of both management and efficiency but also connectivity between areas. So you have increased resilience of the area that is being managed for those values because you have those in the same management regime.

Mrs TAYLOR - Veronica, earlier you said that one of the reasons for extending the boundaries was protection of or some threat to the current World Heritage area.

Mr BLAZELY - I said that requests had been made to the Australian Government to extend the boundary to afford further protection to the existing area.

Mrs TAYLOR - So is some of that World Heritage area in that category?

Ms BLAZELY - The proposed addition, yes.

Mrs TAYLOR - In a few years time, what stops people saying, 'We need to extend the boundary because we now need to protect the new boundary'.?

Ms BLAZELY - I don't have a crystal ball, so I don't know.

Dr GOODWIN - Veronica, you mentioned there are four criteria in relation to the World Heritage nomination. Can you explain the process of working out the proposed areas and the values they have? Is there a benchmark against which they are assessed? Do they have to have a certain balance of one type of value?

Ms BLAZELY - When you are doing a minor boundary modification you are not permitted, under the operational guidelines to the convention, to add new criteria; you can only look

at the existing criteria for which the World Heritage area is inscribed on the list. The Tasmanian wilderness is inscribed for three cultural values and four natural values. We already knew the criteria for which it was listed so we could only look at values which contributed to the expression of those criteria within the World Heritage area.

Dr GOODWIN - Are you able to provide any more detail around those specific values?

Ms BLAZELY - For the criteria laid out in the operational guidelines to the World Heritage Convention, the initial assessment process, when it's inscribed, is done by advisory bodies to the World Heritage Committee: the IUCN for natural values, and ICOMOS on monuments and sites. They do their assessment based on a comparative analysis with other World Heritage sites and other areas within Australia and other countries. They then advise the World Heritage Committee whether to inscribe it or not. The initial decision is made by the World Heritage Committee.

In asking for a minor boundary modification we need to consider how the values in the areas we're requesting be added contribute to the expression of the values that are already in the World Heritage area. The Tasmanian World Heritage area has such a huge suite of values. We looked at tall trees; rainforest; endangered species; endemic species; aesthetic values; karst systems, particularly around Mole Creek; natural beauty; the geological story and the glacial history of the area. Mount Field in particular, which is proposed as an extension, has very good expression of both tall forest and glaciation. We looked at endemism, species richness and a number of other things.

Mr WILKINSON - Can you run me through the process in relation to private landowners making application that their land becomes part of World Heritage. The private landowner writes to whom - the state government, the federal government, the World Heritage authority?

Ms BLAZELY - There is no set process. I imagine the private landowner could do any or all of the above.

Mr WILKINSON - Do you know what happened here?

Ms BLAZELY - Yes. In this case the two private landowners wrote to minister Burke.

Mr WILKINSON - They applied for their land to become part of the World Heritage area. Once they have requested that, does that go out to the public or to landowners surrounding that area for them to make comment?

Ms BLAZELY - It did not in this case.

Mr WILKINSON - Does it normally?

Ms BLAZELY - This is actually the first time I've had experience with a private landowner writing and requesting, so I couldn't tell you what the normal process would be.

Mr WILKINSON - For how long have you been involved?

Ms BLAZELY - In World Heritage?

Mr WILKINSON - Yes.

Ms BLAZELY - Seven years.

Mr WILKINSON - This is the first time you have had private landowners putting their hand up and making a request?

Ms BLAZELY - For me; for other people, I'm not sure.

Mr WILKINSON - Therefore once they make that request nobody in the adjoining areas knows of that request and knows how much of the land is to be encompassed if it is accepted?

Ms BLAZELY - I couldn't answer that question. I don't know whether the private landowner spoke to their neighbours.

Mr WILKINSON - But there's no necessity for World Heritage or federal or state governments to go to those adjoining landowners or people who may use the area to see what they believe and to allow them to either rebut the request or support it?

Ms BLAZELY - There is no legal requirement.

Mr WILKINSON - I accept that. Some might say forget about the legal requirement, but what of the social requirement because of people who may be using the area for whatever reason. Do you believe it should have been done, and if not, why?

Mr SULLIVAN - Just in terms of context, coming back to the seven years Veronica has been working on World Heritage, during that period in Australia we've seen substantial growth across the country in private philanthropic organisations purchasing land for the purposes of conservation in perpetuity, so that amount in private ownership now being managed for the primary purposes of conservation is growing larger. I think this is possibly part of that evolution of private land that is being managed in perpetuity for conservation. Some of those properties are already part of our national reserve system even though they are being managed and owned by private organisations, often not for profit but for the purposes of conservation.

In terms of decision-making about access to that private property across Australia, there are already limitations being placed on access to that land because it is private property, in the same way there are access constraints for private property that is managed for agriculture and private property that is managed for a variety of other purposes. The same constraints in terms of access come back to private property ownership. In terms of Bush Heritage and Tasmania Conservancy, I'm not aware of those specifics, but in terms of that general picture of private land-holders specifically purchasing properties because of their conservation values or potential for not only maintaining conservation values but improving conservation values that is an increasing part of our landscape across the country.

Mr WILKINSON - I understand that. What I'm wondering about is the social aspect as well. In Tasmania most people have an idea to some degree of what is going on, but

often they find out after it has happened. What I was wondering here is whether any notice was given, and it would seem not, to adjoining landowners or the users of the land in question to see whether they are in agreement or whether they wish to make any applications to suggest otherwise. You say there is no legal entitlement for it, and I accept that, but I wonder whether there is any moral entitlement for that to occur.

Mr SULLIVAN - The land is already being managed primarily for the purposes of conservation, so landholders adjacent to those properties would be aware of that regardless of whether they are part of a World Heritage nomination. As Veronica said, this is traversing some new territory for us in terms of those components. In terms of the tenure arrangements, the primary purposes of those properties, as I understand, are for conservation. So the primary purposes of that land are not going to change because often these properties have been purchased on the basis that they will be managed primarily for conservation outcomes in perpetuity.

Mr WILKINSON - So you say there is no legal entitlement and because there is no legal entitlement we do not believe it necessary to go out to adjoining landowners or to any other people within the immediate community to see what they think. That seems to be where we are at.

Ms BLAZELY - The tenure of the land is not going to change and most of them have or are drafting a reservation agreement with the Tasmanian government, so the arrangements there are between the landowner and the Tasmanian government. We agreed to include the land because it had value and because it would be managed appropriately to conserve those values.

Mr WILKINSON - So the only 'contractual' requirement is between the landowner and the government and no other people can be brought into it?

Ms BLAZELY - I do not know whether the Tasmanian government required landowners who put covenants on their land to consult with their neighbours.

Mr SULLIVAN - In terms of the tenure change, if you have land that is mixed use or has compartments that have conservation value, and then a tenure change is made to covenant it for conservation in perpetuity, then that would be subject to state processes for that covenant change. Moving of these private properties to be included as part of the nomination process, that now becomes part of possible World Heritage but the real change in terms of land use has already occurred in terms of the covenant issue with respect to the land use requirements at the point of purchase. The point of covenants rests with state governments and varies from state to state across Australia in terms of how that happens. I am not aware of particular circumstances with respect to that tenure change that has happened in the past with respect to Tasmanian land.

Ms RATTRAY - I am interested in the definition of minor boundary extension. What do you class as a major boundary extension? Is there a hectare figure?

Ms BLAZELY - There is no hectare figure. There are 10 criteria for which a World Heritage area can be inscribed on the list. A minor boundary modification cannot request new criteria. So the first point for a minor boundary modification is that no new criteria can be added.

Ms RATTRAY - But it doesn't matter how far you go with the same criteria? We could put the whole of Tasmania under the same criteria and that could still be classed as a minor boundary extension. I am being a little bit flippant here.

Ms BLAZELY - I will take that as a rhetorical question. The definition in the operational guidelines is that a minor modification is one which has not a significant impact on the extent of the boundary of the property, so it is area more affected by its outstanding universal value. As I said earlier, the rule of thumb - and it is a rule of thumb by the committee; it is not in any way formal - is around 10 per cent.

Ms RATTRAY - It does not say anything in that document about neighbours, about adjoining landowners - nothing? No direct reference to how you might deal with an adjoining neighbour?

Ms BLAZELY - In relation to a nomination?

Ms RATTRAY - Yes.

Ms BLAZELY - I imagine that because this is an international document it has to account for the fact that there are 192 state parties and every state party will have different domestic processes, so it does not proscribe what happens at the domestic end.

Ms RATTRAY - I am following on a little bit from the member for Nelson's question, underneath in the Australian context - there is nothing in that document as an additional side policy that says that there is some obligation or some general neighbourly concept about how you get on with your neighbours, that might say you need to at least let your neighbours know, your adjoining landowners, some sort of reference to underlying next policy down from the main overarching one?

Ms BLAZELY - Then our next layer is the Environmental Protection and Biodiversity Conservation Act.

Ms RATTRAY - That talks about adjoining landowners?

Ms BLAZELY - No. It talks about -

Ms RATTRAY - How many pages is that book?

Ms BLAZELY - It is not all about World Heritage. It says, 'The commonwealth may submit to the World Heritage Committee for inclusion in the world heritage list property containing an area owned or occupied by another person only if the minister is satisfied that the commonwealth has used its best endeavours to reach agreement with the other person'. As I said, the landowner would be the person owning or occupying the land; they wrote to the minister requesting him to include it; we have met our obligation.

Ms RATTRAY - Okay, so it is a question for the minister - why has not he made some contact with the land owner? Thank you. The next one is the experts that you talked about. Can the committee be provided with a list of the experts who helped your department get to this nomination?

Ms BLAZELY - In the interests of giving you a complete response, could I take that on notice and give you a list next week?

Ms RATTRAY - Absolutely. My last question is around the land management obligations. You talked about extending the 123 000 proposed hectares to the 170 000. Of course it was a better boundary and easier for management options, but what obligations do the private landowners have in the management of those areas outside of what they own just to help fill up the gap? What obligations do they have?

Ms BLAZELY - None of that area was private land.

Ms RATTRAY - No, but if there is private land that is included in the nomination and then you filled in some of that private land with public land to extend the 123 000 hectares to 170 000 hectares, how much obligation do the private landowners have on managing their land and the land that may be adjoining that now becomes part of the World Heritage listing, to suit their aims and goals?

Ms BLAZELY - I might be missing your point but the only private lands included -

Ms RATTRAY - Is anyone else getting it? No?

Ms BLAZELY - -in the extension is the land owned by Bush Heritage Australia and the Tasmanian Land Conservancy. They will be the only private landholders within the World Heritage area if the boundary extension is accepted.

Ms RATTRAY - Do they have any obligation to manage their land in the future? Is there any written obligation of how they might manage weed control, fire hazard, any of that sort of obligation?

Ms BLAZELY - They have entered into a conservation agreement with the Tasmanian Government and that conservation agreement lists those responsibilities. We have looked at the conservation agreement; we have said the conservation agreement is sufficient to give us comfort that the land will be managed in an appropriate manner.

Ms RATTRAY - They have taken on that obligation and then a piece of land that is adjoining them, that filled in the whole piece of land, do they have any obligation to put any management practices into that adjoining land because it helped them achieve their goals and aspirations? That is what I am asking; maybe I have gone around it a long way.

