

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE TASMANIAN FORESTS AGREEMENT BILL 2012 MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON TUESDAY 22 JANUARY 2013

Mr NORM McILFATRICK, SECRETARY, DIER, **Mr KIM EVANS**, SECRETARY, **Ms PENNY WELLS**, MANAGER, DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT WERE RECALLED AND RE-EXAMINED. **Mr MARK KELLEHER**, SECRETARY, DEPARTMENT OF ECONOMIC DEVELOPMENT WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Harris) - Welcome all.

Mr McILFATRICK - There have been a few follow up questions which I guess we'd want to cover off early; questions on tenure of the reserves and right at the last we started to get towards questions about the value of carbon. Then there was a series of questions raised around forest practices matters.

In relation to a couple of questions around the socio-economic study, we have confirmed with the commonwealth that will be available towards the end of January or early February. So that will be available for the committee. We will also ask the Commonwealth to brief you on it.

Mr McILFATRICK - The most significant detail provided has been through Kim Evan's department in regard to your questions around the detail in the amendment and how that may result in a conservation act tenure.

Mr EVANS - Specifically, last week we were asked to provide some information which matched up the purpose and values from schedule A with the appropriate reserve classification in the Nature Conservation Act. We provided that through to the secretary yesterday by way of a couple of attachments. The first of those attachments, which I understand have been provided to you electronically, matched up, for each lot number, a reserve class and independent category under the forestry agreement. If you look at that particular table, running through from one to 295, you'll see a corresponding reserve class under the Nature Conservation Act. At the end of that table there is a summary to show, for each reserve class, how many hectares will be created under this agreement. For example, there'd be about 101 000 hectares of conservation area, 60 000 hectares of national park, 205 hectares of nature reserve, 787 hectares of nature recreation area and the vast majority of land would be regional reserve consistent with the issues around mining - 330 000 hectares.

That has been presented in a tabular form but we have also provided you with maps which show existing reserve tenures and then the new proposed reserve tenures in a map context. We have those maps here.

Ms WELLS - Hopefully with the various bits and pieces you now have you should be able to cross-reference between the information that was in schedule A and be able to locate those lots in schedule A on maps at a detailed scale in the original maps that we provided with the submission last week. The colour maps we have just handed around give you a

bird's eye view of what all the information in the schedule and the detailed maps actually means. There are two maps we have circulated in colour. The one on the top shows the proposed reserves in the darker colours so you have got a group of colours there - blue for conservation area, dark green for national park et cetera. They are the proposed reserves under the agreement.

The other colours you see there, the two shades of green, is a summary of the existing reserves. They are divided on this map into two broad categories of existing reserves. You will see in the legend that you have dedicated formal reserves. In the material we provided yesterday we have explained that that means those reserves that are not available under the Mineral Resources Development Act, so mining and exploration is not a consistent purpose with the dedicated formal reserves.

The other shade of green there, the other formal reserves, are reserves that either in the Nature Conservation Act or in the National Parks and Reserves Management Act provide for mining or exploration in those types of reserves. That is the classification we have on this map, so it just gives you a quick snapshot of the different types of existing reserves against the future proposed reserves. You can see on that map, as Kim mentioned before, the majority of reserves came out of our assessment process against the purposes and values that are in the Nature Conservation Act and came out as regional reserves, largely driven by the areas on the north-west, the north and the north-east, which all sit within legislated strategic prospectivity zones, so that was a key driver for that allocation.

Ms FORREST - Penny, I am still not entirely clear about the difference between a dedicated formal reserve and other formal reserves. How does that transfer? Let us look at the Tarkine area where all the regional reserve red area is. If that is reserved as regional reserve, when we get a new map that shows the reserves as they are does that then change colour to one of those greens?

Ms WELLS - It might be clarified in the next map. It may also be a bit clearer when you get a chance to read through the material we provided last night.

