

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON FORESTS MET IN
COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON WEDNESDAY
23 JANUARY 2013**

Mr SHANE RICE, TASMANIAN SAWMILLERS' ASSOCIATION, WAS RECALLED
AND RE-EXAMINED.

CHAIR - Members, we will reconvene the proceedings of the committee. Shane, there is no need to be sworn again as the previous process is sufficient. We indicated to you last week that it would be necessary to have you back and you indicated your intention and expectation that you would be called back anyway. To commence the proceedings, there are matters that you want to present. We will call for that now.

Mr RICE - I suppose I won't go through what we did last week. Since we were able to present last week we have had the opportunity to speak with Forestry Tasmania on a couple of our issues and just to get clarification that they were comfortable with our points within the agreement and consequently the bill. Primarily [regarding] the cat 2 and cat 8 issue of putting the categories in legislation, Forestry Tasmania management are comfortable with that, they can't see any issue with that and they have taken that on board. Whether it goes into legislation or regulation, it doesn't really make much difference to them; they are comfortable with that.

Through another part of the discussion with Forestry Tasmania through what is now termed the Tasmanian Regional Sawmillers Structural Adjustment grants program, which gives the ability to exit sawmills and to allow others access to some high-quality sawlog long-term contracts. That has progressed well and that program gives the potential for some regional sawmillers to gain access to a long-term contract. It's not a guarantee by any means, but it gives us the opportunity and a bit of potential. Forestry Tasmania have no issues with that. It will treat that the same as they would any other long-term contract holder, so we're comfortable with that. As far as sawmillers exiting from the industry, they understand the need for that and don't have particular issue outside of their area.

The Forestry Tasmania meeting went quite well. That was where we thought we may need to come back if there were particular issues they raised and that didn't fit with the bill. Consequent to our meeting we are comfortable that everything is okay in that area.

I suppose the other thing I would like to touch on, with the whole-of-government presentation we received last week, in the document they tabled there was a table outlining the volumes that they expected to come out of this agreement, where available. I would just like to pull that apart a little bit to give you an idea of where we sit with the low-quality sawlogs particularly. That table from the public estate was looking at the native sawlog volume, with a minimum of high-quality sawlogs at 137 000 cubic metres, and this table shows there is a throw-up of 42 000 cubic metres of low-quality sawlogs. To pull that apart, to a degree there is one business that has 20 000 cubic metres of cat 8s, which I expect would be in that 42 000 cubic metres, so essentially that leaves 22 000 cubic metres of low-quality sawlogs for those cutting low-quality sawlogs, the rest of the

regional mills, and a good percentage of that would already be taken up in contracts, so there is not a lot of resource available.

To go on to the private estate side in that same table, it shows a figure of 30 000 cubic metres of logs, including veneer and special species. That figure also includes Ta Ann peelers. That 30 000 cubic metres, while it looks like a size available to regional mills, it's not that simple. Using Private Forests Tasmania figures from before, prior to Ta Ann starting, there used to be an arising of approximately 7 tonnes of sawlogs per 100 tonnes of pulpwood. On this table it shows 100 000 tonnes arising from the private estate of pulpwood, so that gives us somewhere in the vicinity of 7 000 tonnes of sawlogs available to sawmills. Where it shows 30 000, that is in reality approximately - we're extrapolating figures where we can because they have aggregated the figure as needs be because of the small number of businesses in Tasmania, to protect the volumes there. Our information can only be approximate, so that gives us an approximate total of 30 000 cubic metres of low-quality sawlogs, some of those already in contracts, available for sawmills within Tasmania. That's not a very big volume. That's the size of the industry we need to accommodate.

Going on from there, that pretty much covers off on what we had to offer. I believe you have now had a written submission of what we were going off, or it was sent down anyway. Yes, that basically concludes what further information we felt we needed to offer.

CHAIR - Thanks, Shane.

Mrs TAYLOR - We had Oak Tasmania here yesterday and they are very concerned that they won't be able to get their supply of about 6 000 I think they need ones and threes.

Mr RICE - Yes.

Mrs TAYLOR - They were saying that if this goes ahead then they're worried, certainly, that about 65 per cent of what they currently access will be in regional sawmills who may take advantage of the exit packages. So they'll only have about 35 per cent. Have you got a comment on that?

Mr RICE - Essentially, the volumes won't change. Obviously they'll drop down as per the restructure but simply the volumes will still remain within the system. It will be concentrated on fewer sawmills but it makes those fewer viable rather than spread over a large number. The actual volume of material available won't change that much.

Mrs TAYLOR - They're saying if it drops from 155 to 137 their 6 000 will be in there somewhere.

Mr RICE - I suppose the issue there is that a large percentage of the regional sawmillers' production goes interstate because it's the best market so I think it will come down to market forces. If they were able to provide a good return for the timber - better than what they currently receive interstate - they could access additional volumes to what they are. I would suggest that is what it will come down to.

Mr WILKINSON - Would that mean costs will increase though, Shane, which would mean it would put stress on the business or do you believe the costs wouldn't increase by much?

Mr RICE - Stress on their business?

Mr WILKINSON - Yes.

Mr RICE - If the sawmill is currently getting an adequate return - the problem we're facing at the moment is that the full cost of production has to be recovered on the timber side of it whereas in the past we've had the woodchip sales and that sort of thing to spread the cost per unit. So, if we were able to gain an income from other parts of the log, such as residue sawdust, the price wouldn't necessarily change that much but what the sawmills are suffering from now is not getting enough return for their sawn timber to cover the full cost of production. So there will be and there already have been increased costs and we are quite conscious that the Victorian ash, for instance, can be provided cheaper than Tas Oak species, just to quote the generic terms. There will be a cost increase unless we can find a solution to the residues.

Mr WILKINSON - How far down the track? In the last couple of days, residues have started to bubble to the top but how far down the track are we to finding a solution to the residue? Some say it's got to have R and D to look at biomass eco-fuel or things like that. Others say there is still an industry, even though not a good one, in chips and when you look interstate and other states they are still selling chips. But you can't do that without Triabunna unless you get some other port up and running - but that's a cost too.

Mr RICE - There is movement within the woodchip industry at the moment; I can assure you of that. It won't return to the previous figure.

Mr WILKINSON - Triabunna?

Mr RICE - I can't comment on Triabunna; that's in private hands now and there are better-informed people than me to know whether that will ever become available again. We are planning around the probability that it won't. There is a market for woodchips; it will return this year. It won't be anything like it was but it will alleviate that issue to a degree. Where they're talking about research and development, that has to happen and it will take a period of time. The short term is that we'd need to rely on that export woodchip market to get them going.

Mr WILKINSON - So you're saying that you can see the woodchip market coming back on board, not as well as previously, but still there?

Mr RICE - Yes.

Mr WILKINSON - Would that allow you to get back to where you were as far as the full log is concerned?

Mr RICE - I think in the long term we need to add more value than export woodchip. The export woodchip will simply alleviate a short-term solution. I feel that there will be a need for export woodchips continuously but there is also a desperate need to add value -

I mean, the woodchip is one component of it. You have your fines and sawdust and so forth that currently do not attract much of a return to the sawmiller. That is where the opportunity is to add further value and that is where we need the research and development to go into the ethanols and biomass-type products. I think that is a medium to long-term answer whereas the export woodchip getting going again is our short-term solution.

It won't give us that great a return but at least it will alleviate a few of the problems and allow the contractors to harvest at a more efficient rate within the forest.

Mr WILKINSON - In relation to the 'fines', do you call it?