Ms BLAZELY - The short answer is, no. You are saying private that is not within but it butts into the boundary.

Ms RATTRAY - That helped them achieve what they wanted - their outcomes because you have taken other land that might not necessarily have been included to help the boundaries. You said it made it a better picture.

Ms HOWLETT - I think I may be able to assist here. Are you talking about the public land that has been included in the nomination?

Ms RATTRAY - Yes, it has been included.

Ms HOWLETT - As I understand it, and Veronica can correct me if I am wrong, but I understand you are speaking about the difference between the 123 signatories nomination and the 170. The two parcels of private land that contributed to the 170 are a relatively small component of that bigger piece of land. Other than those two parcels, the remaining extra was all already being managed by the Tasmanian government as reserve. The responsibilities for the management of that land remains with the Tasmanian government. Part of the consideration in our deliberations as to whether the values were met is whether the management of the land is sufficient to protect values. As that land is being managed by the Tasmanian government as reserve estate, we were satisfied that those management arrangements were sufficient.

I think the answer to your question is 'no'; we do not require the private landholders to take on a management responsibility beyond their boundaries because that management responsibility already lies with the Tasmanian government and we are satisfied that that level of management is sufficient.

Ms RATTRAY - How much of that difference between the 123 000 and the 170 000 is private, in those two parcels?

Ms BLAZELY - It is four parcels of land and it is less than 2 000 hectares but I will table that.

Mrs TAYLOR - Thank you; you have answered questions about any extra implications for management there might be on the private landowner. Are there any implications for the government for private land that changes from its current conservancy status to World Heritage?

Ms BLAZELY - The Australian Government needs to be confident that the land is being managed in such a way that it's outstanding interest and value is being protected. The conservation agreement that they have already entered into with the Tasmanian government gives us that comfort.

Mrs TAYLOR - So there are no further implications for management from the government point of view?

Ms BLAZELY - No.

Mr VALENTINE - Mine was a simple question with regard to the power of the state government. What powers does the state government have in relation to World Heritage area nominations and the like? Can they veto a nomination being put forward, or not? What is their role in terms of nominations?

Ms BLAZELY - Because it is an international convention under the constitution, the Australian Government has the responsibility and the Australian Government is the state party to the convention. But there have been a number of intergovernmental agreements between the commonwealth and the states relating to how matters of national environmental significance, of which World Heritage is one, is managed. There was an

intergovernmental agreement in 1992 in which the states agreed that the commonwealth should take responsibility for World Heritage, and there was another intergovernmental agreement in 2009 in which we collected together all of the previous agreements that had been entered into by the commonwealth and the states, which lays out commonwealth responsibilities and state responsibilities. In general, the commonwealth has agreed in principle that it would not nominate a World Heritage area without the agreement of the state as a policy.

Mr VALENTINE - So obviously the state has agreed with these areas being nominated in the first place, formally or informally.

Ms BLAZELY - As I said earlier, the Tasmanian government has requested a number of exclusions from the area, which the minister is considering.

Mr VALENTINE - I just wasn't sure whether the state had the power to say that these will be excluded or whether it is 'can you please consider that these be excluded', and there is a slight difference there.

Ms BLAZELY - It is more 'we would like you to exclude.'

Mr SULLIVAN - There is that balance between Australia as a state party being a signatory, and us sharing with a number of countries the fact that we're a federation. The commonwealth government as a representative state party is ultimately responsible, the tenor of the understanding between governments is that this is best done in a cooperative sense in terms of cooperative federalism. The process that Veronica outlined of the Tasmanian government coming back to the commonwealth in the intervening periods since 31 January is part of that process of consultation between governments.

Mr VALENTINE - There is no necessity for that to go through the parliament for the federal government to have authorisation for nomination. I just wanted to clarify.

Mr SULLIVAN - It is subject to a piece of legislation that has already gone through the parliament and, as with all international conventions, there was parliamentary -

Mr VALENTINE - It is a broad thing, it is not individually -

Mr SULLIVAN - There is legislative authority in terms of the provisions that Veronica was referring to before in terms of the Environment Protection and Biodiversity Conservation Act that set out in law the requirements. Before, when Veronica referred to the provision with respect to individual components and parties and owners being consulted, that was in terms of a number of provisions that are set out in statute for us with regard to the implementation of the convention responsibilities.

Mr VALENTINE - Thanks, Chair.

Mr WILKINSON - To me, World Heritage areas have to be just that, World Heritage. They should be the pinnacle. Some of this land that private people may wish to put into World Heritage is not what I would think of as World Heritage. For instance, some of this land that has been requested by the private landowners, as I understand it, was purchased from Gunns. It was logged quite significantly for a number of years and yet that same

parcel of land has been requested to go into World Heritage areas. I don't know what is happening with that and that is why I was asking whether other people were aware. If they were they could write to the World Heritage authority and ask whether it was aware that this land had been logged significantly for many years, and yet only a short time after it was purchased it was being requested that it go into a World Heritage area. I cannot understand it and that's why I want to get some more airplay on if I can.

Ms BLAZELY - Not all the blocks of land that the private landowners offered were accepted. We did do an analysis of the values on the properties before agreeing which properties to include. We were offered more than the four blocks that we agreed to include in the request for an extension. For example, in the case of Skullbone Plains on the eastern boundary, it drains into the Clarence Lagoon and there is an endangered fish called the Clarence galaxias, which lives in the Clarence Lagoon. Including Skullbone Plains within the request for an extension included the catchment, the Clarence Lagoon within the World Heritage property, if it gets up, therefore for us that was a significant reason for including that block within the request for an extension. We looked at the properties, the values on the blocks, and decided on a case-by-case basis whether they had the values we were looking for before deciding to include them within the request.

Mr WILKINSON - Do you visit the blocks yourselves? I suppose you can't see them all so you get others to look at those blocks to see what has been alleged is in the area and why it should be in the WHA.

Ms BLAZELY - Google Earth is a very good tool, and we talk to people who visit the areas. We use both Google Earth and local knowledge.

Mr WILKINSON - Google Earth is not totally up to date. I think the last one down here was a number of years ago.

Ms BLAZELY - I think it is 2010-11; it's not too bad.

Mr WILKINSON - I wouldn't have thought that; I would have thought it was around about 2006-07.

Ms BLAZELY - No, it's been updated since then.

Dr GOODWIN - I want to ask about the process for withdrawing a World Heritage nomination, because it has been suggested it may well occur if there is a change of government. What are the implications? I know we haven't done it before and the minister made that very clear to us, but I am interested in what other countries may have done.

Ms BLAZELY - I don't know whether there is anything in the operational guidelines about withdrawing a nomination. I could make some assumptions, if you like. Because we've never done it, I don't know what we would do.

Dr GOODWIN - Is that something you could take on notice?

Mr SULLIVAN - Rather than us make guesses, let's take it on notice and we'll get back to you as soon as we can.

Ms FORREST - A call to UNESCO, I reckon.

Mr DEAN - I have a question in relation to determining or suggesting boundaries for extensions. Where does that come from? Do you take it off your own bat to do that or does that information come to you to suggest you should extend those boundaries for specific purposes? The Bob Brown Foundation, for instance; is there any involvement there in extending those boundaries? Where do you get that from?

Ms BLAZELY - As I indicated earlier, there have been a number of requests from the World Heritage Committee for Australia to consider, at its own discretion, extensions of the boundary. That's our starting point. The World Heritage Committee has asked us to consider extensions.

Mr DEAN - In this instance, with the changes in the values here that we are talking about, did you have input from any other persons or foundations within Tasmania?

Ms BLAZELY - We used the forestry process, suggestions from private landowners who offered their land and consultation with the Tasmanian government on the reserves to go in.

Mr SULLIVAN - Veronica is talking about what has happened in the previous period. Over the years I imagine there have been numerous proposals put to government. I know, having worked on the original RFA process here in Tasmania, we had multiple proposals at that point for extensions for World Heritage as part of the World Heritage comprehensive assessment process. Veronica is talking about what led into the January process. Over the last 20 years there have been a number of different proposals that have come from a variety of sources.

Mr DEAN - My question specifically relates to the boundary fences we are talking about here in these World Heritage listings - whether or not there is any input from any other groups, private groups, foundations or organisations? That is my question on what we are talking about here today, and not on what has previously happened.

Ms BLAZELY - The minister has received requests to consider land, including a request from Bob Brown.

Mr DEAN - Any others, or do you want to take that on notice as well?

Ms HOWLETT - Mr Dean, perhaps I can assist here. As you would be aware, the 123 000 was the specific request of the signatories and, as I am sure you are aware, the signatories with a particular interest in World Heritage were the environmental non-government organisation (ENGO) signatories. Whilst there were a small number of ENGOs in the signatories group, I am sure you will be aware that they have done extensive consultations with their constituencies beyond the groups at the table. Whilst the minister's key point of consultation on the World Heritage nomination was with the signatories, those signatories were then doing a number of consultations with the broader environmental constituency beyond their particular groups. It is difficult for us to give you a list of the specific people who were consulted on the nomination because much of

that consultation was done by the ENGO signatories on behalf of the environmental movement, if you like.

Mr DEAN - Thanks for explaining that, but my question, specifically, was about the approaches to the minister in this case - from what groups of people. We have been told that Bob Brown was one of those, and that is what I am trying to determine - not who the signatories have consulted with. I know that was with different groups and so on, and I am aware of that, but I wanted those approaches to the minister, specifically - that is what my question is and that is why I want it taken on notice.

Mr GAFFNEY - Veronica, you mentioned about 2 000 hectares of the extra hectares was private - I think you said that to Tania?

Ms BLAZELY - Less than 2 000 hectares.

Mr GAFFNEY - And following on from Jim's question, you say that not all of the blocks nominated by the private owners were accepted.

Ms BLAZELY - That is right.

Mr GAFFNEY - Do you have any idea of what the total private area of land was?

Ms BLAZELY - I would need to take that on notice.

Mr GAFFNEY - Could you take that on notice because I am interested that not all of them were accepted? I would be interested to know what area was offered and what was accepted.

CHAIR - We are about to move off World Heritage but can I just go to one question? I am relying on the operational guidelines for the implementation of the World Heritage convention. You have mentioned the time lines of tomorrow - that it is an emerging imperative for you. Am I correct in understanding that some evaluations will be undertaken between March this year and May next year? This says March year one and May year two.

Ms BLAZELY - There are two processes outlined in the operational guidelines and I think you are reading the process for a new nomination. The process for a new nomination is: you submit in February and it is considered in June the following year, but for a minor boundary extension you submit by 1 February and it is considered in June the same year.

CHAIR - Okay, so the World Heritage Committee will decide on this nomination by the end of June this year?

Ms BLAZELY - Yes. The meeting commences on 14 June - in the last two weeks of June.

CHAIR - If they agree that the nomination is sound then the World Heritage proclamation, if I can use that term, will proceed?

Ms BLAZELY - Yes.

CHAIR - When does that then become effective, please?

Ms BLAZELY - The date they make the decision.