We might turn to the second map. The reason we have provided both of these maps is because this second map is a little bit more confused at a glance. Again we have the proposed reserves from the forest agreement as the bottom section of the data colours, so they are the same colours as on the other map. You can see the regional reserve proposals standing out in the same way, but instead of grouping the existing reserves into those two broad classes we have separated them into their individual classes in slightly lighter colours to differentiate them from the proposed reserves. You can see that all the existing reserves have been depicted as their actual classes - conservation area, forest reserve, game reserve, national park et cetera.

By cross-referencing any particular lot you happen to be interested in, the details of what can and cannot happen in that lot are in the schedule. The description of the area of the lot is in the schedule and which annex that lot sits on is also in the schedule. So you should be able to find the lot and on that annex it will show you in detail where that lot sits in Tasmania. Then if you look up that lot number on the table that we provided last night you can see that it is equivalent to a regional reserve or a conservation area. These maps give you a snapshot of what that looks like at a statewide level.

Mrs TAYLOR - Chair, can we record what a fantastic job she has done to provide us with this; thank you very much.

Ms FORREST - The area up in the Tarkine, what national park is that?

Ms WELLS - I think that is the Savage River National Park.

Ms FORREST - So there is a pipeline and everything in that?

Ms WELLS - The pipeline I think comes through a forest reserve to the west.

Mr EVANS - We can also break it down further into tranche 1 reserves and tranche 2 reserves if that helps.

Ms FORREST - That would be good.

CHAIR - I think that is a yes for both because in Greg's absence he would be certainly interested in the stuff at the Western Tiers given his contributions last week, and ditto for me in the southern forests.

Mr McILFATRICK - Mr Chairman, there was a related question raised by my industry during questions last week about the legitimate clearing of land without the need for a forest practices plan. Certainly, we have confirmed that if, for instance, you are in a regional reserve and mining is allowed in that reserve by the act, that the legitimate clearing of land for mining exploration for mining purposes is excluded from the requirement for a forest practices plan. That has been raised by industry. Certainly, Penny can provide reference to the act and so forth. I am very confident that that can be covered particularly as we now have under those on purpose to indicate that mining will be possible and allowed in the regional reserves and, where they are specifically for mining purposes, we will be required to have a forest practices plan.

Mr GAFFNEY - A question there on the table where the summary of categories on the TFA comes to 514 000 hectares. My understanding was that there was a 504 000 request, so I am interested in the 'log of last resort' category. I am wondering where that extra 10 000 hectares, how that matches up. Does that mean the once-off log [inaudible] it looks as though that 20 000 is in, but where is the 10 000 hectares, or how is that worked out?

Ms WELLS - If I can take us through the process that we went through. DPIPWE was provided with the map from the forest agreement with the signatories' map. The first step that went through, the signatories requested that that go through a verification process with Forestry Tasmania to remove any coupes that were an essential part of the wood model that was agreed as part of the agreement. I think in those last few days there was a bit of a flurry of activity and there was a concern that the lines in the final map from the signatories didn't necessarily line up exactly with the coupes that were required for the wood model.

Forestry Tasmania at first did a verification exercise to weed out any coupes that were part of that wood model that had accidentally stayed inside the reserve; so that was a first step before it was provided to us to then prepare the information for the protection order.

We then went through a next verification exercise, which was really a GIS exercise. It was not about verifying the values. It was about verifying whether the land could be included as part of this legislation. That involved taking out any funny little slithers that in a GIS sense didn't make any sense. So little slithers on the map that were 0.1 hectare that were just artefacts of digitising. They were removed and that only amounted to a few hectares all up.

We then had to exclude from that map all land that is not covered by the legislation. The legislation only covers Tasmanian land so we excluded all land that is owned by the Commonwealth. That amounted to in the order of part of 7 000 or 8 000 hectares. We also excluded existing reserves because there were some areas that had been reserved in the last year under processes like the CLAP process, so clearly if they are already reserves we don't need to include them here. It excluded local government land because that is not provided for in the legislation, and also private land. So any private land that was inadvertently caught up through digitising error was excluded.