Mr RICE - Yes.

Mr WILKINSON - And the sawdust - has there been any research done on that in the past because it would seem to me there was always maybe an emerging industry in that. I just wondered whether you had received assistance at all from government in the past to do what you could with that, to focus on that, as opposed to -

Mr RICE - We haven't. There are a few short-term opportunities and I would look at them as steps into something longer-term. There are bio-chars, for instance, that can go into agricultural products. That is known technology that with a bit of money added could happen within six months.

The technology is developing in Queensland, for argument's sake, and I know, throughout Australia there are a few pilot plans. There is another gentleman within Tasmania who has a different production method, a more factory orientated style, so there are technologies about and the research is being done to the value of the actual product of bio-char, so that type of technology could happen very quickly. Because it is an immature industry at the moment, it would no doubt need some government assistance to get it up and running. That would be a solution to adding the value to the log but earlier indications are it would give you a better return than export woodchips, but that is theoretical.

Mr WILKINSON - How long has that been the case? How long has Queensland been up and running?

Mr RICE - I first made contact with them in somewhere around 2008 and we developed a concept, if you like. Because the industry was in a very immature state, I could not attract funding to take it any further. We applied for a couple of the bio-mass farming grants; I cannot think of the correct name for it but we applied for that and we were not successful because we were looking at taking a forest product and making it into an agricultural product.

They were looking more at how to help the agricultural industry, so although the result was targeted at the same place, the grant was for a slightly different purpose and we could not make it fit.

Mr VALENTINE - Carbon farming initiative, is that what you are thinking?

Mr RICE - It was part of that but it involved trials and testing on bio-char specifically within the agricultural industry. That is a technology. I would say first step down the track I would consider it. It's not the ultimate answer. There are better uses for the material ultimately but this bio-char for instance is a known technology that could be up and running in the short term.

Mrs TAYLOR - Can I ask how much? How much investment is needed? Are we talking about a few million or tens of millions?

Mr RICE - The technology I specifically looked into would be in the low millions - one to two million dollars to get a basic trials plant up and running. There is another technology I believe that starts at somewhere round \$8 million for a more factory-orientated set-up. From that sort of figure up you can go into quite expensive and elaborate set ups but that gives you an idea.

The technology I looked into is a mobile type set-up. You can move it from site to site. The other more expensive one, as I said, is more of a fixed factory and you bring all your feed stuff into it. There are a few options out there. They are not ridiculously expensive but they are just out of the reach of the individual businesses in this climate, or most individual businesses.

Mrs TAYLOR - Would they fit into the funding arrangements as a result of this?

Mr RICE - I think so. There is funding there for research and development and for residues, short, medium and long term, so this would fit into that quite nicely.

Mr VALENTINE - Are your members are still expressing concern about the type and variety of sawlogs they are intending to receive if this agreement goes ahead?

Mr RICE - With or without the agreement, the log type and quality will be the same; so that doesn't change. It will simply be a volume that changes, although lately the quality - within a log category you have the upper limits and the lower limits and generally you get a mix somewhere between the two. It is becoming more and more evident that the logs are slipping to the lower end of the category specifications; so that is definitely a concern. At our meeting with those regional sawmillers who attended on Friday 11th, the biggest concern out of this agreement was the ability for Forestry Tasmania to continue to supply viable sawlogs. Even now, pre- the agreement, that is their biggest issue and that is the main driver most of the sawmills looking at exiting the industry.

Mr VALENTINE - So they need a variety of logs?

Mr RICE - Generally, our information coming back is you can no longer run the general mill on just low-quality logs. In the past, where we had a bigger structural component of the industry, the lower quality lent itself quite well to that. Now, as we have seen in the various reports, the hardwood structural industry is on the decline and appears to continue to do that. The sawmills have to aim at a more appearance-grade flooring, architraves and that type of product - and that means a better quality log. We can still get it out of some of the lower grades and shorter lengths and so forth but it is not a viable option.

We need a core supply of the higher grade logs, which could be somewhere around 3 000 cubic metres per mill. I know different mills will have different volume requirements to suit their business structures. Speaking to a number of mills, if they could get a minimum core supply of 3 000 cubic metres of category 13 type logs and supplemented that with the lower quality both from public and private forests, they feel that could be a viable business but they need that core of high quality logs.

Mr VALENTINE - Do you see a change to the legislation being needed to make sure that happens? Or are you hoping the management authority -

Mr RICE - Because they are a GBE, I don't think the government can dictate what they can do, so it's the forest manager that would need to do that.

Mr VALENTINE - It's not something you could put into legislation, you don't think?

Mr RICE - Not off the top of my head. The specifications for the logs that are there; how that is divided up into market is market forces rather than legislation, I would have expected.

Mr VALENTINE - Unless there was a viability clause of some sort.

Mr RICE - That's in our proposal. We put in the triple bottom line - the contracts to be assessed on the triple bottom line. We thought that would give the regional mills the best opportunities. As you would well know, one of those legs of the triple bottom line is the community benefits. In an open contestable market, that's where we felt it would give us the best opportunity to at least compete on an equal footing.

Mr VALENTINE - So you've put that suggestion forward?

Mr RICE - That is in the agreement - that it should be in the bill.

Mr VALENTINE - I guess the only other component I would be interested in knowing is whether there has been any separation since parliament went into recess since Christmas. Have any people been forced out of the industry by banks, that you are aware of?

Mr RICE - There are some banks moving on some businesses. We have been able to convince most financial institutions - just to give you the benefit of your inquiry - to give us that time frame before they do anything serious. But there are some that have been dragging on for that long though.

Mr VALENTINE - [inaudible].

Mr RICE - Yes. Through our organisation we have an ex-banker in the mix and he knows whom to contact and what they need to do. As anybody makes contact with the association in that regard, we have this fellow speak to their financial institutions on their behalf to at least try to give them some time. That has worked on most occasions, to my knowledge, but there are some that are -

Mr VALENTINE - Casualties?

Mr RICE - Yes, but minimal, but some.

Mr VALENTINE - Thank you.

CHAIR - Shane, during those exchanges you have about cat 8 and possible access to cats 1 and 3. The first component of my question is, looking at clause 5 of the TFA which required FT to immediately do the analysis, did your answers earlier go to that matter as to what that analysis was?

Mr RICE - They have not been obligated to do the analysis as yet. I am just picking up out of the whole-of-government submission. On page 11 of their document, there was a table there and I am presuming that the heading of this table: 'The table below sets out the approximate annual levels of timber that may be expected to be produced and/or available under the new wood production scenario' -

I would expect they have had input from Forestry Tasmania in that regard and that gives us an indication at the moment of what to expect.

CHAIR - We will need to cover that with FT.

Mr RICE - Yes.

CHAIR - Part of this agreement is that FT will immediately bring the analysis.

Mr RICE - Yes, and they assured us that those clauses - and we picked that up with our meeting at Forestry Tasmania and they were comfortable that they could do that as soon as they were directed to undertake it.

CHAIR - Did you glean from that who would be directing them to undertake it?

Mr RICE - No, not particularly.

CHAIR - With regard to cat 8 - and you indicated earlier that there is not going to be much left to be taken up after the numbers you provided for us - what is the status of the existing contracts? You mentioned the quantities which are sitting there under existing contracts. Are they long-term contracts? Am I right in understanding that most arrangements between sawmillers and FT are pretty informal, cats 2 and 8.