CHAIR - They will make a decision before the end of June. We can then defer the question - we will be satisfied with the question you have taken on notice as to the possibilities for withdrawal at any stage. Thank you. I detect that we have finished with World Heritage so if I can go to Adriana with another line, please

Mrs TAYLOR - I want to make a comment, Chair, that I am a bit disappointed that we have the department here today rather than tomorrow, seeing as there seems to be a deadline today, and some decisions that the minister has to make today, which the department cannot -

CHAIR - It is not their fault, we asked them to come today.

Mrs TAYLOR - No, I am not expressing disappointment with the department. It would have been better for us to have you tomorrow rather than today.

I want to move on, and ask Ms Stuart-Fox about energy efficiency, as that is her area. Can I explore with you what encouragement or support your department is giving to the use of forest residue for energy production? Whether this TFA is passed or not, will there be federal government support for R and D, or financial incentives to develop new industries to provide alternate sources of energy from forest residue? I am sorry if that is a long question.

Ms STUART-FOX - The area that I am responsible for is the carbon farming policy branch, so I have to say that I am not an expert on energy efficiency. But as you would be aware, the Australian government is considering its response to the review of the renewable energy target - I assume you are talking about eligibility of native wood waste as a renewable energy source, is that where this is going?

Mrs TAYLOR - Any waste, yes.

Ms STUART-FOX - I would have to take that on notice. I am not aware of any measures that are tackling that directly.

Mrs TAYLOR - Okay. Can I ask a question about carbon farming then, Chair?

CHAIR - Yes, indeed you can, because I was going to go there.

Mrs TAYLOR - In terms of climate change benefits, which is also your area, can you comment on the debate about whether long-term carbon capture is better done in reserved or in managed forests?

Ms STUART-FOX - I am not sure I understand the question. When you say it is 'better done' -

Mrs TAYLOR - Do you get more?

Ms STUART-FOX - In managed or native forests?

Mrs TAYLOR - No, reserved or managed.

Ms STUART-FOX - It is difficult to answer that question, per se. It depends on how it is managed or how the reserve operates or the nature of the reserve, or the nature of the forest that is reserved.

Mrs TAYLOR - We are talking here about reserves where logging will not be able to take place, so they will be reserved without any native trees ever being cut down, one presumes, or residue collected, or wood waste burnt or collected, or anything.

Ms STUART-FOX - If I understand your question, it depends on the time frame that you are looking at.

Mrs TAYLOR - Exactly, that is why I asked about long term.

Ms STUART-FOX - It would depend on the time frame that people are looking at, and it would depend on what the wood products that are being sourced from that forest are used for. For example, if you are logging forests for, say, woodchips, which are going to wood products that are not at all long lived, then that is very different from that timber going into long-lived wood products.

So, if they are going into furniture and that sort of stuff then the carbon storage is different than if they are going to toilet paper. It can depend on what the wood products are used for, and the length of time that people are accounting over.

Mrs TAYLOR - Do you want to continue that, Chair?

CHAIR - Yes, I am trying to get my mind around that.

Ms STUART-FOX - When you have an existing forest then you have an existing carbon store. If forests are being logged and that wood or that carbon store is being put into long-lived wood products, and then a new forest is growing and that forest is being put into long-lived wood products - if you look at it for a long period of time, because you are only losing part of the carbon store when the trees are cut, and then some of that is being stored, then over a long period of time you can get considerable carbon storage benefits through a managed forest.

If that wood is being harvested and then it is being effectively lost and goes back to the atmosphere because it is in short-lived wood products, it takes a longer period of time for those carbon stores to re-establish. Then, of course, you might be better off having the existing carbon store remaining, which over time is getting more carbon rich depending on how long that forest has been growing, for example. The short answer is that it depends on a lot of things but one of those is what wood products are going to be made from it.

CHAIR - Specifically then, Maya, if this bill succeeds and we proclaim in this state a number of new reserves wherein there is no forest harvesting, there is carbon stored in those forest and they will continue to grow and store more carbon, but if we are not harvesting

and transferring or capturing that carbon into either long-term storage products like furniture, or short-term products, is there an availability for carbon credits to be awarded, or whatever the right terminology is, to the jurisdiction?

Ms STUART-FOX - There are a couple of different things going on. Australia does national greenhouse gas accounts and we do that sector-wide and economy-wide. In each different area of the economy you have emissions occurring, you have reductions in emissions at any time because either trees are being planted, or you have the GFC which means that as the economy declines economy activity declines for a period of time and manufacturing declines. So you have national accounts being done across the board.

In the event that logging in some areas is less than it might otherwise have been, there are emissions that don't occur that we don't account for in the national account, for example, in the same way that if there is an economic downturn where we might have had emissions in our national account we actually don't have emissions in our national account, so overall what happens in the economy either adds to emissions or reduces emissions overall and that affects Australia's ability to meet its international commitments under the Kyoto Protocol. That is one process.

Under the Kyoto Protocol those things are accounted for and kind of converted, not to credits but to accounting units, and ultimately they affect Australia's assigned amount. Sometimes when people are talking about credits they're talking about the way that different things in the economy affect Australia's ability to keep within its carbon budget or its assigned amount.

The second thing people are talking about when they're talking about carbon credits is what might be available through the Carbon Farming Initiative, which is a mechanism for crediting additional abatement within the land sector.

CHAIR - So if there is reserved land and thereby not managed or harvested, are carbon credits available for that reserved land specifically?

Ms STUART-FOX - In order to get credits under the Carbon Farming Initiative there would need to be some sort of methodology for estimating the carbon benefit of doing that. To the extent to which you get additional carbon benefit beyond what would have occurred otherwise - and obviously in this case there are reservations that wouldn't have occurred under business as usual - that is something that could be credited through the Carbon Farming Initiative.

CHAIR - Or indeed could it be the flipside, a detriment, because there is no constant management of and transfer of the carbon sequestration into solid wood products and growing more trees?

Ms STUART-FOX - Absolutely, and this happens across our land sector. If we have more livestock, if our beef production increases, that is an increase in our emissions and makes it harder for us to stick within our carbon budget. If we get an increase in logging relative to our baseline we've put forward, that makes it harder for Australia to keep within its carbon budget and we'd have to do more, for example, within the carbon price or in other sectors of the economy to stick within our carbon budget which we have committed to internationally. So that's right - there are ups and downs. Once we

nominate and account for something then the ups and downs are something that we have to manage as a country.

Mr VALENTINE - That includes fire?

Ms STUART-FOX - In the past we have accounted for fire. There has been a lot of work in the way that we do our national accounting. One of the things that has been agreed is a change to the way that we account for wildfires because part of what we're doing through the Kyoto accounts is trying to work out what are the things that humans are responsible for and what are the things that are natural like the product of drought and things like fire. Into the future, if there is a wildfire event we would effectively excise that area of land from our national accounts. We wouldn't account for that as a big hit in our national accounts or claim the credits as those forests are regrowing.

So we wouldn't get the benefit as the trees were growing but we don't get a big hit to the national account when a big wildfire goes through. That makes a lot of sense because if you're trying to stick within a carbon budget and manage the cost to your economy it's very difficult to manage that if all of a sudden you can be vulnerable to a big spike in emissions because of a natural event or one that is at least partly natural.

Ms FORREST - Going back to where you were discussing the capture of carbon and using long-lived timber products, one of my concerns - and I pressed this with the ENGOs - is that they said they support a transition to plantation. My view was that that was going to change once we got there but it's less environmentally-friendly in many ways from plantation as opposed to native timbers. I want you to explain how the short-lived versus the long-lived timber products have a different impact on the carbon that you store.

Is it a fair comment to suggest that the long-lived timber products predominantly come from native forests because you've got your sawn timbers that go into this sort of thing? We are not making this table here out of plantation at this stage; we may in the future potentially, but not with the current plantation stock that we have in Tasmania. Generally, short-lived timber products will come from plantations like toilet paper, paper and those other uses. By reserving native timbers and not allowing them to be harvested and focusing predominantly on plantation, is that actually forcing us to reduce our carbon capture?

Ms STUART-FOX - Not necessarily, and again these answers come down to 'it depends', because of course we do have long rotation plantations and pine in our houses, for example, that might actually be from plantations. Of course we have a lot of woodchip that comes out of our native forests which is an additional group of products, so from a purely carbon point of view, it is not necessarily the case that logging in native systems is necessarily better or worse than logging in plantation systems. It will depend on the wood products coming out of there and the nature of that plantation.

Ms FORREST - My point is that you get more long-lived timber products from native forests than you do from plantation, certainly nitens. I am not talking the pine as much but we've got a fairly large estate of nitens which haven't been pruned and were grown for a pulp mill, basically, which we don't have, but will only be useful for that sort of timber in the next 20 years or so.

Ms STUART-FOX - If I understand your question your point is that it's not necessarily better from a carbon perspective, and it may be that depending on the nature of plantations and the timber products coming out of it and the nature of the products coming out of these native forest systems, that might be the case. There might be different scenarios where you have, for example, short-term products coming out of the native forest system compared to long-term wood products coming out of the plantation system. It's not necessarily better or worse. You could imagine circumstances where it could be better and circumstances where it could be worse.

Ms FORREST - You still have residues from native timbers that will be put into short-term, short-lived timber products too. Perhaps a plantation tree is likely to be completely chipped as opposed to only half of it.

Dr GOODWIN - I wanted to ask about the steps that need to be taken in order for us to realise any benefit out of our proposed reserve areas with the Carbon Farming Initiative. We have had a bit of advice from our state government representatives, but I'm interested in your perspective on the steps. You mentioned the methodology, but exactly what has to happen before we get to a point of being able to realise any benefit?

Ms STUART-FOX - We are working with the Tasmanian government officials who have started work on what the methodology might look like and there has been some work done already with a report done by the CO2 Group, which you would be aware of. There are a number of things that need to be resolved for a methodology. Methodology is just the specific rules for accounting for this particular activity or activities.

One of the things that is always tricky is [determining] what the baseline is for the project. In the absence of the CFI, if we weren't there, what would business as usual require? People will have different views of what business as usual is and the sorts of assumptions that you build into that, particularly given that you are having to make assumptions over a long period, so you are talking about a counterfactual and people will have different views on what the counterfactual into the future would be in the absence of the project. That is one of the big-ticket items that the industry needs to resolve.

Then there are the technical carbon estimation questions - what sort of an accounting model or sampling regime are you going to use to actually measure the amount of carbon? Obviously different types of forests and different types of species have really different amounts of carbon in them so you have to try - if you are going to be modelling that on the basis of some pretty good data or you have to have an agreed way that you are going to sample those things. That's not too difficult, but it has to be resolved.

You also need to have a look at leakage. Leakage is when there is not much point saving this area if we are just going to increase logging next door, so you need to look at the project boundaries. If there is just intensification in another part of the forest there is no carbon benefit and there might also be leakage into other parts of the forest estate in Australia, so those leakage rates need to be worked out and that needs to be deducted from the amount of abatement you think that you are getting.

Dr GOODWIN - When you say leakage into other parts of Australia, what do you mean by that?

Ms STUART-FOX - For example, if wood products were being supplied from the Tasmanian forests and they are no longer supplied from Tasmanian forests, but they are supplied from forests in New South Wales, for example, then as a country we are not actually getting a carbon benefit.

Dr GOODWIN - If other states pick up our market shift?

Ms STUART-FOX - It's just shifting. That's something you have to look at and if you think that's happening, then -

Ms RATTRAY - We know it is happening.