That process and the Forestry Tasmania verification exercise, in total, added up to approximately 10 000 hectares that were excluded from this land. There is a summary table at the end of the material we provided last night which shows the reserve classes in tranche 1 and tranche 2 add up to 493 000 hectares. That is in the order of 10 000 hectares fewer than the 504 000 that the signatories proposed. That accounts for those exclusions.

The way the legislation is structured, and the way the forest agreement works, the once-off log restore and reserve zones under the agreement and the log of last resort zones under the agreement need to be included in the protection order because, in 2022, they may end up in the reserve system. That area, in total, is in the order of 20 000 hectares. So, you take off 10 000 and add 20 000 and end up with 514 000 hectares. Make sense?

Mr GAFFNEY - It does make sense.

Ms FORREST - The log of last resort and the once-off log restore and reserve, if they do end up in a reserve, what reserve status will they have under their purpose and value? It is not in the table here?

Ms WELLS - It has not been assigned. Because their purpose is for harvesting and then in 2022, subject to a durability report, they may end up in the reserve system or they may not. That decision is made in 2022.

Ms FORREST - Will that come back to the parliament at that time at that time? Is that how it will work? How will that determination be made?

Ms WELLS - It is subject to a proposed reserve order and that proposed reserve order is to be made in 2022. That will come back to the parliament to agree or otherwise the proposed reserve order. Any of the loss within those once-off log areas, if any of those logs end up in a proposed reserve order, parliament has the option there to allow or disallow them. If they are allowed, then they go through the reserve making process and it is at that time, at the proposed reserve order stage, we would assign an appropriate category.

Ms FORREST - Some of us may be here to see that. Some over there may or may not, too.

Mrs TAYLOR - During the week, since we last saw you, we have had lots of other people and we did have confirmed, Norm, that mining would not need a forestry plan, so that was rather good. Two of the big things that came through last week, to me, were mining and tourism. Tourism concern is the extra layers of permits they will have to get than they might normally. But both of them seemed to be saying, if everything or the bulk of it turned in regional reserve, that might allay their fears because they were saying that regional reserve is - let me put it another way. They said, if the aim was to stop logging in the whole 514 000, then that was not such a concern to them, so that if everything was to be a regional reserve and not be able to log anymore, then that would allay their fears. What they are concerned about is that their access to it might be much harder, if not impossible, because of the other layers.

I am thinking that this 330, the likely bulk of it going into regional reserve, might give them a degree of comfort. I am not sure, at this stage because we only now have this, that the areas that they are talking about, that they will be satisfied with that.

That is why I asked if they can have this because I think that is a step for tourism and for mining to now have a look at this and say, we were really concerned about access to this area but if that is a regional reserve. It became fairly clear to me during the week that this agreement between the conservation movement that wants to stop logging in this area and Forestry that can currently log it, all the people who have come to us and said they are excluded from this process, when you look at this agreement it is just about logging or not logging in these areas. That is why these are the only two sides involved. I can understand now why tourism and others were not involved, because it is about logging or not logging in those areas.

Mr EVANS - From the mining industry's perspective, they will need to have a closer look at these maps. I am sure they have already been looking at the detail provided for in schedule A. In terms of the tourism industry, as Peter Mooney said last week when he appeared, even the higher classes of reserves, the national parks, through the management plan still provide for appropriate tourism. There are lots of examples where we have tourism development within parks, of all different types.

Mrs TAYLOR - Their issue is really about the different levels of how hard it is to get something happening but that is another matter. Is the conservation movement satisfied with the bulk of this being in regional reserve? Do they know all this? Is the Wilderness Society happy with that 330 000 hectares being regional -

Mr EVANS - We have briefed the ENGO signatories on what the summary of our analysis shows. You would have to ask them whether they are happy with that.

Mrs TAYLOR - They have signed up to this, but do they know what they have signed up to?