Mr RICE - To a degree they have been longer-term. I will not say the full long-term; I will not propose that it goes out to the 2027 because I am not sure. But I know there have been longer-term cat 2 contracts entered into. I know several of those which take a big chunk of that volume. To my knowledge, at the moment, where we used to go on a shorter-term contract, they used to provide a one, two or three-year supply contract. To my knowledge, there have not been any of those issued. They were on spot sales only, not contracted. Prior to Christmas you could get the odd, very small volume in low quantities and that type of thing on a spot sale but not short-term contracts. But there have been some longer-term cat 2 contracts entered into. They may have been carried over from previous contracts but I know they exist.

CHAIR - Is it possible to provide the committee - and you might need to take this on notice - with existing contracts which have some decent term to them, unexpired? As you said, out to 2027 there might be none around. But, nonetheless -

Mr RICE - Yes. What details do you need? That they exist out to a longer-term period and the type of volume?

CHAIR - Yes, and the quantities and the volumes for those contracts? I do not particularly need to know who they are.

Mr RICE - I can get that.

CHAIR - The following question about that is, whether in the event of FT not supplying in accordance with those contracts, that there is a compensable component to those contracts currently.

Mr RICE - To my knowledge at the moment there is not. Some of them have a minimum supply volume but there is no penalty if FT can't supply. I will not speak to all those contractors - a couple I know relatively well - and I spoke to the person who holds them and they said to the best of their knowledge, without having a lawyer going through the contract, that there is no penalty if they don't supply.

CHAIR - Can you give a profile as to the various components of those contractors compensable - there may be some that are -

Mr RICE - Yes.

CHAIR - That then takes me to category 1 and category 3. You indicated that there is an opportunity here for some long-term contracts to be negotiated through this process after retirement, I suppose - if that's the right term - or relinquishing by companies who currently have long-term contracts.

Mr RICE - Yes, that's the proposition.

CHAIR - Is that at odds with what was previously the understanding that any compensation through an exit program meant the retirement of that allocation?

Mr RICE - Where our problem initially started was the identification of the at least 155 000 cubic metres as the industry requirement. Bear in mind that is an at least figure but it has been the headline figure, the one that was picked up. As we have seen since, the actual contracted volume from Forestry Tasmania was larger than that. Then on top of that was the take-up of the regional sawmillers on short-term contracts, spot sales and that sort of thing. That was historically somewhere in the vicinity of another 30 000 cubic metres, sometimes by Gunns doing the harvesting and so forth, but it was off public lands - that is where the volumes figures get a bit grey.

There is a 6 June 2011 document from Forestry Tasmania that outlines the volumes that would have been available and at that time we were working on the category 1 contracted requirement and 265 000 cubic metres of peelers. If that is what the agreement had reached, there were sufficient arisings, if you want to term it as that, of category 1/3 and

category 2 to satisfy the current size of the industry, and that is what we were looking at. Even with the 155 000 as the headline figure and 265 000 as peelers, the arisings were sufficient out of harvest of that 265 000 tonnes of peelers to give us sufficient volume of category 1s to satisfy.

When that was wound back to the 137 000, the understanding that we had at the time was that the government would take the full buy-back of the category 1/3 long-term contracts that were offered and that which dropped it below the 137 000. That would have been reissued on an open compensable market, as some of the clauses indicate, to allow the regional sawmills access to that volume - not necessarily all of it but on an open market it gave us access to some. We didn't find out until too late that there was no intention from the government to buy back below the 137 000 and that left us without sufficient volume. It reduced the overall harvest until there was not sufficient arisings to satisfy the regional sawmills and it excluded us from the ability to access what was below the 137 000. The structural adjustment program does accommodate that to a degree. It gives a potential option but there are no guarantees by any means.

CHAIR - Is your expectation based on those contracts that might be generated specifically for cats 1 and 3, I suppose, but less to the extent for 2 and 8? Is your expectation that those contracts would fit under the sovereign risk proposed amendments that Ruth is putting in there as to compensation, just like FIAT members have that compensation parcel through this process?

Mr RICE - Yes, Forestry Tasmania has indicated that anyone entering into a long-term contract will be treated the same. So effectively the current long-term contract holders - there will not be new entrants into it - and other sawmillers who gain access to that same type of contract will all be treated the same.

Ms FORREST - I want to follow up on a point Paul was talking about under clause 5 of the agreement where the forest manager will immediately implement an analysis of the sustainable supply level of below-quality sawlogs arising from other harvesting activities being made available for contracted supply to industry. He asked you about who would direct Forestry Tasmania to undertake that. From your recollection, the clause that was being agreed to in the agreement, was that contingent on the agreement being transferred into legislation so that the passage of legislation would be required before they do that?

Mr RICE - Yes.

Ms FORREST - So really it is up to us when that happens?

Mr RICE - Yes.

Ms FORREST - If we pass the legislation that will happen?

Mr RICE - Yes, that is an automatic result of the bill being passed.

Ms FORREST - So Forestry Tasmania basically assured you, from what you said, that if this legislation is passed then they will get on with that?

Mr RICE - Yes, that is why they haven't undertaken it at the moment; there is no imperative for them to do so.

Ms FORREST - Thanks.

I think you basically said your support for the agreement remains?

Mr RICE - Yes.

Ms FORREST - And from what you have said it appears, and correct me if I am wrong, you are satisfied that the issues you have raised in previous hearings and prior to the bill being debated before Christmas have now been satisfied?

Mr RICE - To a large degree. We still are concerned that the \$10 million as an industry adjustment figure appears to be too light at this time considering that it is both to access contracts and exit some from the industry. On our figures it appears too light but we have faith that the government will honour the commitment of a fair and equitable program. So that is an area where we have some concern that it appears too light at the moment.

Ms FORREST - That is the federal government funding commitment you are referring to?

Mr RICE - Yes.

Ms FORREST - Have you had any discussions with the federal government or the department in relation to that or is that being handled at a different level?

Mr RICE - To a large degree it is not necessarily the figure but the program is being handled by DIER and until we finalise the criteria, we cannot determine the actual figure until we -

Ms FORREST - It is still unknown.

Mr RICE - It is still unknown. We have rough figures on information we know but that is not exhaustive by any means. There are still a few sawmills that we think will apply for the program that have not given us their figures, their employment numbers and the like, because that all comes into it. The program covers all statutory requirements as far as employment and taxes and so forth go so that is an unknown until the association and DIER finetune some issues with it and then we can run it or it will be available to be run.

Ms FORREST - In relation to a question I think Rob asked, any sawmilling businesses that are under immediate threat perhaps from the banks, or their loans have been called in or whatever - we talked about this during the debate on the bill - the reality is that some of these are going to go under regardless.

Mr RICE - Yes.

Ms FORREST - So from your perspective that funding is vital for a dignified exist because they are going to go anyway and to try to ensure the employee entitlements. Is that the reality?

Ms RICE - That is essentially it. If they go under, for want of a better description, without any assistance - and bear in mind most of them have been forced into this situation with the change in the harvesting rates, which has been outside their control. Their expectation was from the RFA and the Community Forest Agreements that it was to become a stable industry at those volumes. I know that the government had no control over Gunns exiting, which was the biggest spanner in the works and that is where the majority of these businesses that are suffering now are, as a direct result of that.

Ms FORREST - The contract was with Gunns.

Mr RICE - Gunns not being there and with the government buyback of Gunns' allocation, Forestry Tasmania no longer need to harvest for that volume and that's where the issues come from. These businesses could have survived if Gunns had exited and somebody else had taken it up, or had been let go to other entities - numerous entities rather than just one in the state. There could have been other solutions, but that is what it is.