Ms STUART-FOX - there is no carbon benefit, so that has to be estimated.

Dr GOODWIN - This process of developing a methodology and getting to that final point, is there any idea how long that might take?

Ms STUART-FOX - From experience these things can take around 12 to 18 months, but it will depend on how quickly agreement can be reached about things like baselines. The other thing that would need to be factored in is the extent to which the commonwealth has already funded protection of some areas. That again goes to what's in your baseline, what is the carbon project really about that is on top of whatever you think business as usual might have been. Some of these things don't have a yes/no answer. It's about people getting around a table and saying what is a fair way, what is a reasonable set of assumptions we should be making about this.

Dr GOODWIN - Another negotiated outcome.

Ms STUART-FOX - I guess I'm saying it's not a science. There is no right and wrong answer.

Ms RATTRAY - We've heard that a bit too, there is no science.

Ms STUART-FOX - Sorry, there is science underpinning it, particularly the estimation areas but some of the things like baselines will be different.

Dr GOODWIN - There are already carbon farming projects in existence, presumably, which are generating benefits for areas?

Ms STUART-FOX - There are, but not in the area of native forest protection or avoided harvest. There are in areas like savannah fire management, for example, or reforestation. There are 11 methodologies that are available for different types of carbon farming projects.

Ms RATTRAY - How many other states are looking at reducing their areas for native forest logging in Australia? Who else is going down this path or are we making the first steps?

Ms STUART-FOX - In terms of what other states are looking at reserving forest areas, I think my colleagues from SEWPC are best placed to answer that. In terms of methodologies, certainly Tasmania is at the forefront of the process.

Ms RATTRAY - Nobody else has a proposal to lock up another 5 per cent or 10 per cent of their forested areas to help with Australia's carbon credits process?

Ms STUART-FOX - I'm not sure that I would characterise it in that way. There are a lot of individual groups that are interested in the potential for carbon farming to support additional protection of native forest, whether from clearing for agriculture or cessation of harvesting.

Ms RATTRAY - Can I take it then that effectively Tasmania going down this path and succeeding in the TFA proposal is really a benefit to Australia's carbon credit process? If we do this, it's going to help if we need to increase the cattle running in the Northern Territory?

Ms STUART-FOX - I'm not sure it happens that way. There are all sorts of things that happen across the economy -

Ms RATTRAY - But you just said if you're going to have more farming then you have to have more credits to offset it, so this process would assist in Australia getting that balance. Did I understand that or did I get that wrong?

Ms STUART-FOX - It's just when you account you account nationwide, so there are all sorts of different things happening in different sectors. That's not being driven by the government, we are just accounting for what happens in the economy; and what happens in the economy is being driven by all sorts of different things and you account nationwide. It's not what is happening in this sector is offsetting what's happening in another sector in any kind of mechanical way. We're just adding up all the minuses and the pluses and getting a number at the end that's - we will need to be within our carbon budget at a time.

Ms RATTRAY - You did say that doing this is going to help increase production in dairy farming.

Ms STUART-FOX - It just doesn't happen in that way. As a country we have made a commitment to keep within a national level of emissions. Wherever there is an increase in the economy there is a liability; wherever there is a reduction in the economy that reduces the overall total, and as a country we're responsible for the net amount. In the same way, if there's an increase in logging in whatever areas, that adds to your emissions. If there is a decrease anywhere, that reduces your emissions.

Ms RATTRAY - But only if you're not overcutting somewhere else in Australia.

Ms STUART-FOX - Yes. You might, for example, get reductions in one part of Australia and increases in another part and because you're getting to a net amount, ultimately it's the net increase or decrease that keeps us within the national budget.

Mr WILKINSON - As part of the bill we have before us states, in relation to the long heading, to take advantage of the carbon credits. It would seem, with all the evidence we have had, that at the moment it is a work in progress. We don't really know whether it is going to be advantageous or disadvantageous, whether we are going to get a significant

amount of money or not. Listening to your answers, it still seems to be that there are a lot of things to be taken into account. There is also this round-table discussion that we were talking about, which is underpinned by science and that has to be had before you can properly understand whether it is going to be beneficial and to what extent.

Ms STUART-FOX - If the question you are asking is whether there is a precise answer that can be given about the number of credits or their value, you are absolutely right that there is no precise number that I could give you today or anyone else can really give you, because there are these things that need to be worked through. We have seen today there are different views about how the carbon accounting should be done, what areas you are protecting and the counterfactual if it had been logged and gone to long-term or short-term wood products.

The actual carbon price will make a difference. Once you work out how many carbon credits, what the actual carbon benefit of doing this is, then what is the value of those carbon credits? Again, while there are clearly projections and estimates of what the carbon benefit will be, you cannot put your hand on your heart and say the answer is \$11 or \$23 in a particular year, given that we are looking at this over time and the value of the carbon credits will depend on these.

Mr WILKINSON - We, as legislators, obviously have to make our minds up, so is it worth it for Tasmania? Have there been any studies done in relation to estimates as to the benefits or otherwise? What are we losing and what are we gaining?

Ms STUART-FOX - There has been some work done for this IVR process. There is the CO2 Group report. There is also the work that has been done by Andrew Macintosh and there are a range of estimates of carbon values that have been by the Australian Government. There is also a range of market participants that have also had carbon price projections. It is definitely possible to arrive at, as other people have done, ranges that give an indication of what the carbon benefit might be.

Mr WILKINSON - I have not heard those at yet, so are you able to assist?

Ms STUART-FOX - Sure. The CO2 Group process, for example, has estimated between 2.2 and 2.5 million tonnes of abatement per year. Again, that figure is based on assumptions of all of the things we have talked about - base lines, leakage rates. These assumptions are open to debate but that is the range that they have. Andrew Macintosh has a range of between 1.6 and 2.1 million tonnes per year, with some different assumptions underpinning that.

Mr WILKINSON - Last year they talked about voluntary and involuntary ACCUs and it was the carbon study in a nutshell. We had varying prices for those as well. Some were \$24 per ACCU, some were \$3 to \$4. That was the involuntary as opposed to the voluntary; the involuntary were far less. It seemed that Tasmania was not going to get much out of it. Obviously we have been working much harder on it since then but are we able to get some assistance as to the value per tonne?

Ms STUART-FOX - You are referring to the fact that the Australian Government has now made a commitment to join the second commitment period of the Kyoto protocol and as part of that it must report on forest management. The emissions from logging or the

increases in sequestration, none of that in the first commitment period was counted towards our carbon budget or Kyoto target. But in the second Kyoto commitment period we will account for forest management. That means that we have compliance credits or credits that are recognised within the international system. The carbon price mechanism is designed to help Australia meet its Kyoto target or stick within our carbon budget, so we allow entities within the carbon price mechanism to use the Kyoto-consistent client units - the internationally recognised units - to meet their liability. That means that demand for that will be higher and the price of those will be higher.

Mr WILKINSON - It still seems to be very complex. Is it going to be financially beneficial? If so, are you able to put a figure on it at this stage?

Ms STUART-FOX - The other thing about a market mechanism is that someone can't tell you what the price of wood or the price of wheat or the price of sheep meat is going to be, or your house. There are a whole lot of people who will make projections and estimates about that. We can provide those on notice from a range of different sources. As to which one of those is going to be closer to being correct -

Mr WILKINSON - All we can ask is for the best evidence to date. We can't do any better than that, so if you could give us that, that would be helpful.

Ms STUART-FOX - I can provide some market projections and, of course, you have some estimates that have been provided.

CHAIR - Can I go to a matter related to the funding schedule? The minister has met with us a couple of times privately and shared with us various iterations of the funding which will be available. We have done the best we can administratively to track down a document as to the funding schedule.

Ms CAMPBELL - Are you talking about the funding schedule from the signatories?

CHAIR - I am relying on the agreement, which mentions the funding schedule in clause 23 where the signatories call for something 'as outlined in the funding schedule'. Then in clause 25 it builds on that for 'direct investment in a public plantation management fund'.

Ms CAMPBELL - I am tracking that down with the signatories for you. They promised it to me yesterday and I did not get it yesterday, so I am hoping to get that to you as soon as possible.

Ms FORREST - There was a funding schedule attached to the agreement. It talked about certain dollars related to every clause that relate to funding.

Ms CAMPBELL - You have a document that I don't have.

Ms FORREST - Seriously?

Ms CAMPBELL - There is no funding schedule attached to the funding agreement. Apparently it is around but I have not seen it.

Ms FORREST - This has been available to us for quite some time.

Ms CAMPBELL - I have seen versions of it but I have not seen the final version.

Ms FORREST - I am not suggesting that this is final. When the agreement was signed, I went through clauses where there was a request for money. There were quite a number of them.

Mr WILKINSON - Fifteen.

Ms FORREST - Yes, that is right and this is where we are. Then there was some discussion with the minister when he was down before Christmas about what he saw as a commonwealth responsibility and what he saw was a state responsibility and how that was going to be managed. Then there was some joining together, for want of a better word, of some of those funding requirements to make them more consistent with what was trying to be achieved in the sector. Is that what you are waiting on from the signatories, a finalised version of this?

Ms CAMPBELL - The finalised attachment to the Tasmanian Forest Agreement, yes. We do have - the minister attached to them his submission - the breakdown of the commonwealth funding that has been provided to the agreement so I think the committee has that.

CHAIR - Yes.

Ms CAMPBELL - I understand it is consistent with what will be in the final signatories' funding schedule.

Ms HOWLETT - If I could assist -

CHAIR - Yes, certainly, Ms Howlett.

Ms HOWLETT - Ms Campbell is quite correct in that we have not been provided with a final schedule by the signatories but, as you are aware, there are various versions of that floating around and there was a fairly significant negotiation between ministers from both the Australian Government and the Tasmanian government with the signatories in terms of that funding ask. The funding ask that was put forward by the signatories, and there were discussions between ministers and the signatories, was what was used to inform the funding commitments that had been made by the respective governments. The document that the minister provided to you with the Australian Government's submission detailed the funding commitments of the Australian Government, which were what emerged out of that negotiation between the two ministers and the signatories.

Ms FORREST - There was some comment made by the country sawmillers who are signatories to the agreement that the allocation that they were potentially looking at was possibly inadequate. They were looking at how they could do what they needed to do and assist the sawmillers who wanted to exit without major change to it. These are the sorts of things we would have seen finalised hopefully yesterday but now will perhaps today. Will you provide that to the committee as soon as you get that?

Ms CAMPBELL - Yes.

Ms FORREST - Thank you.

CHAIR - They are the only funding schedules which are in existence? The minister's, which he has provided in the submission, which is that formal document, and the wish list, if I can call it that, of the signatories?

Ms HOWLETT - And we have provided you with a sort of global amount that the Tasmanian government is thinking of, the \$39.5 million in additional funds, and it's not for us to provide you the detailed breakdown of how that money will be applied. That will be a matter for the Tasmanian government, so yes, there are potentially three sets of funding documents. There is one which should come from the signatories, there is one that comes from us in terms of our commitments and there is one that comes from the Tasmanian government in terms of their commitments.

Mr WILKINSON - In relation to the money that comes from the federal government, are there any provisos on that or is that just, 'If this occurs this will be the amount of money you receive and it's up to you how it's disbursed', or alternatively, have you any covenants on it that it has got to be spent here, here, here or here?