Mr EVANS - They understand the process Penny and her team went through to arrive at this result, both from the perspective of looking at the information we have about values and also the legal issues around mining and other factors that have led us to assigning these purposes and values to each of the individual lots. We have worked from the bottom up

and this is the result, having done the analysis on a lot-by-lot basis, and we don't feel we can do the task any other way.

Mrs TAYLOR - The TCT, for instance, the conservation people, were talking about swift parrots and masked owls. Their issue was that most of this is on private land rather than on public land, and private forest is not covered anyway. Even in these areas, I think there may be elements of the conservation movement that are thinking that when it gets locked up that means almost national park, or the bulk of it - that kind of category - and it will be harder for other things to happen, but that's not the case.

Mr McILFATRICK - What I have heard from some of the signatories is this has been a compromise, but it has been a compromised position between industry and the conservation movement to achieve reservation, a reduction in forest activities, and durability for the industry. So, if they were taking a global view they would be absolutely happy with this, I am not sure. However, they are aware this is the position under the true process that has been applied and the results can be confirmed and not denied if you have put the appropriate process in place. If they were taking a view about how much national park they would like in the state, they would probably want a lot more, but under this process this is what has been delivered.

Mr EVANS - It is also important to add that this assigns protection for these lands against forest activity but there is still a further process to go through under the Nature Conservation Act to firm up boundaries, values, purpose. There will be consultation and the minister has to make the reserve in accordance with the schedule agreed by the parliament. It is not unless the personal values, the shape of the land, and the boundaries change that it comes back to parliament. This is not the end of the game, necessarily; there is still a further detailed process to go through.

Mrs TAYLOR - Again, I am taking a bit of a global view. One of the reasons I voted to have this committee is because there were so many people, so many organisations - private foresters, tourism, beekeepers, everybody - saying we didn't have a say in this. They were worried that the activities that they wanted to carry out would not be able to be carried out because they didn't know; nobody knew what the actual classifications were going to be. I am hopeful that now they see the detail and the fact that the bulk of it is actually going to be regional reserve, many of those issues will just be addressed per se. Would you think that that is a fair assumption?

Mr EVANS - We would hope so, but even if they were not we can still provide for their access, and do so everyday. In the current reserve system we have hundreds and hundreds of leases and licences for recreational purposes, for beekeepers and others to access reserve lands. It does not stop you doing it, but certainly they will be likely to feel more comfortable with a regional reserve category or a conservation area than a national park, from the perspective of their access.

Mr VALENTINE - I think the Conservation Trust's concern is more about the forest practices code.

Mrs TAYLOR - Yes, it is.

Mr VALENTINE - That is because of activity on private land versus public.

Mr McILFATRICK - The beekeepers and miners I've talked to are very used to operating within conservation areas and regional reserves, but they are not used to operating within national parks - with further restriction. I believe when you look at this with 430 000 hectares in those two categories, that should give them comfort. They haven't yet seen the maps and they can access it through this process. I am sure Kim will provide it to directly to the Minerals Council, for instance.

Mrs TAYLOR - And tourism?

Mr McILFATRICK - Yes.

Ms FORREST - The mining industry has been looking at it and I've had some communication with them since this was all tabled. This is the point that I made with them. If it was a regional reserve they will be able to continue what they are basically doing now in those areas where it is regional reserve. The FPA clarified the lack of the need for a forest practices plan.

When you look at the schedule of the proposed amendments from the government it talks about those classifications where mineral explanation is provided for in those lots. I quote:

It looks like the carbon farming initiative classification on the newly proposed areas and maps will override any other classification to the extent that we will not be able to clear forest to build a new tailings dam or road.

That would put them out of business if they couldn't do that. Some further comments:

The concern is with the carbon farming initiative requirements. While mineral exploration and development is clearly noted in the CFI requirements, the CFI requirement appears to exclude any clearing of this land. Lot 14 and lot 80 are the lots to affect Savage River, with Grange Resources affected here. I [being the GM at Grange] am concerned that the reserves will not allow clearing of trees for mining, therefore no tailing dams, no waste rock dumps, no pits, no mines, no Savage River in a couple of years.