Ms FORREST - ...[inaudible], but that's not the case.

Mr RICE - That's right, so consequently they are in the position they are. With the agreement, or the assistance from it that will allow them particularly to meet their requirements as far as employees, some debt, whatever they happen to have, but in a managed way.

Mr DEAN - The contract part is covered well and truly for me. Is it right to say that none of these mills, to your knowledge, would have exited the industry had the supply been there? No mill would have exited because they don't have sales for their product?

Mr RICE - The sawmilling attached to the building industry has always been cyclic and the mills that are here have lived through that on numerous occasions. The woodchip, I suppose, or not being able to sell the woodchip residue at the moment is an issue in this cycle that hasn't been in others, so unless they were dependent on their return from their residue, absolutely. A lot of the time it was pure profit, and so we can still operate for a period on just cost recovery - not ideally, but you can get through the low part of your cycle on that with the residue sales being your profit. Those mills that were relying on the residues for their cost recovery would be suffering and probably would go out of it anyway, but generally the others could have ridden through the low swing of the cycle.

Mr DEAN - The low area.

Mr RICE - If the logs are there - and we need to bear in mind they need to be viable logs. At times there are logs available, for example; you may be a sawmill in the northern part of the state and there are logs available in the southern part of the state or conversely, but the extra transport costs make them unviable logs. Although there is wood technically available it is not viable, so that's another issue that needs to be considered.

Mr DEAN - I think you said earlier the greatest amount of product from the sawmills is being sold interstate.

Mr RICE - Generally, yes.

Mr DEAN - Who is supplying the current level market? Victoria?

Mr RICE - There is a considerable amount of timber brought in from Victoria, not that they are supplying the whole lot. Vic ash - and I'm speaking in general terms - Vic ash is generally available cheaper than what Tas oak can be produced here. How and why needs looking into. I don't know why it is, but it can be. I suppose the local market, because it's so small we have a few of the larger mills supplying into it. There are a few of the regional mills supplying into the warehouse chains that exist here at the moment. Whilst their main volume of their product goes interstate they do still supply the Tasmanian market in that regard.

Mr DEAN - What the TFA does here, and I think you have articulated it quite well, is that those remaining in the business should be assured of reasonable supply of the categories that they require. Those exiting the market will receive some reasonable compensation for their -

Mr RICE - Yes, reasonable, it's not -

Mr DEAN - Reasonable, they will receive some compensation for their exiting of the industry. That becomes, I guess, not a bad proposition. What about the cost of the product into the future? Are there any guarantees that it will remain at the current costs and so on? We've been referred to the cable logging, which will increase the cost of harvesting quite a lot; in fact, I think they've almost doubled the timber coming out of those coupes where cable logging must occur. Has any agreement been reached in relation to this with the mills remaining in the industry?

Mr RICE - There has been no agreement reached. The expectation is that, if you have a reliable and consistent supply, your unit costs can be at least maintained as they are or even lower than what they currently are if your mill is close to full production capacity rather than, as a lot of mills are at the moment, at 50 per cent or less and they are simply not viable at those volumes. So, for those mills that remain, if they are closer to their sawing capacity, their unit costs should remain the same or could even drop if everything stacked up. It's doubtful that they'd drop. My understanding is, where the cable harvesting coupes are there is to be a government subsidy of that harvesting. Therefore, the cost of the logs to the sawmills won't be any different than the cost of logs from other coupes. That's my understanding, that that cost won't be transferred to the sawmill.

Mr DEAN - It's supposed to be part of the agreement, isn't it?

Mr RICE - Yes.

Mr DEAN - The question was asked last time but I'm not sure if you answered it. You might have and I need to go back to *Hansard*. Of those mills that will exit their positions, what is the number of employees that will likely be impacted on as a result of that? Do you have any description of that?

Mr RICE - Yes. From the figures that we know, resulting from the meeting, there would be somewhere in the vicinity of 90 employees who would go with those mills that indicated they would exit. Bear in mind there's between eight and 10 mills that weren't represented

at that meeting. There were 18 mills represented at the meeting out of the 27 or 28 sawmills. Out of the 8 or 10 who couldn't attend, we have information from some of them. There is a small number that we have tried to contact and they are not interested in being part of the whole situation. They're comfortable in their own skin at the moment so they're keeping away from it.

Mr DEAN - Interesting, thank you.

CHAIR - Shane, when the regional sawmillers were left out of the original assessment for exit packages, what was the main argument or driver to sustain your position that they ought to be looped in to have access to exit packages with some payments. As you said to Ivan a moment ago, it's not a reasonable payment but there is some payment.

Mr RICE - I suppose, because we have been an integral part of the industry for so long, we felt we had legitimacy. A lot of sawmills were able to take up assistance grants back from the Community Forest Agreement times. They had to present business plans and so forth and the government at the time, or the departments, accepted they were legitimate businesses and consequently offered them grants. That, we felt, gave us legitimacy of being there and by the fact that quite often we held at least short-term contracts and had regular supply, we were a shock absorber or buffer of surplus logs from time to time.

CHAIR - In which categories?

Mr RICE - Across the board. That's where, as I said, historically we were processing somewhere in the vicinity of 30 000 cubic metres of cat ones, somewhere around 50 000 cat twos. I am not sure, I know the mill that processes the majority of the cat eights has a capacity of somewhere around 80 000 cubes. That was at the peak of the industry, if you like, those figures. That is where we felt we had relevance within it. If we did not have written contracts there were certainly common law contracts there in a continuing supply.

CHAIR - Is it true, though, that it is contestable as to whether there were common law contracts because how many people tried in the past to obtain compensation, if you like, for failure to supply?

Mr RICE - I know something of what you are saying but not enough to comment on it - about how well it was tested. We have not needed to test it from our own behalf so I won't comment on it.

CHAIR - What do you mean from your own behalf?

Mr RICE - I mean it has not gone down the track from the Sawmillers Association to need to take it further in the common law contract arena so I would not like to comment. It is only hearsay and it is well back in the memory - what you are referring to.

CHAIR - Okay. Throughout this process, having been a signatory - the Tasmanian Sawmillers Association - what level, if any, of funding has been made available to Tasmanian Sawmillers Association members for innovative advancements or restructuring businesses through the process so far? Because money has trickled out under the regional development -

Mr RICE - I am not sure. There has been \$76 000 put into a feasibility study. That was a government grant.

CHAIR - State or federal money?

Mr RICE - Federal, yes. To undertake a feasibility study into the potential usage of plantation material in the solid wood area. Cross-laminated timber was the track that we went down at the time and we considered what could be done with the residues. That was part of the study, which has not been completed as yet - it is still underway. The final report should be available very shortly.

CHAIR - Who received that money?

Mr RICE - The Sawmillers Association. Initially I was thinking of which members had received anything specific, and to my knowledge no regional sawmillers have had any assistance in that regard. The association received that money to implement a study to look at something.

CHAIR - Have you done practical trials with cross-laminated timber using - did you say plantation?

Mr RICE - Plantation and low-grade timber - looking for some way to add extra value to the cat twos and eights. That was the whole diet for the sawmill. It needed to extract a significant value and, as we touched on with our vision of what could happen, we were looking at adding value via design rather than just producing a piece of wood, with the sawmillers having ownership of a hub or a co-op or whatever the entity happened to be - to put the value into it that way rather than just putting up the price of your piece of timber. There is too much international and national competition to increase our prices significantly.

CHAIR - Back to the first part of that question, have there been any practical trials? You just mentioned it is more design.