Ms HOWLETT - A couple of things there. Firstly, there are various tranches of funding, as you would be aware; there is already \$277 million, jump in if I get the numbers wrong.

Mr WILKINSON - Let's say \$270 million just for round figures.

Ms HOWLETT - That was committed by the two governments under the intergovernmental agreement process, and some of that money has already been either expended or committed to particular purposes. Then there is the additional \$101 million that was announced before Christmas, some of which the minister announced a couple of weeks ago can be made available immediately for various activities, some of which is from the original bucket and most of the new bucket are continued on with legislation being passed by the Tasmanian parliament. That's the first hurdle.

Second, within that bucket or those buckets of money, if I understand you correctly, are you asking whether we are just going to hand over our money to the Tasmanian government and then it's up to them?

Mr WILKINSON - Yes.

Ms HOWLETT - If you look at the funding schedule we have provided with our submission, there are quite specific purposes for various bits of that funding, and much of the money we anticipate will be delivered to the Tasmanian government through a national partnership agreement, which is the funding mechanism the commonwealth often uses for money that comes through to state governments. In developing that national partnership agreement we will negotiate with the Tasmanian government about the purposes and the expectations of how that money is to be spent. There will be, as there always is with the expenditure of public funds, there will be a funding agreement that has provisions in terms of how the money is spent on those specific purposes so we have a mechanism to account at the end of the day whether this money was spent on the things that the government agreed it should be spent on.

Mr WILKINSON - So there is a partnership between the two and it depends upon the result of the conversations that take place during that partnership how the money is applied.

Ms HOWLETT - In one sense, yes, but there has already been an agreement between governments and signatories about the purposes to which that money is being made available and the funding agreement will be negotiated to meet those purposes that have been agreed on by the two governments.

Dr GOODWIN - Can I just expand on that a little bit? If I just pluck up one example, the voluntary compensable exits by sawmillers who wish to exit the industry, presumably there will be some eligibility criteria around that which will have to be satisfied before a sawmiller will be able to access that funding. Who will develop that? Will that be the federal government or state government?

Ms HOWLETT - That process is well advanced; the Tasmanian government is leading that process and will run the program as they have done with the high quality sawlog exit program, which I'm sure you would be aware of. The Tasmanian government has been negotiating and consulting quite closely with the regional sawmillers' association in the development of those funding guidelines to ensure that they are appropriate for the industry. As you would be aware, the regional sawmilling sector is quite complex and there are various levels of complexity of the businesses that make up that sector. It has been a lot more complex a process than the high quality sawlog exit program. That process has been going on for a number of months now. I think negotiations commenced before Christmas. The Tasmanian government has been leading on that process, but they have been consulting with us as the process has gone on and I understand the guidelines are quite close to being finalised.

Dr GOODWIN - There have been some concerns raised with us by stakeholders about the adequacy of the funding by the sawmillers but also by the forest contractors as well. Are you aware of those concerns being raised?

Ms HOWLETT - Yes, we are aware of concerns. We live in fiscally constrained times and there are always differing views on the availability of funding for a whole range of government programs. There is always a tension between community expectation and availability of funding. There has been a very detailed negotiation between governments and stakeholders and there is always a certain global ask for funds in any given situation and assessments are made as to -

Dr GOODWIN - Essentially though, this is what both governments have to work with - there hasn't been any movement or changes to this funding schedule; this is it?

Ms HOWLETT - Yes. There are some areas of flexibility within the funding bucket; so there are some bits of the package that fit together in terms of industry access. There are varying stages. There is the beginning stage where people put their hand up and say, 'We need this much money for our sector', and that's taken into consideration and we look at the assumptions behind that ask and then look at what money might be available. Then there is a second stage where people put their hats into the ring and put forth their claims for money, which is then assessed against the eligibility criteria and guidelines et cetera. That then gives you another number, which may be more or less than what has been

allocated, and the next step is actually divvying up the money. There is some flexibility in that if one of the funding programs comes in lower than the predicted asking one.

Dr GOODWIN - On the regional development funding that's already been rolled out, are you able to tell us what the criteria were for the projects that were successful in getting funding and how that was allocated? Was there some sort of process where areas applied or were projects just identified by the minister? How did that work?

Ms HOWLETT - That funding program is run by the Department of Regional Australia, Local Government, Arts and Sport and unfortunately our colleagues were unable to join us today, but we'd be happy to take that question on notice.

Dr GOODWIN - I have one final question, and I raised this with the minister. It was something that was raised with me by professional foresters, some of whom have already exited the industry because there just isn't the work for them, in relation to those who may well have to exit the industry in the future if this agreement proceeds. Is there any assistance available to them to transition out of the industry? If not, has that been considered at all, or do they fall within one of the existing funding packages?

Ms CAMPBELL - Are you talking about training support and job services?

Dr GOODWIN - Anything, really.

Ms CAMPBELL - There is funding set aside for employment services which includes training, career counselling, preparation with resumes and job interview skills. I think you were asking the minister when he was here in January about the scale of that training program and if it would cover tertiary education, for example?

Dr GOODWIN - Yes, financial assistance of some sort.

Ms CAMPBELL - My understanding is that the guidelines are relatively general on that. The process is that the person comes to a job training facilitator and they work together on a case-by-case basis and decide what is best for that worker. I understand that is a collaborative process. Tertiary education and support for that is not excluded, but I understand the priorities of that program are seeking employment quickly that meets the needs of that program. There was the one example that has been funded of trade support for becoming a plumber because the region needed plumbers and this person was interested, so there's flexibility there.

Dr GOODWIN - It doesn't specifically exclude any type of forestry employee? It could be anyone, presumably?

Ms CAMPBELL - That's my perception.

Mr VALENTINE - Why is it that the regional sawmill restructure program gets a fixed set of funding per cubic metre for exiting and the other program doesn't? I have been told by some sawmillers that with the regional sawmill restructure program they get something in the order of \$375 per cubic metre fixed, so that's not up to a bid arrangement. If they're dealing with a certain number of cubic metres and they want to exit then they get \$375 per cubic metre.

Ms HOWLETT - The guidelines for the regional sawmillers program have not yet been settled so I couldn't comment on that specific piece of information.

Mr VALENTINE - That's interesting; maybe that's misinformation out there or information they've been given but hasn't been finalised. There's just a concern. Obviously when sawmillers are trying to contemplate their future it's much easier to do that if they can get a guarantee as to what the buyback of their quota is but if they're going in to bid then it's the lowest bidder that gets it.

Ms CAMPBELL - I think there are two programs. There is the high quality sawlog buyback program and that was run effectively as a reverse tender with a maximum cap of \$500 per square metre. The reason we decided on the maximum cap is because it is a very small market and the potential for collusion and anticompetitive gaining was considered to be quite high, so we capped that program and that will run its course. There may be people who come in under that bid and that is a decision for the Tasmanian government. We haven't seen any applications and we're not involved in that process.

Mr VALENTINE - They're handling that for you?

Ms CAMPBELL - Yes, and the probity and integrity of the program; we don't know.

Mr VALENTINE - I understand that.

Ms CAMPBELL - On the regional sawmiller program it is a bit more difficult. On the high-quality sawlog we are buying back high-quality contract volumes so you sort of know what you're buying and it's a bit more straightforward. On the regional sawmiller program there has been a number of methodologies discussed about how to differentiate to provide equitable treatment to sawmillers of different complexity and different sizes and those issues are still being worked through between the two governments. There are draft guidelines that have been circulated.

Mr VALENTINE - Okay. Maybe we could get hold of the draft.

Ms FORREST - Just along those lines with the previous high-quality sawlog exit packages, there has been a bit of controversy around some of those returning to the industry and things like that. You talked about a process that was in the department somewhere that is assessing compliance with that. Does the commonwealth Auditor-General also look at compliance with the way those funds were disbursed?

Ms HOWLETT - I'm not sure what you're asking me. The high-quality sawlog program has not yet -

Ms FORREST - Sorry, the previous ones that were under the first arrangement, the contractor exit packages. Is that process reviewed internally regarding compliance issues and does the commonwealth Auditor-General look at it?

Ms HOWLETT - You're asking whether once the money is paid if there's a compliance process that comes back to consider whether people have complied with their obligations under the process?

Ms FORREST - Yes.

Ms HOWLETT - That is something the commonwealth does in terms of all its leading programs. It doesn't necessarily do it for every single grantee for every single program. That program was rolled out by our Department of Agriculture, Fisheries and Forestry so in terms of their compliance plan I would have to take that on notice.

Ms CAMPBELL - Claire, I can add to that. The previous contractors program run by the Department of Agriculture, Fisheries and Forestry has been looked at by the Australian National Audit Office and there was a report issued last week that talks about the administration of that program which I am happy to provide.

Ms FORREST - That would be good.

Ms HOWLETT - But that is not a compliance audit on how the grantees have complied with their obligations. That was an auditing thing by the department that ran the program.

Ms FORREST - We have had scheme that provided exit packages for a number of people - some people missed out either through a timing issue or a challenge with the eligibility for them - and it has created a lot of problem within some of our communities where people live next door to each other, one who gets, one who doesn't and that sort of thing, but we are also hearing that some of these people did receive significant payouts back in the industry. Now maybe they have not met their obligations - maybe it is a different aspect - but, as I understand it, some of the funding support was provided to enable them to restructure as opposed to exit. There may be some confusion around that but I am interested to know if the money has been followed here as far as who got what and whether they either exited the industry and have not returned or whether they have restructured or whatever to meet the requirements of the funding that they had.

Ms HOWLETT - A couple of things, one of those is the board of compliance regime program which I can get you details on on notice. The other issue is one where there is always the capacity for people to alert the government where there are allegations of misuse of funds or that people have not complied with their contractual obligations.

So if there are allegations of people doing the wrong thing, those are to be brought to the attention of the Department of Agriculture Fisheries and Forestry for investigation.

Ms FORREST - Are you aware whether or not the Auditor-General has done/is doing/might do an audit of this as well, as opposed to the compliance of the department with their process - the other side of the coin?

Mr SULLIVAN - We could not answer that. There will be an audit issued with respect to the Department of Agriculture and I do not have any insights into what their forward schedule is for audits. The Department of Agriculture would also have their own internal audit program and they would also have their own review and analysis within the program base as well. So there are a number of different levels where that review could possibly happen.

We are happy to take that on notice and talk to Avery Collins.

Ms FORREST - Yes, it would be good to get a bit of feedback on that. The other point that has been raised recently in relation to that is that some of these people who have received exit packages, and they are not insignificant packages, but still have some equipment that they owned previously - they have sold some but still own some - are now finding that they are being contacted on a regular basis to work and to go back into the industry. But the terms of their funding payment was that they could not so it is a real temptation for some because it is different, obviously, because the work is there.

Is that something that is looked at or, again, is that sort of thing for the Department of Agriculture Forestry and Fisheries?

Ms HOWLETT - I am not familiar with the details on the contractual arrangements of that program but it is not uncommon for an exit package to require that if the government is paying you money to exit an industry that you would actually exit it. If you take \$1 million today to exit the industry and you come back next week then we have not really got what we have paid for.