Throughout the definitions of schedule A requirements there are various references that allow clearing for some reasons, such as roading to another allowed coupe. There is also exclusion of electrical infrastructure. The question that they pose: shouldn't there be a reference to clearing to allow mining exploration development at least. In effect there is a reference to activities which are clearly not allowed, but not to allowed activities.

Scott Jordan [being the TNC person] has always maintained that there would need to be a change in land use status and tenure for the carbon farming initiative to be used.

There is talk about a letter from ministers Green and O'Connor that would appear to negate this, however. They are concerned about the risk with the carbon farming

initiative, what that actually means, and does it override other requirements that could see roading into a tailings dam, as opposed to a tailings dam itself, become an issue. If you could explain that situation that would be of great value.

Mr ERIC GREGORY JOHANNES WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

Mr JOHANNES - The first thing to say is that carbon farming and credit for carbon under the commonwealth legislation is dreadfully complex - very very technically complex. All the state has done at this stage, which is all it is able to do, is to seek and receive assurances from the commonwealth government and the Parliamentary Secretary for Climate Change that options around accrediting Tasmania's forest carbon in future are not closed.

In the case you have cited that means effectively we have been given permission at some stage to go back to the commonwealth and go through a number of quite significant technical hurdles, like developing a robust scientific methodology for determining the amount of carbon in Tasmania's forests that is accredited by an independent advisory group that then makes recommendations to the commonwealth minister. All of those steps would have to be gone through. At this stage the commonwealth has said, we will allow you go through those steps. We will not guarantee what the outcome will be at the end but we are not closing off any options at this stage. That is the first thing.

What does that mean? This means that technically we could go with that process for some or all of the reserves that are made, assuming the legislation goes through. Let us say for argument's sake, just to keep it simple, 500 000 hectares of Tasmanian forests ends up in reserve as an outcome of this process. There is nothing to say that we would have to apply for all 500 000 hectares to be accredited under the CFI. We could, for example, make a determination that a certain number of hectares would need to be cleared to allow for certain forms of industrial activity like mining. Let us say that 20 000 hectares we think would need to be cleared over time - this is completely a generalisation. You could apply for a project, lets say 480 000 hectares, to be accredited under the CFI.

The other thing is we have to go through a complex process to establish a methodology that then gets accredited and put through by regulation by the commonwealth. I am not aware of anything in the legislation that precludes us going forward with a project for an area - let us say 10 000 hectares of park - which within that particular 10 000 says this is the amount we want accredited under CFI and we are not going to seek this other area to be accredited under CFI to give flexibility in future to allow some activity to take place.

I can understand the concerns that have been expressed and part of that I think is a result of the sheer technical complexity and uncertainty around this area, but I am supremely confident that nothing has been done to date that precludes us being flexible going forward. I think as we develop a methodology we would hope to address these issues.

Ms FORREST - I took on board their concerns about the lots that relate to mining because they are in the first couple of areas.

These dot points on the proposed schedule mention the removal of carbon dioxide from the atmosphere by all or any of the following means. Sequestering carbon in trees in native forests to avoid greenhouse gas attribution has changed forest management practices, including the clearing and harvesting of native forest. They only appear

generally in those areas where mining is also an expected activity. One of the questions I had, and I discussed this with mining people I deal with, is that it says, 'including the clearing or harvesting of native forests'. I think we talked last week about the definition of harvesting, but clearing is not so clear. In my mind clearing is cutting down a few trees to build a road into a mill site, for example.

Mr JOHANNES - To hopefully allay some of your concerns, I will read a sentence from the letter that came back from the Parliamentary Secretary for Climate Change to the Tasmanian government. It reinforces my point. This is around his commitment to try and regulate to ensure that we can still qualify subsequently for our projects under the CFI. What Parliamentary Secretary Dreyfus writes is:

This regulation will ensure that paragraph [such and such] of the CFI does not exclude projects that involve conservation reserves established under the Tasmanian Forests Agreement Bill 2012.