Mr RICE - Not as part of this, but in the past there has been with plantation sawing and drying and the information I have received from members of the association is that it is quite successful. Well, it is doable at a niten plantation. In an engineered timber it does not appear as though it is a stand-alone structural project, as in FEA EcoAsh. It didn't appear to be successful, but it proved you can make timber out of it. But, it is not a stand-alone piece - you need it as part of an engineered product. That is our information.

CHAIR - You just mentioned a co-op. Would you be looking at the possibility of a co-op to be established to progress the matter further? Once you have your design and you have proved up the feasibility of it, you would want to get into manufacture?

Mr RICE - Yes.

CHAIR - Has a co-op been developed?

Mr RICE - In name only. There is a group of six to eight sawmills that have matched the money from the association as part of this feasibility study. There is a loose group at the

moment that has come together. No legal entity has been established yet, until we have something to go ahead with. So, yes, there is a co-op, in loose terms, already established.

CHAIR - How was that established? Through expressions of interest or in terms of putting up matching money?

Mr RICE - No, essentially it was the Sawmillers Association driven project and it was asked amongst the members of the association for those who wanted to be included. One of those mills is not a member but because our fees are so low we don't really distinguish between members and non-members on that side of things. Obviously, when it comes to voting on issues, it becomes a legal requirement. Within that group of six to eight mills there is at least one that is a non-member.

CHAIR - You said the association drove the development, so they were hand picked?

Mr RICE - We were taking anybody who put their hand up. We didn't have a number - the more the merrier, as far as we were concerned. If every regional sawmill wanted to be part of it, that's what we were looking for. There was no handpicking or selection criteria on who could or could not be a member; it was whoever wanted to be. It wasn't advertised as such - only within the association network.

CHAIR - But the one outside is -

Mr RICE - Part of the network, if you like.

Mr DEAN - Shane, you said there are a number of mills remaining that are not interested in this deal at all; they are interested in proceeding and continuing on. How many of those are there?

Mr RICE - Three or four, that I know of. It's more the traditional mills that are servicing a fairly local area. They are doing, for example, 30 cubic metres to 40 cubic metres a week maybe - they are small mills that are comfortable as they are. The one I spoke to particularly is a father and son type set-up and if they have logs they will cut them, but if not they will go back and work on the farm.

Mr DEAN - And probably sourcing their logs privately?

Mr RICE - No, taking some off Forestry and some private. If they can access some off private or Forestry they will, if not they will take it off their own private, I believe, in that particular case. It's just a small part that's outside.

Ms FORREST - They wouldn't have a contract with FT then?

Mr RICE - No, it's casual

CHAIR - Shane, thank you very much for being prepared to come back.

THE WITNESS WITHDREW.

Mr PETER MOONEY, Mr KIM EVANS AND Mr WES FORD, DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT, WERE RECALLED AND RE-EXAMINED.

CHAIR - In the first instance we will flick to you, Kim, for a contribution, following up from last week some of the matters that might need to be covered off and then we will have some questions.

Mr EVANS - The matters we had to follow up from last week, we did and we tabled those yesterday and there was extensive discussion on those and we had the relevant people here.

Today is about providing an opportunity for Peter and me to talk about Parks' operational side of your request for your our appearance. I don't think there is any need for us to say anything further, Mr Chairman, I think we will launch into questions and discussion.

Dr GOODWIN - We don't have a map, as we discovered this morning - a large map which shows us tranche 1 and tranche 2 and we are wondering if we might be able to have an enlarged version of that.

Mr EVANS - Absolutely. We have, outstanding from yesterday, a request to provide you with those maps with tranche 1 and tranche 2 and we have those. We didn't bring them with us but we can get them to you quickly and table those.

Dr GOODWIN - This morning I raised with Vica Bayley this map C and getting a larger version of that. He was thinking about sending through something electronic because, if you remember, yesterday, we discussed overlaying this one, the future reserve land map, with the map C so we could see how it lines up.

Mr EVANS - We can provide hard copies and electronic copies for you of tranche 1 and tranche 2. We have already provided electronic copies of the other maps. That should not be a problem.

Dr GOODWIN - Okay, thank you.

Mr DEAN - I asked the question yesterday and was told to keep it until today, hence I did that. It relates to all of the 295 proposed reserve areas as to whether or not there will be any impact if those areas are put into reserves on current activities - recreational activities, motorbike riding, four-wheel driving, deer shooting, any of those activities that are currently in those areas? This is a matter that has been raised with me by a number of people, the member for Western Tiers in particular as well. A lot of people are really concerned about the impact that this could have on their activities that they have had access to for the last 20, 30 or 40 years.

Mr EVANS - Yesterday I responded to that by suggesting we wait until Peter is available. But in broad terms my answer went along the lines of: it will depend on the reserve class, but more particularly, what is provided for in the management plans. Certainly, existing leases and licences would be on it. Peter has 30 years of practical experience in

managing parks, so I would be happy for Peter to elaborate and explain how this works in terms of management.

Mr MOONEY - Most of those activities are under the guidance or approval of Forestry Tasmania now, I would assume and most activities would be fairly benign, I would assume because -

Mr DEAN - It depends on what you mean by 'benign'.

Mr MOONEY - This whole process is to do with forestry activities and if it's not a forestry activity we will certainly work with whatever [inaudible] are doing. For example, we allow hunting in conservation areas and regional reserves now. Obviously, hunting is not allowed in national parks, I would have to say that. The deer hunters, for example, I could not imagine there being too much of a problem or any difference to what they do now. But they would be lawful, they would have permits, they would have permission and they would have approvals to do whatever they do now. We do that now on our land, on conservation areas and regional reserves.

Mr DEAN - I am gauging from what Kim has said, at this stage, you cannot categorically say yes or no to whether there are any current activities that are occurring in those areas that won't be impacted on? Is that true to say?

Mr EVANS- With respect to national parks and certain activities there may be restrictions. Hunting is restricted but I would also add from the information that we provided yesterday you now have a pretty good picture of where the national parks are likely to be and the extent of those national parks based on the assessments that we have done to date and the amendments that we tabled last week.

Mr DEAN - That being the case it leads me to the next question. In as much as it is now known to the world what category these areas will all be in, when will the study or the work be done to identify the activities that are currently occurring in those areas and when will it be known what ones will continue and which ones will not?

Mr MOONEY - Once the process of proclamation is defined we will go straight to the stakeholders and the users of the land and talk about what is going on and what is happening. That is the easiest and best way to do it. The people have pre-existing uses, by the sounds of it, and it might be hunting, they might walk their dog or something. It is a bit hard when we are talking about hypothetical situations.

Mr DEAN - It is not hypothetical is it, because we know the uses now.

Mr MOONEY - Give me an example.

Mr DEAN - The use that has been raised with me is trail bike riding.

Mr MOONEY - Trail bike riding will still occur on a lot of roads; there is no problem about that.

Mr DEAN - That is one, deer shooting is another that has been raised with all of us I think. There are other recreational activities that are currently occurring in and around those areas - camping, walking, trial bike riding, bicycle riding and all of those sorts of things.

The categories are pretty well known now and that study will be done, as you were saying, in conjunction with those activities that are currently occurring in all of those areas, provided they are lawful activities, quite obviously.

Mr MOONEY - Yes.

Mr EVANS- If the bill is passed in its amended form as proposed by the government in what we tabled last week, then what will happen with the bill receiving royal assent is that all 493 000 hectares will be set aside and forestry activity will not be able to take place in any of those lands from that point.