But the details of those requirements vary from program to program so some say you have to exit and that is the end of it. Some say you have to exit but then stay out of the industry for a particular period of time. We can take that on notice as well.

Ms FORREST - I am getting some information for some of these people to follow it up.

Mr WILKINSON - One of those people rang me this morning at eight o'clock and said that that is exactly what has happened and they are undercutting the people who stayed in the industry, so it makes it extremely difficult for them.

Ms HOWLETT - I suggest you recommend to those people who are making those allegations that they raise them with the department for investigation.

Ms RATTRAY - It is a difficult process for them though because they are often neighbours, mates.

Mr DEAN - My question is in relation to the funding and the contractors, the exiting of the industry. We have had a number of people contacting me in relation to the system that is currently used and that is that you must have been logging in state forest for at least 50 per cent or over with your acquiring of the timber. If you did not meet the 50 per cent criteria, if you were 49.9 per cent, as one contractor who has contacted has said, you do not qualify for anything at all to exit the industry. Is that the position and why has that percentage been set, if that is the situation as we have been told? I have no reason to disbelieve that. What does apply?

Ms CAMPBELL - My understanding is the previous contractor exit program was focused on native forestry and did have a 50 per cent native forest use cut-off and I do also understand that there were some people who fell just below that threshold. That was the previous program. The criteria in the guidelines for the current \$20 million that is on the table for the second or third contractor exit program have not been resolved. One of the things that we are working with the Tasmanian government on is what are the thresholds

and what are the cut-offs. The focus is on the native forest industry, and that is what the Tasmanian forest deal is, but those thresholds have not been decided.

One of the lessons we are looking through is what happened last time. I understand there are probably two lots of people who have fallen through the gaps. One is the people who are in private forest for a proportion of their industry and then there are the other people who have just missed out on the deadlines of the last program and those issues are being worked through.

Mr DEAN - Is it likely that that percentage position will change with the additional \$20 million funding that is now being provided? These people are in a desperate position. One who has contacted us meets the 49 per cent position but could not quite make the 50 per cent and currently is in a desperate position.

Ms CAMPBELL - I do not know how the criteria will end up and that will be a matter for the two governments.

Mr DEAN - When is it likely to be determined?

Ms CAMPBELL - I would hope by the end of next month but I don't know.

Mr SULLIVAN - It is impossible for Emma or me, impossible to give you - we know it is going to be by an exact date. Work is progressing on it. Also I think it is important to say that we have heard the two issues around the 49 per cent issue and so on and that has been brought to the table in terms of the negotiations but we cannot predetermine or give you assurances that here is the outcome, given that we are in the process of finalising that. I wanted to make that clear that that really is a good faith answer.

Mr DEAN - To use one of Greg's words, it is an absolute bizarre situation that we could have somebody logging 49 per cent of a Tasmanian forest area and not be able to receive any payment at this stage.

Mr SULLIVAN - That point has been raised but I think it is also the issue of you have to draw a line somewhere where your target is around native forest, without going back to comment on those criteria, the implications of what has happened with that and working with people on the ground, getting their feedback is part of the process moving forward.

Dr GOODWIN - Jumping back to World Heritage briefly. We have a copy of map C but I am not sure that we know what the boundaries of the final of 170 000 hectares nomination are. Would you have that information?

CHAIR - Vanessa, is there anything that you want to pursue there?

Dr GOODWIN - No, I was just after the map.

Ms BLAZELY - This is the map that is in the public domain. Once the minister has made his final decision there will be a final map.

Mrs TAYLOR - The excised areas are not shown?

Ms BLAZELY - The excised areas are not shown on this map.

Mrs TAYLOR - If there are going to be any?

Ms BLAZELY - If there are going to be any.

CHAIR - They are pretty small and they would hardly show up. I do not have any further questions lined up and it is important that we stick to the time lines today given Bob Smith's commitment. Thank you very much for being here. It has been a very productive session. There are a number of matters that we will write to you on to confirm those questions that you have taken on notice and we appreciate your offer to take up those.

Mr SULLIVAN - We will not wait for the correspondence but we need to try to facilitate that and we will move as quickly as we can.

CHAIR - We will do it for our purposes anyway so that we understand that we have things right but they will probably cross over in the mail. Thanks a lot.

THE WITNESS WITHDREW.

Ms MARGARET ANNE PUTT, CHIEF EXECUTIVE OFFICER, MARKETS FOR CHANGE, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Harriss) - Welcome, Peg. Is there any matter you want to cover in an overview?

Ms PUTT - Yes, I did have an overview which hopefully will pick up some of your matters. When I previously gave you a briefing, it was not this situation before the committee. In regard to Markets for Change, we are a fairly new market-focused environmental, non-government organisation. We are two years old and an Australia-wide organisation operating nationally. We do market-focused research and chain-of-custody investigations; we identify products and companies that are driving environmental destruction. We are particularly focused in the realm of forests and the forest industry. We use our information to create the impetus for change and to encourage retailers to adopt environmentally-responsible procurement policies. We also aim to drive responsible business and industry practices through informing the public and the informed consumer.

This is a fairly new style of campaigning for Australia but it is very well established elsewhere in Europe, the US and Japan. Companies in these big consumer countries and blocs have become increasingly sensitive to the environmental characteristics of their product because consumers care; therefore, doing good things environmentally gives them good market positioning.

When I briefed the committee previously, I related the light-bulb moment I experienced regarding genetically-engineered crops and the market when I met the chief buyer for the Sainsbury supermarket chain in the UK in 1999. That was when they'd received a massive backlash over incorporating genetically-engineered tinned tomatoes with fish genes into their product line. They had advertised it thinking everyone would think it was a fabulous thing and instead there was a massive backlash. I talked about that to make these particular points about the market.

First of all, the customer is always right. The customer may want all their clothes to be in the most peculiar shade of yellow and you may think it is awful but it's what the customer wants. It doesn't matter whether you think it is awful; it's what the customer thinks is the fashion or the right thing. Second, retailers will respond rapidly to consumer feedback, and in this case I think within days they had withdrawn that product off the shelf and completely changed their policy position to a totally GE-free position because that is what consumers were wanting.

The third important point is that retailers do not trust bland assurances from suppliers. In the case of this genetically-engineered product, the supermarket chains set up to make their own checks and to seek information from other parties and they often caught their suppliers out, so they have become reinforced in not just believing what suppliers tell them. These lessons are transferable to the issue that we are talking about now and the products we are talking about now.

In recent weeks you have heard in this committee from key industry players regarding the markets issue. In particular, Ta Ann Tasmania, FIAT and Forestry Tasmania have talked

to you about these things. They are saying that fixing problems in the markets is the highest priority and without a resolution that meets market concerns, problems regarding forests and forestry will not be fixed in relation to Tasmanian product. That is very important that the resolution has to meet the market concerns. This is challenging for you because you are here dealing with domestic political concerns, but this is the message that is coming in terms of the market.

Ta Ann Tasmania pointed out that delay to the legislation would create further market uncertainty in Japan and that it has done so. By not passing the legislation last year the Legislative Council has actually created further market uncertainty. It is a fact. They are not actually saying that as some sort of threat. It is a fact. The Forestry Tasmania Chair was clear in stating after his visit to Japan at the end of January that the Japanese market is totally dependent on peace in the forests. Customers are saying, and I will quote him, 'Either fix this once and for all or we walk and do not come back'. That is what they are saying. They want it fixed. These are ultimatums from the market to Tasmanian suppliers and given your role they have serious implications for your deliberations. It is perfectly reasonable, I think, to tell you this.

The Forestry Tasmania Chair had also seen a report that we sent to customers in Japan which he described as 'quite a measured document'. He relayed that these customers were very well-informed - scarily well-informed, he said. The questions were very penetrating. There was serious concern that the process was not concluded. It is normal these days for such companies to devote a lot of time and energy to their procurement policies. They each have a set of criteria for wood products. They have people who work specifically in this area and they continue to iteratively develop these criteria working with the advice of environmental organisations. They routinely meet with organisations such as ours, putting importance on gathering alternative views to those of their suppliers - views from environmental groups and views from those at the grass roots.

Our meetings have erroneously been described as protests. It is wrong. They are normal business meetings. The sort of meetings these people have every week with people from somewhere about some product that they selling, and as Bob Annells himself attested, our communications are measured and reasonable. Of course they are. We establish a business relationship ourselves in a sense with these people and to have a relationship you have to be clear, not hysterical. You have to be able to back up what you are saying. You have to be reasonable. You have to be trustworthy. That is how it works.

Remember that what these companies are looking for is the environmental attributes of the products that they receive. This is why the discovery that Ta Ann Tasmania product was not actually plantation-based as it had been advertised to them by SMKC when they procured it, but did include material from contentious high conservation value forests, was such an issue. Undoing the problem in a market relationship, in a business relationship, when you have based it on a deception in the first place is really difficult and that is the situation that is being dealt with here - trying to give content to the assurance that was given that at the time was wrong.

There is a recent really important example of change by a major international company in forestry in response to market pressure which you may or may not be aware of, and that is that APP - the Asia Pulp and Paper Company - announced about 10 days ago that they

are getting out of logging rainforest in south-east Asia completely; no more logging rainforest and putting that product in the market. This is what happens these days. This is how the concerns of ordinary people as consumers in the marketplace flow back through to policy and how forestry is being practised and what is an acceptable product and what is not.

What are the issues now for markets regarding Tasmanian product, which also goes to how we build and react to the outcomes here? The first one, which I did say to you last year and I put it on the record now, is what will the Legislative Council do? This is very important, and I can't tell you what our conclusion is going to be about whether we tell the market it is all fixed up or continue our campaign until we know what decision the Legislative Council has actually made, because the outcomes are so different, depending on what happens. There is the choice between passing the legislation and refusing to pass the legislation. Clearly if the legislation doesn't go through, we're in a particularly dire predicament in relation to the sale of Tasmanian forest products.

If you pass the legislation but with amendments in a way that diminishes the conservation gains, then again, it's not going to be looking very good in the market. It may also actually bring the signatories agreement undone and create even greater uncertainty and then we're also in a really difficult situation in the market. That's why I keep stressing that we can't say anything really concretely about what we'll do until we know what the Legislative Council does.

The second key point for us is when will logging of the proposed protected areas and the World Heritage-nominated area cease? From the market's perspective such logging is unacceptable because the product is coming from an area designated for its high conservation values that have been now agreed by parties ought to be protected, and in the case of the World Heritage nomination have been agreed by the Australian Government to have World Heritage values which they have submitted to the World Heritage Committee for listing, so they're very clear they believe they have World Heritage values.

Imagine how unacceptable, therefore, the product is that comes from an area designated as World Heritage value, what people are getting as wood products that arise from destroying something with values of universal significance. That is as bad as it can possibly get in the market and, similarly, wood coming from inside areas agreed to be reserved have the same sort of issue. There is an agreement that they ought to be protected but they are continuing to be logged. It's not even just like conservation groups are asserting they have these claims and no-one else has agreed to it. We've come a long way but we have to have the last steps before the markets can actually know they are getting a product that's acceptable to them. The protection has to occur and, in particular, the logging has to stop.

Thirdly, how will the remaining native forest that is subject to continued logging be regulated? This is the issue of applying the biodiversity upgrade to the Forest Practices Code. We believe it is far preferable, wherever possible, to utilise plantation resource and that there is a good future for things like engineered wood products coming particularly off the plantation resource.