That reinforces my point that all the commonwealth is committed to at this stage is to leave the door open.

Mr McILFATRICK - I think we're talking here about a future piece of commonwealth legislation but where we currently are is the requirement for a forest practices plan, and under the legislation a forest practice plan is not required for the harvesting of timber or the clearing of trees on any land or the clearance or conversion of threatened native vegetation community on any land in the course of mineral exploration activities or mining activities that are authorised under the series of acts.

Ms FORREST - So regardless of how clearing is defined, if it's clearing to facilitate a mining operation under the approvals that are all granted through that -

Mr McILFATRICK - It can be under land use planning and approval or it can be under RDA, a whole range of things. That's the guiding legislation we have now.

Ms FORREST - I wanted it very clearly stated. It is a concern, particularly if you have a mine lease. You can have the hole in the ground, but if you can't get the trucks in and out it doesn't help you much.

Mr McILFATRICK - I'm concerned as well because I wouldn't be able to clear a roadside reserve to make a new road if I needed a forest practices plan but I'm also covered by that under this structure.

Ms FORREST - Going back to the point about excluding electricity infrastructure, which has the same meaning as under the Electricity Supply Industry Act 1995, it talks about land owned by the forestry corporation and other land owned by a state-owned company. Is it necessary to include mining at all in this or is it adequately covered because of the provisions you've just spoken about?

Mr McILFATRICK - Under the schedule we've included activities that identify the use and purpose and go to the values. Nearly everyone has to have identification of a future carbon value. So if we didn't have it in there we wouldn't be able to potentially tap into

whatever the value is for carbon in the future. It will be through a federally administered process that we'll have to apply. If it's not in there we haven't got the mechanism to -

Mr EVANS - In fact if you go through that schedule, that purpose is identified for all 295 lots, quite explicitly for that purpose into the future.

Dr GOODWIN - I want to get clarification around this process where the signatories provided maps of the reserves that they proposed and then work was done to look at the potential reserve class and the matching values et cetera. What did the maps provided by the signatories exactly look like? Did they suggest what they thought the types of reserves should be or were they just purely showing the areas?

Mr EVANS - They provided the map and Penny has been through a process by which we've taken that map and verified it and come up with what's in schedule A and the maps in the amendment. They didn't provide any advice about the reserve type [inaudible] or values.

Ms WELLS - Other than the general clause in the agreement which says they recommend the highest tenure appropriate.

Dr GOODWIN - This issue with mineral exploration bothers me because of a question I asked Vica Bayley about the lots and the provision for mineral exploration. What I am wondering is whether they would have been aware, when they provided you with their map, of all the areas that had potential for mineral exploration or is that something that only came out the exercise that you had to do, which is to go through and look at the areas and provide that detail around which ones have mineral exploration potential?

Mr EVANS - It is really a matter for them as to what they knew at that particular point in time. All we can do is describe the process that we have gone through, having been provided with the advice from the signatories that identify the appropriate purpose and values, consistent with government policy and the legal issues confronting us around mining.

Dr GOODWIN - It is possible they were not aware of some of those areas?

Mr McILFATRICK - At a global level they would have been aware of such things as the territory prospectivity zone. It is very clearly addressed on any high level map you look at. They would also have been aware of mining activities that were current mining operations. What they may not have gone down to, unless they sought direct information from MRT, would be where the exploration licences were. That is publicly available. But did they go and look at that overlay on their maps? They would certainly be aware, from their own activities, of that prospectivity of the west coast and I would be surprised they did not know how much mining was carried out there.

Ms FORREST - With Ross Large's involvement into the verification process, did that go to that detail?

Mr McILFATRICK - It did, as part of the IVG process.

Dr GOODWIN - Last week I asked whether it was possible to overlay some of the values that came of the IVG process with the information of the lots that we already have. Is that something that is possible?