It would also have the effect of making the first reserve order which establishes the first 330 000 or thereabouts of reserves to be made and we would then go through the normal reserve-making process under the Nature Conservation Act under the direction of the Minister for Environment, Parks and Heritage. It is at that point that we would probably do them in tranches as we have done with the making of the CLAC reserves and that will involve developing up detailed maps to go on the central plan register. It will involve ground truthing of boundaries and ensuring that the boundaries make sense from a practical perspective. It will involve identifying all of the existing uses, and we would be working with Forestry Tasmania to do that; consulting relative communities as needed; confirming the natural values and other values leading to a point of verifying in the reserve-making process that the values and purposes that are established in the protection order are consistent with what we would conclude through that detailed analysis are appropriate or not.

If it is confirmed that the values and purposes and boundaries are consistent with the protection order the minister would proclaim the reserve, and if they differed then it comes back to parliament. It is through that process that Parks would be working with users, Forestry Tasmania and others to ensure that what is proclaimed makes sense.

Mr DEAN - So communities, which would have to include local governments, would be involved in the process?

Mr MOONEY - Yes, for sure.

Mrs TAYLOR - I do not know if you listened this morning when Vica was here with us, but we raised this question about the inconsistencies between the future reserve land map and map C, which is the World Heritage area, and it's obvious that some of the areas on the future reserve land map are regional reserve, which on map C are part of the World Heritage claim. It relates directly to the fact that Peter just said that in a forest reserve there are lots of activities that could happen like hunting, for instance, that you could not do in a national park, so you can't do them in a World Heritage area either.

Mr MOONEY - No, you can. We hunt now in the World Heritage conservation area, in the Central Plateau.

Mr DEAN - Foxes?

Laughter.

Mr MOONEY - Hunting occurs now in the World Heritage area in the conservation area on the Central Plateau.

Mrs TAYLOR - That is some comfort then, because he said he had no problems with this future reserve land, even though it wasn't as higher classification as World Heritage would be, because it wasn't even national park-designated because, regardless of what happens in the protection order, when the World Heritage area claim is made and maybe comes on, that's just an overlay on that, so it adds extra protection, if you like.

Mr MOONEY - It adds a perspective on top of the reserved land, but it doesn't necessarily alter the uses on the land. The protected area on the Central Plateau is a classic example. That remained as conservation area because of the community willingness and feeling about hunting back in the early nineties when they had an extension to the World Heritage area, and that's why it remains conservation area.

Mrs TAYLOR - What would happen now then to that particular area, the big area around Lake Pedder, that area there, that you have nominated for future reserve land, regional reserve? The uses of that would be fairly clear and you do licences and all the kinds of things if you needed to with that, then afterwards the World Heritage claim goes on top of that, so would you then just renegotiate all of those things in each of those areas?

Mr MOONEY - Not necessarily, most of the uses would be compatible. It wouldn't alter. It would be very similar to what happened in the Central Plateau conservation area. It's always been a conservation area, then it had World Heritage area listing in the early 1990s and the uses haven't really changed. People are still able to hunt and gain access to all sorts of lakes and locations, and they still fish.

Mrs TAYLOR - I'm thinking in terms of mining, tourism and those kinds of things.

Mr FORD - The overlay of World Heritage area over the land tenure that comes out of the schedule, what the overlay of the World Heritage area does, particularly for commercial activities, it means that those commercial activities are then subject to the provisions of the EPBC legislation. Clearly mining in a World Heritage area is not something that is likely to be supported by the federal minister for environment. If we had a regional reserve that does allow for mining it would still be prohibited by the commonwealth.

Mrs TAYLOR - That is exactly what I am talking about - how that then changes that.

Mr FORD - That really only deals with mining though, because while all other commercial activities may well be subject to the provisions and assessment under the EPBC. we already know, if we look at the World Heritage area, as Adriana indicated last week, that we already have commercial tourism activities; we have bee keeping; we have a range of other commercial activities that are occurring within the World Heritage area. The same with the recreational activities - there is a whole range of those activities.

Mrs TAYLOR - Certainly that is what the tourism industry is saying; it will be so much harder to get commercial activity but if it is only -

Mr FORD - A clarification on this -

Mrs TAYLOR - Mining is the only thing that you can think of that the overlay of that would prohibit.

Mr FORD - The Australian Government's position in relation to World Heritage area nominations and World Heritage in general is that mining is not compatible with World Heritage. That appears to be the convention that is following through the World Heritage area committee; so a nomination made by the Australian Government is unlikely to allow for mining. They would say that is the one regulated activity as part of the process. Having said that, then the application of the EPBC Act will then control what mining is allowed or not allowed. That is not necessarily to say it would never happen. You would have to have a very exceptional circumstance, I think, for it to subsequently get approved by the commonwealth.

Ms FORREST - Following from that, as I understand it, mining could potentially occur but the bar would be so high in meeting the requirements under the EPBC Act that for it to be a financially viable operation there would almost need to be gold at the surface - which I think we would have found by now. The prospectivity assessment has been done by Ross Large through the independent verification process to indicate the levels of prospectivity. I think that is the challenge - to have it be commercially viable, restrictions would be next to impossible. It is not actually prohibited but, you know, realistically -

Mr FORD - As Kim and Norm said yesterday that is one of the issues the minister is working through with -

Mr EVANS - It is currently under discussion. As of today, we are not in a position really to comment because it is a matter for the federal minister. Minister Green has made certain statements about mining and has had a number of discussions with the federal minister about that. But at the moment we do not know what the form of the Australian government nomination will be, nor the timing of that nomination. We are expecting, based on the information that we have, that it will be made this year but we do not know that for certain because obviously it is a matter for the federal minister.

Ms FORREST - The other point that Vica made and it may not be something you can answer - maybe it is more a DIER question - is that there are a lot of big broad leases that are out there and a number of others that are about to expire, coming into receivership or bankrupt or whatever and some of those that are in a prospective zone, have not got leases over them - functioning leases, at the moment. Is that the case as well?

Mr EVANS - It is conceivable that the Australian Government makes a nomination. In parallel with that, the parliament passes the legislation and establishes the protection order, and then in the process of making a reserve some of that more detailed analysis is undertaken and solutions are found to some of the -

Ms FORREST - As has been found in the past?

Mr EVANS - Yes.

Ms FORREST - On the point that Ivan raised about activities like hunting and trail bike riding and those sorts of things - just to go to some of the key ones - I do not think walking is prohibited anywhere in Tasmania, is it - if you can get there? Trail bike riding -

Mr EVANS - It is prohibited in -

Mr MOONEY - There are only two restricted sites in Tasmania.

Mr MOONEY - There are only two restricted sites in Tasmania; the Maria Island marine protected area -

Ms FORREST - You can't walk there!

Laughter.

Mr MULDER - What have you got against scuba divers walking on the bottom?

Laughter.

Mr MOONEY - It's not about walking; it's about access. Macquarie Island and Albatross Island are restricted sites in Tasmania and you need a permit to access them. Every other reserve is open access in Tasmania.

Ms FORREST - Is there any reserve classification on the Nature Conservation Act that does not permit trail bike riding?

Mr MOONEY - Trail bike riding is defined under the Traffic Act in Tasmania as a vehicle, so what we have is regulations on where vehicles can go in all our reserves.

Ms FORREST - That doesn't change?

Mr MOONEY - It depends on the reserve status.

Ms FORREST - That's the question.

Mr MOONEY - We wouldn't allow open trail bike riding in national parks, for example. We don't allow open four-wheel drive access in there either; they go along formed roads and trails.