The last point I wanted to quickly make is in relation to carbon. I know you have taken an interest in this and I wanted to let you know that I've worked extensively internationally and domestically on the issues of forest carbon policy since late 2008, attending every UNFCCC meeting on the matter right through until the end of last year and being invited to make presentations to, for example, the international REDD+ Partnership of countries on policy matters. Of course I have also given input to the Carbon Farming Initiative and the development of that initiative in Australia, so I do have policy expertise in this area.

I just wanted to make a couple of key points. Firstly, the major positive carbon impact to be gained from this agreement is avoided emissions due to cessation of logging. Internationally, the value of this course of action is well recognised. That is why the REDD mechanism has been put together for developing countries. REDD stands for reducing emissions from deforestation and forest degradation. Industrial forestry is a forest degradation process in terms of what it does with carbon; it degrades the carbon stores. Australia is very prominent as a supporter and funder of the REDD initiative internationally and that position started when Malcolm Turnbull was environment minister and has been followed through by this government, so it has been a bipartisan thing.

Under the international rules for the second commitment period of the Kyoto Protocol Australia will begin to comprehensively account for forestry for the first time, so forest management which is the type of logging we are talking about - the industrial logging of native forests is a forest management activity - is the new thing that we haven't accounted for before in our international accounts.

The regional forest agreements will be used as baselines and that is actually the policy and the position that was in place under the Regional Forest Agreement in Tasmania at the end of 2009. We know the agreement is older than that but where things were at at the end of 2009 is the international yardstick that Australia has chosen to use as its baseline. Therefore if we have increased protected areas compared to what we had at the end of 2009 and we haven't increased our logging rates outside those areas so much that we're still going like stink and logging just as much, if we've actually reduced our logging rate and increased our protected areas so we've made an overall difference, then we're in the box seat to be providing a carbon mitigation for Australia. There will be a whole lot less emissions so Australia will get credits based on that if the Tasmanian Forest Agreement is implemented.

Because we are going to be under Kyoto for forest management, under the carbon farming initiative when you look at how this deliver dollars to Tasmania we're going to then be able to offer Kyoto-compliant credits which are going to be worth a lot more than non-Kyoto-compliant credits. I just came into the room and heard a bit of an exchange on that.

Under the Carbon Farming Initiative which is an offset scheme, big emitters can purchase credits rather than make their own cuts. We hope that is only a temporary situation while a transition takes place to large emitters like coal-fired power stations actually doing something about it. There is a need for a transitional thing and it works because doing some good reservations of forest areas gives you that one-off big halt to emissions going

out, but you run out. Unless you were going to progressively go across the whole of Australia you couldn't do that forever.

You do need to move on to doing other things, so it's not a total solution but it's a really good first way to do things because clearly to stop logging and make an area protected is much quicker and easier compared to putting in place other technologies. It's quicker than building a completely new different power system across Australia where you've taken out a whole lot of coal-fired power and put in a whole lot of renewables. That is a massive undertaking that takes you a whole lot longer and costs you a lot more money, so you need to do some other things in the interim because we are trying to make a change within a defined time period. We are not talking about making a change that comes into place in 400 years time.

We are talking about the tipping point for global warming and doing things that make an impact on what is happening with climate change within the next 10 or 15 years. That is what this whole thing is targeted at, and by 2050 we need to be basically there with everything that we are going to do. We need, within the next few years, to get a lot of the measures in place and that is how the conversation and policy development is going internationally.

I do not know if I really need to tell you very much more about that except that the legislation is written such that carbon emissions reductions can be recognised and can earn money, and an exchange of letters has taken place between the ministers for climate change, federally and state-based, in relation to the ability for Tasmania to earn some money under the carbon farming initiative.

It is completely incorrect to say that forest must remain open to logging or be logged to make carbon gains, or to get a financial benefit from climate change mitigation. Just lastly, the forest degradation methodology under the CFI is currently up for development and that is what would deal with this. I can talk to you about harvesting wood products and this furphy that they store all the carbon. It really depends on how much of what comes out of the forest is made into a raw lifecycle product and how much isn't. There are different factors that the UN have put into the policy provisions that Australia has signed up to in relation to land use, land use change and forestry for developed countries such that for short-lived products like pulp and paper - and that is a massive amount of what comes out of a forest that is clear cut, and the major proportion goes to woodchip - it is three years or less that it will retain the carbon.

For composite wood type products like chipboard and so on their figure is 15 years, and it is only solid wood products, that are a small fraction of what comes out of the forest, that are accounted for as lasting longer than that. Be really aware of that. Don't think that everything that comes out of the forest is stored as carbon forever. Nothing could be further from the truth and it is not how the UN has seen it either. That is it.

CHAIR - Thank you. We need to move on.

Mr GAFFNEY - Thanks, Peg. Early on in your presentation you said that the Legislative Council have to either decide to accept the agreement or not to accept the agreement. What would Markets for Change do if it were amended? You actually said, 'As long as it doesn't diminish the conservation gain' - so that was one of the concerns if the actual bill

is amended. We weren't sure what Markets for Change would do, depending on those amendments. If all these signatories agree to those amendments and believe it strengthens the bill or addresses some of the concerns that other people have about it, what would be the position of Markets for Change? Do you believe that the current representative signatories - the Wilderness Society, the ACF and Environment Tasmania - represent the environmental sector in Tasmania?

If the signatories agree to any amendments that are put forward because they have assessed them and think they are for the betterment of where they are heading, will Markets for Change accept the signatories' position on that, or will Markets for Change make some other decision? That is a bit of a concern for me. Do you accept that they represent the environmental movement in Tasmania?

Ms PUTT - I don't accept that they represent the entire environmental movement in Tasmania, and I don't think that they purport to.

Mr GAFFNEY - No, they don't.

Ms PUTT - They certainly have never represented Markets for Change at any point. We are not a member of Environment Tasmania, and we are not a member of either of the other two groups and they don't have any way in which to represent us. We have been very clear with them to be clear to the other signatories that we are not being represented by them, and that any agreement they make is not an agreement by which we are bound. I have found it quite extraordinary that the other signatories have not been interested to talk to us, given that they think the markets are important, but that is their business. It sounds like they would prefer to circumvent than talk to us about the market issues, but that is just my presupposition. I do not have evidence for that.

First, there are some deficiencies in the current agreement and we think those need to be rectified. In particular, the potential that the Forest Practices Code will be downgraded - which is this reduction, the 10 per cent head room - or if it is not downgraded, that the recommended application of a biodiversity upgrade, which has been sitting with the minister for policy approval for a couple of years now, will not be applied. In that case we will not have world's best forest practice applied to the regulation of that logging, and the products that go to the market are going to have a question mark over them in terms of the attributes - how they were logged, and whether biodiversity provisions were taken into account sufficiently.

I think you have had evidence come to you so you know that areas that have been heavily impacted by activity are the ones where some of those threatened species issues are more extreme. It is very important to make sure that you manage an operation in such a way to look out for biodiversity values.

Also, we are very concerned about this ongoing logging that appears to have some sort of a nod and a wink through the various signatories. We are not inside. We do not know how they have allowed that to occur but they must have taken their eye off the market. Every day it goes on, and it is a big problem for Tasmanian produce.

As to whether - if the signatories agree to amendments, will we just go along with it - it all depends what they are. What we have seen is the environmental signatories being

pushed further and further to give up various conservation gains they had earlier negotiated. That is quite unacceptable if they are to be pushed any further in relation to that. There may be amendments that are good ones, that we think are really good. Maybe they will recognise that there is a problem with keeping on logging protected areas and make a transition sooner rather than later. But I do not have crystal ball.

I am trying to answer it but I really cannot, any further than that. We will make our own judgment and we will let people know when we have done that. We are looking at what it is going to look like to the market. Is this going to be an acceptable product that has come from the right place, or not?

Mr GAFFNEY - Further to that, you would also accept that the other signatories around the table, not just the ENGOs, have given up what they believe is considerable ground as well. I think they all recognise around the table that it has happened. My concern is that if Markets for Change and other environmental groups do not like some of the amendments that come up - that the signatories, the Wilderness Society, Environment Tasmania and ACF can work through - the industry groups will also give up ground as well to try to get to an arrangement. They may not like what the environmental groups want either but they are trying to reach an agreement.

My concern is that Markets for Change have said they do not like some parts of the agreement, and they will not hold back - they will still go out and do what they have to do. Even if it is changed and the signatories do agree with some changes, you are probably not going to accept some of those either because you do not accept the baseline data, or the baseline premise, to start with. You do not accept where this agreement is at now, but to make it acceptable to you the industry would have to give up what it cannot afford. It is a catch 22, they are damned if they do and they damned if they do not.

Ms PUTT - I see it a bit differently. The industry is in a serious predicament here. The environment groups are doing the industry a favour by agreeing to some things that will enable money to flow. It will continue the subsidisation of the industry and entrench them in some native forest logging that they probably otherwise would not have been able to afford to do. It is not the environment group that are mendicant here.

Because of the way the industry is going and the way the markets have progressively gone - and I go to industry conferences and have my head around the international changes in the markets - yesterday is not coming back in terms of the market; it has changed. A lot of the markets have gone. Some of that is for environmental reasons and some are entirely for other reasons. The industry needs something to keep it alive. The environment groups are kindly giving them quite a lot. I know other people don't see it that way, but that's how we see this happening.

We think that in order for the industry to survive it needs to understand the environmental imperatives of the market as well as the other imperatives of the market and be prepared to change. It depends what an accommodation is. If an accommodation is about holding back change and entrenching as is, there's a problem for us and the industry, I would hazard to say, because government subsidy is not going to go on forever, even if it flows for some years from this agreement. It's a situation that I think in a way crept up on Tasmania, but that's where we are. I don't know if I have answered that properly for you.

Mr GAFFNEY - That's good. One of the things you hear in the community is that there is real concern that if an agreement is reached and signed off there are still some very small but more influential groups in the environmental sector - and that's their right - there is Still Wild Still Threatened, the Huon Environment Centre. Markets for Change is a different organisation, as you have just explained. You are a national and international organisation that packs the weight all around the world because of some of your membership and what you can do. I don't see the Huon Environment Centre and Still Wild Still Threatened having that global power. It would make all the difference to this agreement and where this is progressing if Markets for Change would come out and say, 'If this agreement goes through, we believe this is a step in the right direction and we give this some support and credit and merit to all sides and signatories saying they want to advance and improve the situation'.

I think one of the drawbacks and one of the concerns I am hearing from the community is they don't believe Markets for Change is going to support this next step, that they may say, 'We've got that but now we're going to go at them again'. People are saying, 'Why did we put that in there in the first place?' I think your organisation works in a different marketplace than the local groups. I would have much more confidence in this if I could hear something from Markets for Change saying, 'We are very supportive of the premise of this. We think it's a step in the right direction and we'll put that message out there'. I think you're a very important player in how the community and the state see that this could head.

Ms PUTT - The way we work is to form collaborative alliances with grassroots groups on the ground, and we have done so not only here in Tasmania where we have worked quite extensively with the Huon Environment Centre and, more lately, Still Wild Still Threatened and Code Green and Groundswell, but also in New South Wales working with groups in relation to the logging of koala habitat for the production of flooring, and we have been quite successful in that. It is true, we operate in a different sphere with our connection through to the grassroots in that way.