Ms WELLS - The IVG reports - I do not know how much time you spent looking at those but there is a vast amount of information in those reports.

Dr GOODWIN - I was hoping there was an easy answer to this.

Mr McILFATRICK - Another colour, do you mean?

Ms WELLS - It would not be an easy task to overlay everything that is in those reports with these maps. Within DPIWE and with government broadly, we have access to a range of existing data sets, many of which may well have been used by the IVG in its work. We have data sets of certain species, threatened communities, historic sites, cultural heritage, a range of fauna habitat, and all kinds of things. We have a whole heap of information on the natural values atlas and on the list that are generally available.

If you gave us a very specific request, we could overlay what you wanted on the maps, but if we were going to do that, for efficiency, it would be handy to have exactly what it is that you wanted.

Dr GOODWIN - If I can just clarify - and I have raised this with Phil Pullinger as well. The best case scenario, as far as I am concerned, would be able to point to lot 1 and say, that lot is special because this threatened species is in that areas and needs protection, or it has very tall trees, or it is an iconic wilderness area, or whatever. At the moment, I do not know, just by looking at the detail that we have, what is particularly special about those areas. I may well be able to comb through all the IVG reports and get a sense of that. That is a very difficult process to go through and I am wondering if there is some way of getting to a point where there is a bit more detail about what is special about each lot?

Mr EVANS - It is really a matter for you to talk to the signatories about that because the signatories identified those areas of land that they wanted preserved as part of this agreement. The basis upon which they chose those areas of land is a matter for them. I would be talking to the signatories about those questions. What we have done is to take the areas of land that they have identified and put it through the process that Penny has identified and identified the purpose and values for any reserve that would be made in accordance with those parcels of land, and then that corresponds to a reserve class, as we have described for you today.

Beyond that, and the process that Penny has been through with various layers of information about natural values that we have at our disposal to assign those purpose and values, you would need to talk to the signatories about why they identified each of those parcels in the first instance.

Ms EVANS - If they were to do that they could do that against their original lots. The one thing that we might be able to do to assist is to relate their lots to our lot numbers.

Dr GOODWIN - So they would match up.

Mr MULDER - On that particular thread to tidy up, I may not have heard you properly but I think you are saying that we have to ask the signatories what values they assigned as to why they wanted that class of land?

Mr EVANS - No, why they identified those parcels of land for reservation.

Mr MULDER - But that is basically the values that they ascribe to now?

Mr EVANS - Yes, various conservation values.

Mr MULDER - But you did not have those values; you only had the kind of reserve?

Mr EVANS - No, we had a description of the parcels of land and then we did our own assessment of the purpose and values to come up with the information in schedule A which corresponds to a class of reserve.

Ms WELLS - The only purpose and values that we assessed were those that are legislated in schedule 1 of the Nature Conservation Act. So those values are very broad - a large natural area, that sort of thing - whereas the signatories' assessment was based on a range of values that was important to them.

Mr MULDER - And you were unaware of what those, shall we say, more detailed level values were and you just applied the broad level values?

Ms WELLS - It was not our task to re-do the work of the signatories to ascribe on why they have arrived at those parcels. Our task was to take the land provided to us and fit it into the process described in this bill.

Mr MULDER - What I am getting at is that there are two levels of values here. There is one that the signatories had which they thought was important, and then there is the broad level one within the Conservation Act which you applied to that land. What information did you then use to apply the higher level values or the broad values? Did you use your own data?

Mr EVANS - We used all of our own data sets and other information from across government. Penny sat down in a room with a team of probably a dozen experts at various points with various data sets analysing lot by lot all of the information that we had at our disposal. It took a matter of weeks to do that to assign a purpose and value to each and every lot.

Mr MULDER - I think what Vanessa was asking for, and I will be presumptuous here, she was asking for the information that you used to ascribe purposes and values?