Ms FORREST - Hunting, shooting and those sorts of activities; is there a classification under schedule 1 of the Nature Conservation Act where that's prohibited?

Mr MOONEY - National parks.

Ms FORREST - The areas that change from say any other sort of reserve to a national park which are not currently reserved at the moment and are then, under this process, reserved as a national park will prohibit shooting in those areas?

Mr MOONEY - Yes.

Ms FORREST - So the shooters out there like deer hunters and people like that, who have made submissions to us, need to look at where the national parks are to see if that's where they currently go shooting.

Mr MOONEY - Yes and I think you'll find there's very few deer in the areas to be declared as national parks.

Mr MULDER - On the point of the clarification, and I've got my other issues later, I'm holding map C which has got ochre/orange areas on it, entitled *Reserves in Proposed Extension to the Tasmanian World Heritage Area*. I think we might be talking about two different proposals here when we talk about mining. It seems to me that this is the proposals coming for the signatories but there's another proposal that the federal government is talking about which is coming out of a different environment altogether, which is up in here somewhere. I'm wondering whether we need to be clear when we're talking about what world heritage proposals are on the table and perhaps we need a map of what the federal government is considering for world heritage proposals. I don't know where we'd get that from or whom to call but that is a point of clarification. If you agree that that assessment is right, then perhaps we should call for another map.

Mr FORD - On that point, Mr Mulder, what the commonwealth is currently looking at and the commonwealth Minister for Environment is looking at, is national heritage listing for the Tarkine, not World Heritage area listing. There have been discussions for some time about what is an appropriate area to list under the national heritage register for the Tarkine in relation to mining. That information is not available at this stage because the minister has not yet made his decision. He is still gathering information from the Minerals Council. There was a meeting about two weeks ago between officers of the Department of Sustainability, Environment, Population and Communities and the Minerals Council talking about the potential impacts in terms of mining in the Tarkine area. At the moment, there is no map as to what the commonwealth proposal is because they haven't actually finalised their decision.

Mr MULDER - I just think it is very important that we understand that the map we have tabled and that we've accepted is a different one to the federal government's proposed national heritage listing, so that the record doesn't think that we're talking about the national one when we're only talking about this map.

Mr EVANS - The heritage listing in the Tarkine is quite distinct from the World Heritage nomination that's being discussed as a consequence of the forestry agreement.

Mr MULDER - Okay.

Mr GAFFNEY - On that again, this has also created confusion in the community and other parties who have gone out there and said that in mining the Tarkine, the TFA will be involved with it because the extra 123 650 hectares as a proposed extension of

Tasmanian wilderness World Heritage area, which is map C, which is the TFA agreement, is totally separate to whatever mining may happen within the national heritage federal sphere. It is a separate bunfight but even last night on the news it was being interwoven and that is creating a lot of confusion in the community and needs to be clarified.

Mr MULDER - It needs to be acknowledged.

Mr GAFFNEY - It does, because last night on TV the TFA was being totally confusing with the media and political people making statements.

Mr EVANS - Unless you're close to it you can very easily understand why people get confused.

Mr MULDER - That was our concern, to make sure we are talking about different things here.

I noticed that in most of the reserves in schedule 1 of the Nature Conservation Act, the class of reserved land, just about all of them contain statements relating to the objectives in relation to protecting, rehabilitating, following adverse impacts of fire, introduced species, disease and soil erosion and natural and cultural values. Most of them talk about 'assets within and adjacent to' that particular reserve. Given that many of these reserves would fall within that adjacent land category, when we now include them inside those reserves, I would suspect by the very nature of the definition in the act we now create another outer area of adjacent land or buffer zone into which activities can be controlled because they are adjacent to the reserve. Are we creating reserve-type conditions on a whole heap of new land because it's now adjacent to new boundaries?

Mr MOONEY - I can't find it here. Was it referring to the impacts upon the reserve land from activities adjacent?

Mr MULDER - I will read what it says about historic sites: 'to protect the historic site against and rehabilitate the historic site following adverse impacts, such as those of fires, introduced species, disease and soil erosion, and on the historic site's natural and cultural values and on assets within and adjacent to the historic site'. 'Historic site' is substituted for most of the other classes of reserve. Because land is in a reserve there are certain controls, activities and restrictions that apply in what amounts to a buffer zone for that adjacent land.

Mr MOONEY - To be honest, it refers to where you have an activity immediately adjoining a reserve that impacts the values of the reserve, for example.

Mr MULDER - Like Forestry.

Mr MOONEY - Yes, we negotiate with Forestry in our buffer zones because it's fair to say if you clear-fell a forest coupe right up to the nearest millimetre of a national park you will impact on the values of the national park. That is a good example. It is hard to use that as an example now because these reserves won't be Forestry activated but you may have adjoining private land which could have an activity which would impact on the reserve,

so you have to negotiate a process forward with that private landowner about minimising the impacts. It doesn't mean that activity can't occur.

Mr MULDER - So we are creating a new reserve of a different kind and it happens to abut a permanent production forest, say -

Mr MOONEY - Plantation.

Mr MULDER - No, permanent native production forest.

Mr MOONEY - That's a plantation - same thing.

Mr MULDER - We have native forest there, we have permanent timber production zones. They may not be plantations, they may be native forests, and where we now have a reserve, if these reserves go through, abutting a permanent timber production zone, do we now take some of that timber production zone land so you can fulfil your obligations to manage the assets and impacts within the land adjacent to your reserve, which is now reducing the amount of timber? How do we get over that?

Mr MOONEY - The management practices will be no different to what we have now. We have forest production land adjoining the World Heritage Area, national parks and reserves, and we negotiate agreements with Forestry Tasmania now. Most of those types of agreements are for putting in firebreaks, and that's about all you do. You often share the boundary of that firebreak and that's about it. For private land owners, we do it now with plantations, so we try to have a protection measure for both lands so that fire going from one doesn't get into the other.

Mr MULDER - I'm trying to get a feel for the extended nature of these buffer zones and would be some impact into the amount of land available within the timber production zone, which might be another headroom issue, I guess?

Mr EVANS - At the moment around Tasmania we have large coastal conservation areas directly abutting residential housing and those two activities are managed in a compatible way. The example you gave in terms of the class of reserve relating to an historic site is probably a little misleading in any event because an historic site is a defined -

Mr MULDER - Flick it back to where you find a national park boundary adjoining a permanent forest production zone. There's now adjacent land within the forest production zone that has now been taken out and needs to be managed to protect the national park.

Mr MOONEY - Hartz Mountain is probably a good example. Hartz Mountain National Park has forest production zone nearly around its whole boundary and we manage it quite well and easily with Forestry Tasmania, which I believe doesn't impact on any of their production capacity. What we do is mostly fire management.

Mr MULDER - My point is that we've heard time and time again that there is a huge squeeze on the amount of timber, that headroom is a big issue within a lot of reserves because it is based on how much you can produce, not how much it produces, and we're

talking now about the potential to now take another slice where some activities may not be compatible. There is acknowledgment that that exists. Thank you for giving some clarification about the range and kinds of impacts that has. I guess it is something to be argued about if you go beyond that and start to affect the viability of this agreement by the extension of what you do in that adjacent land to protect your values. I guess that's a fight for a bit later on, but it does need to be acknowledged that this is another headroom issue in terms of what's left to produce from.

Mr EVANS - Potentially.