I think Bob Annells in his report back to you was quite perceptive when he said:

The basic message is we are opposed to these presentations in the absence of the passage of an agreement' -

That is what we put to the customers - and then he said:

They did not say we will continue this forever.

And he was talking about us. We have never said we are going to keep on and on about this in the market forever, but we have to wait and see what happens until we can tell you when we think near enough is good enough, and we know it is going to be a 'near enough is good enough' situation. We understand everything is not going to be entirely perfect but there are some improvements that need to happen, which is one reason we are talking to you because you have the capacity at this point to move for some of those improvements.

We think that the determination to protect the 504 000 hectares, I think it is, is a great step forward - I must be really clear about that. The problem is none of it has happened. Going to the markets and saying to them, 'It's all okay, we've made an agreement to protect it. Oh, by the way, there's just this small thing called the Legislative Council and this other small thing called the logging that is still happening and we have made a deal to allow logging to go harder and faster in the other areas'. These are all problems.

So, yes, we are looking towards the day when we might be able to say, 'This is great'. There are some other areas in which there are even more pressing concerns where we need to put our emphasis and we are hopeful that that will happen.

We want a resolution. I do not want to have to keep doing this. In one guise or another I have been working on Tasmanian forests for more than 25 years and it would be awfully nice if at some point, as a community, we would sort it out, but we are not quite there yet.

Mr GAFFNEY - Thanks, and the last one -

CHAIR - Mike, to be fair we need to go to others. I was going to suggest we need to limit it to one question per member because with this tight time frame we are on we really do not have much option. Ruth, please.

Ms FORREST - Mr Chairman, I have a series of questions on the same theme to build a picture.

CHAIR - A series of pictures?

Ms FORREST - Yes, one at a time.

CHAIR - We will see how we go.

Ms FORREST - Peg, you made the point that 'near enough is good enough' and where the Markets for Change get to that. The TFA and the legislation for it, as it stands now, is not amended. Is that near enough is good enough?

Ms PUTT - No, because we have the problem with what is happening with the Forest Practices Code, which is a very serious problem because that is about a product that continues to go to the market. We do need to be clear that those recommendations that took so long to work through, and presumably you have read the stuff on the website of the Forest practices Authority in relation to that - quite an extensive report - those things need to be taken into account and applied.

This is an area where we think that the agreement is very deficient.

Ms FORREST - Did you read the evidence of the Forest Practices Authority when Graham Wilkinson and Gordon Duff were here?

Ms PUTT - I have not read the full evidence. I began to read it but I have not gone through the whole lot.

Ms FORREST - You have said that the TFA, as it stands, is deficient. You need the changes to the Forest Practices Code, which is a separate process. The Forest Practices Authority say they need a forest policy to drive that, which is lacking.

Part of the TFA requires for FT to meet their contractual arrangements a 10 per cent headroom as opposed to a 20 per cent headroom. It is the only way they can meet the contractual arrangements - and you understand contractual arrangements?

Ms PUTT - Yes, and I understand that the negotiation is to rework contractual arrangements as well so it should be taken into account in doing that.

Ms FORREST - If we reject this legislation then it is all over anyway - you have made that very clear - if we support this legislation maybe with some amendments that better reflect the agreement that do not undermine the conservation values, you say you are still not happy.

Ms PUTT - This is where we come to the difference between the Tasmanian Forest Agreement and the legislation that is before you. The agreement has a range of issues embedded in it that do not necessarily flow through into the legislation, for example, the ongoing logging of the World Heritage nomination at the moment. It is something that is a problem but it is not something for you to resolve at this moment in the legislation - I don't think so anyway. Maybe I am wrong about that.

Certainly in making the agreement the parties were all aware that they were actually bringing forest practices under pressure and probably leading to a downgrade of the Forest Practices Code. It's not in the legislation before you per se but it flows from the agreement and it's a big problem. I am just trying to differentiate what you can do here in regard to legislation and what needs to happen by some other method.

Ms FORREST - Did you read the evidence of Terry Edwards?

Ms PUTT - I've seen some of it; I haven't read every word of all his evidence because he has appeared a number of times.

Ms FORREST - Terry Edwards made it very clear that the industry is not seeking nor requesting any downgrade of the Forest Practices Code.

Ms PUTT - In that case I don't understand why they think they are going to apply 10 per cent headroom and not 20 per cent headroom because that is completely contradictory.

Ms FORREST - To meet the contractual arrangements.

Ms PUTT - If you do that then with a lower headroom it means that you are sacrificing some of the aspects of application of the code. That's what the headroom is: you are setting aside areas for streamside reserves or because of steep country logging erosion problems or because of a biodiversity issue in a particular coupe. That will be restrained.

Ms FORREST - You still have to abide by the Forest Practices Code within a 10 per cent headroom. The Forest Practices Authority and the industry players and FT have agreed and have all said that. Whether it's 10 per cent or whether it's 20 per cent, you have still

got to abide by the Forest Practices Code, which, the industry has said, will not be downgraded. They are not requesting a downgrade.

Ms PUTT - I don't understand how they are going to apply a 10 per cent headroom instead of 20 per cent in that case. But the issue also is the upgrade. Is there application of the biodiversity provisions, which it has acknowledged need to be there, and some of these other improvements to the mission of the Forest Practices Authority, so that the logging is properly done?

Ms FORREST - Which is separate to this agreement.

Ms PUTT - It is separate to this agreement but this agreement constrains that happening.

Ms FORREST - Why?

Ms PUTT - By constraining them to the headroom. That is, as I understand it. If they constrain them to a lower headroom they can't make improvements in logging practice.

Ms FORREST - That's your opinion, Peg. We have been told that they believe they can do it within the framework that has been proposed. That's why the industry agreed because they wouldn't have agreed if they hadn't been assured that it could be done. You can't operate outside of the Forest Practices Code, legally.

Ms PUTT - No, of course you can't operate. Well, you can actually, and every now and then you get taken to court. Normally, you get some sort of minor rap over the knuckles.

Ms FORREST - I said 'legally'.

Ms PUTT - I know what you mean. You must have a forest practices plan and it should be applied. Whether it's ever applied properly is another issue. My clear understanding is that it's very difficult to apply the biodiversity upgrade and also have the 10 per cent headroom in existence at the same time. You are telling me something else.

Ms FORREST - You are telling me what's your opinion. I am just saying what we've been told is happening.

Ms PUTT - That something else has been said. I would like to see the evidence of how that can happen because that is not my understanding at all of the situation. I am prepared to look at evidence.

Mr HALL - Very quickly, Peg. You went to Ta Ann with Jenny Weber. I think that was some time ago and talked about the report, *Behind the Veneer: Forest destruction and Ta Ann Tasmania's lies*, et cetera, et cetera. I think you are also a senior consultant with the UK-based Global Witness. At this stage are you still a consultant there?

Ms PUTT - I'm not now.

Mr HALL - Okay. But anyway, that organisation is still currently attacking Ta Ann and its bankers HSBC, as I understand, so the question is: will this campaign cease if Ta Ann Tasmania no longer takes wood from the controversial areas or the Tasmanian publicly

owned forest? Just further on that one, we have been told in evidence that there is a significant opportunity for Ta Ann in the private native forest estate, which is about 30 per cent, as you know, to go and take product from there to help them with their production. How would you view that if that were the case? Bearing in mind, of course, that it has been put to us that most of the ecological values and biodiversity values actually reside in the Tasmanian private native forest estate.

Ms PUTT - Obviously I can't speak on behalf of Global Witness, nor on behalf of the Huon Valley Environment Centre. You would have to ask them what they will do about their campaigns and their answers will be different probably. Each organisation will answer differently and I will answer differently for Markets for Change.

What we really need to see again in relation to Ta Ann - and in relation to the domestic markets, for that matter, because we do talk to domestic retailers as well - is, as I have outlined, we will need to see these reserves delivered, the logging stopped - well, I will put it the other way around - the logging stopped, the reserves delivered, have an assurance about how logging would be conducted in terms of the forest practices plans in private native forests. For sure, there is some potential to take peeler logs from private native forests. I am a bit sceptical that there is actually that much there but we will see. We prefer a transition to plantation and that's where we want Ta Ann to end up. We understand that there are issues around that at the moment, which is really unfortunate and that is what happens when you take your eye off the ball about how plantation management occurs once you have finally got the things in the ground, and it was a very serious stuff-up to manage them only for pulp.

We do want to have further information around the suitability of plantation material because we would really like to see them head that way with a long-term plan that gets them there and then it's a good product. I don't know if I have answered you particularly well. It's not as if we get a fixation on one company; we are looking at what is going into the market and then we look at who sells it. We look at the chain of custody and part of that is who sells it and we go and talk to their customers.

For example, we in Markets for Change understand that there are a lot of issues about Ta Ann in Sarawak and there are a lot of issues about a lot of other companies in Sarawak, too - Samling and a number of others. I have worked on the illegal logging question internationally and in particular imports of illegally logged wood into Japan and I have been very active in talking with Japanese legislators and the Japanese industry about trying to get some better provisions to restrain the import of illegally logged wood into Japan, as Australia and Europe and the UK have blocked that off with their legislation. At the moment we have created a massive international loophole but if Japan will also do something then we can really restrain it.

I would expect Markets for Change would concentrate on what is going on in Sarawak quite separately to a campaign conducted in relation to what is going on in Tasmania. We wouldn't necessarily be linking the two things if the Tasmanian situation was resolved; we would be looking more generally at Sarawak, if we looked at that at all, if that was where we went.

Dr GOODWIN - Peg, in your response, I think to Mike, you made a couple of comments - I think you described the industry as 'mendicant' and you also suggested that environment

groups had kindly given them a lot, or words to that effect. I would just like you to explain what you mean by 'environment groups have given them a lot'.

Ms PUTT - After Gunns withdrew from native forest logging we were down to 155 000 cubic metres of sawlog -

Mr WILKINSON - It was 168 000.

Ms PUTT - Anyway, we have had continued collapse in markets since that time. My understanding is that the current level of logging has been around 110 000 cubic metres of sawlog. The ENGOs have come to an agreement around 137 000 cubic metres, which actually allows some increase from what is going on now, so they are allowing for an increase on current activity rather than settling at current activity, and I would have called that generous, and they have given away substantial parts of the areas that were slated for reservation by the conservation movement.

Furthermore, they are going out to the markets telling them everything is okay before anything has even got through the Legislative Council, so that's all fairly generous, in my view, particularly given that the industry needs the agreement. The environment groups have definitely compromised and there is no doubt about that. They started off with a claim of over 600 000 hectares -

Dr GOODWIN - They got 504 000 plus the World Heritage.

Ms PUTT - No, the World Heritage is contained within the 504 000 except for the existing reserves, which is the difference between 124 000 and 170 000, which is already existing in private and public reserves so it's no additional reservation for that particular number.

CHAIR - We will cut it there. There are a number of time-critical matters related to the hearing today. Members, we will need to be back here at 1 p.m. for Bob Smith. Thank you, Peg.

Ms PUTT - Thank you.

THE WITNESS WITHDREW.