CHAIR - We understand that your department may be in the best position to advise the committee because of your long-time tracking of conservation values in the landmass of Tasmania in public ownership. Can you advise us where high-conservation-value forests are, given that historical background? We put that question to Dr Susan Baker today in terms and she suggested that you might be in the best position to identify that for us.

Mr EVANS - We have a lot of information on the Natural Values Atlas that sits on the list about a range of individual species and vegetation communities, for that matter, and the status of those through the Threatened Species Act and Nature Conservation Act. It wouldn't be an easy task, but I'm sure we could give you some information about that in the broader landscape. For example, we know where most of the threatened forest communities sit in terms of geographical spread across the Tasmanian landscape and you would find that as part of the Natural Values Atlas.

CHAIR - You'd sit the threatened species in the forest context or the high values?

Mr EVANS - Yes. We have mapping at two levels. We have mapping at a species level which sits on the Natural Values Atlas and then we have mapping at a vegetation community level - things like the native grasslands, for example. We understand the geographical spread of the native grasslands and we have some pretty good mapping around the native grassland.

CHAIR - What specific then, with regard to that mapping, do you have related to forests?

Mr EVANS - We would have quite a bit of information. Once I have teased through that I will get you a more considered answer, if I could.

CHAIR - Do you have a definition of 'high conservation value' for forests to apply to your mapping so you can identify those high conservation values?

Mr EVANS - No. It's more that we have identified representative communities of vegetation. We have some assessment of the vulnerability or status of those communities within the landscape. That formed a large part of our approach to managing, as an example, native grasslands in the Midlands and the work that we do with farmers to ensure that we protect the remaining native grasslands. There isn't a strong legislative system in place for dealing with those at the community level, more at the species level. But we have a strong philosophy of working with private and public landowners to ensure that we retain representative samples of the key vegetation types in this state and protect those.

CHAIR - Kim, the following question would be, given that pretty expansive data set: did the West process rely on any of that data to inform the outcomes of that deliberation? Then we have no idea as to whether the signatories group subsequently relied on whatever West produced. So we can't really answer the second part.

Mr EVANS - It is hard to answer the second part but I can answer the first part by saying that we made information available to the West process and we had an open book basically, to give them whatever data and information they needed to undertake their expert assessments and verification of the conservation status or otherwise of the reserves.

CHAIR - Did they ever ask for your assessment of high conservation values?

Mr EVANS - No. We were very careful. We provided data; we didn't provide advice. It was an independent process run separate from the government. We were resourced with the expert information and a whole heap of data but we didn't directly give them advice; we left it to the experts who were independently appointed to do that.

CHAIR - Thank you. Yesterday we spoke about the dolomite deposits and it wasn't clear to me. We talked about some dolomite deposits and the fact that there is quarrying occurring in the north of the state which provides a supply. For the one that I mentioned somewhere in the southern area, is there an exploration licence currently in place for wherever it is?

Mr FORD - There is currently an exploration licence in the order of 300 hectares in from the Arve River but I don't have the details with me. That exploration licence is in the process of moving through to a mining lease. From the advice that we have from Mineral Resources Tasmania, that lease may well be in the order of 100 hectares.

CHAIR - I haven't had a chance to go back over the *Hansard* as it was only yesterday and it is probably not even on the net yet, but does that get impacted by the World Heritage nomination proposal?

Mr FORD - It is one of the issues that the minister has raised on a number of smaller or small quarries and other activities within the area that is within the signatories' map C.

CHAIR - So it's a point of contention as we sit here?

Mr FORD - It is an unresolved issue.

CHAIR - The exploration licence, as you said, Wes, is moving to a mining lease. What are the terms of the exploration licence - I am thinking of years or whatever and if it's moving to a mining lease I presume it has gone through the approvals process?

Mr FORD - You will need to take that directly from DIER because I can only tell you information I am aware of; it's really a question to be put on notice to DIER, I would have thought. They certainly can answer it in a relatively short time because they have been looking at that issue.

Mr EVANS- Because we have been working closely with Mineral Resources about mining leases, licences, tenements, prospectivity zones et cetera, we are aware of this integration but we are not directly involved in the management so it would be more appropriate to take up that question with Mineral Resources Tasmania directly.

CHAIR - Yes, thanks.

Mr DEAN - I go back again, Kim, to a question I asked yesterday in relation to any interference or any impact on privately owned properties, and I am talking about the 295 proposed reserve areas; do we know whether or not there is going to be? I know you [inaudible] and what will be the situation where there is a new listing for a reserve area and a common boundary with private property? What impact is it likely to have and are there any areas that are known that are likely to prevent access through a reserve area, say, to a privately owned property as well? There are concerns with some landowners that could well be the case. Also it has been mentioned to me it could even see some areas landlocked; I am not quite sure if that could happen and you asked me to hold that question until today as well.

Mr MOONEY - Private land landlocked?

Mr DEAN - Yes.

Mr MOONEY - We have a number of private parcels landlocked now in Tasmania. Generally speaking all that goes on is the needs and requirements of the private landowners. Some of them have an access right in one form or manner or a licence to have an access way through, some don't because they don't require it. So it comes down to the needs of the individual landowners and also it comes down heavily to pre-existing use. If it's for a business, an agricultural purpose or whatever, there is really no question that their access rights are retained and formalised.

Generally speaking, most of these people have some formal agreement with Forestry Tasmania already on these parcels and we will certainly be looking to honour a lot of those former agreements and just pass them through to our system. Some of them might be ad hoc, some of them might be informal but -

Mr DEAN - I think what would keep these people and the TFGA happy is that if there is some guarantee that the proposed new reserve areas will not impact to the detriment of the private landowners around those properties or they could be landlocked as a result of it. I think that's the sort of guarantee they are asking for but it would be difficult at this stage to give it, but I take it that process would be one to be closely worked through with the TFGA and the private landowners.

Mr MOONEY - Definitely the landowners themselves.

Mr DEAN - I take it you can't give any guarantees that there won't be any detrimental impact -

Mr MOONEY - I can't give an iron-clad guarantee. I can't think of an example where there would be a sudden difference of opinion. The only point of difference is if it becomes a national park. That would make things a bit more difficult to negotiate if there's not a

pre-existing right. If there is a pre-existing right, there is no question. Under the declaration of proclamation process, pre-existing rights must be held.

Ms FORREST - On that point, I am aware in my electorate there are a number of landlocked private holdings.

Mr MOONEY - Now?

Ms FORREST - Yes, now - some people buy them knowing that and then want things changed afterwards, which is interesting. From undertaking your assessment of the proposed national park reserves, are you aware of any private land holdings within those areas that would be landlocked as a result of the national park reservation?

Mr MOONEY - I am not that familiar with that, I haven't checked the detail.

Mr FORD - I don't think they were; that was one of the things that were looked up in the clean-up process.

Ms FORREST - And that would be further looked at in that final verification process with Minister Wightman under the Nature Conservation Act, would it?

Mr FORD - Yes.

Ms FORREST - So there will be a chance for the landowner to have some input at that point, if they were landlocked as a result of the new national park.

Mr FORD - Yes.

Mr MOONEY - Lees Paddocks is probably one of our better examples of where they still graze. We still do fuel-reduction burning programs with the family and that's inside a reserve and has been for 22 years now.

Ms FORREST - What sort of a reserve is that one?

Mr MOONEY - It's part of the reserve that abuts a conservation area, but it has a national park on one side and a conservation area on the other side; it is adjoining the Cradle Mountain-Lake St Clair National Park. It is above the head of the Mersey River.

CHAIR - Gentlemen, thank you very much for your attendance.

THE WITNESSES WITHDREW.