Dr GOODWIN - No, I wasn't. I asking for what the basis of the lots as identified by the signatories was in terms of what was special about it to them, and getting some clarification around what the process was that the departments went through to actually assess.

Mr MULDER - On another level then, I am interested in knowing what values you selected to ascribe the particular class of reserves.

Ms WELLS - For example, we had the legislative criteria in front of us from the Nature Conservation Act. We would look at a lot, and we had a whole range of data available to us to look at, and we ended up with columns and columns of information. However, when you drill down into the Nature Conservation Act against those purposes and values, the ones that really helped dictate which category we went into was the mining information, so whether it was in the strategic prospectivity zone, a highly prospective area, or under an existing tenement.

So that information, which we had MRT in the room with their GISs and they were fiddling with their data sets when we were looking at the lot on the screen, so that was a critical one; the amount of disturbance in the area, so we used Google Earth to look at the areas to see if it had trees or native vegetation on it, or whether it was a big, flat expanse of road, so we used that, in particular; and the other primary driver was whether there was a lot of existing use, lots of leases, licenses - we had Forestry Tasmania's lease and license information, their crown land services lease and license information. We looked at roading and infrastructure, where there are dams and power generating stations, and a lot of that you could see from Google Earth.

So it was an iterative process for each lot. It is not something you could readily make a map of because we analysed each lot and trawled through the other sorts of -

Mr MULDER - The process from here is that this is an initial assessment. Before they become permanent, of course, we have to go and do a further assessment. Is that treading ground, or is that getting someone to verify your process?

Ms WELLS - It can be a combination of things. An exercise as large as this certainly would not involve lots of people walking 500 000 hectares of ground - not unless we have a population explosion in Tasmania and we are resourced to doing that. But the exercise would concentrate more on other boundaries sensible in a management sense. So would it makes sense for this road to be inside the reserve or outside the reserve; does that power station make sense to be inside the reserve or outside the reserve; there is a large development here for tourism, should that be inside or outside?

That will necessarily involve consultation with local users, local land managers, and adjacent land managers. It is inevitably going to be a consultative process and, in particular, involve the current land manager and the future land manager in looking at what makes a sensible boundary designation that is obvious on the land. It really helps Forestry Tasmania and the Parks and Wild Service if your boundary follows a feature that you can see on the ground.

Mr MULDER - So this is the stage where the extensive public consultation, which has been missing to date, occurs? In that last reassessment.

Ms WELLS - At a local level. We do not anticipate this kind process where we have reports going out for public consultation on the whole of Tasmania. We envisage that if you go by the RFA processes, the community forest agreement and the CLAP process these reserves are not going to have their CPR plans drawn overnight. It is probably going to

take us probably 12 to 24 months to work through tranche 1 - and even that is probably being optimistic - to work through each reserve, have a land manager sitting at the table, and take account of the local issues which might, in one reserve, mean talking to the beekeepers, in another reserve it might mean talking to local government, farmers or tourism.

Mr MULDER - Thank you, Chair. That does my supplementary, but I would like to pop my name down for one at the end, if I could.

CHAIR - On that same thread, Penny, you have just indicated that in that room you had a whole heap of people and they were firing information, you had stuff on screens, etcetera. Prior to that, were you provided with any detail-specific material as to your assessments and the impact as to the Nature Conservation Act? So apart from your own data, I am thinking it could have, should have been information from FT about special species timber, tall trees, and all that sort of stuff?

Ms WELLS - We basically had people in the room from the government, so we were not provided anything from the signatories other than the map in relation to this process. We were not provided with any recommendations or guidance on what classifications should be used, so we simply got the map. We had a discussion within government about how we should do this and clearly the process is set out before us in legislation. We turned to what was in the Nature Conservation Act and I guess the policy overlays from the second reading speech around the Tasmanian Forests Agreement Bill itself, so those various pieces of legislation were used, with DIER, DPIPWE and DPAC in the room, to generate a rule set that you could apply at a practical level. Then we acquired the datasets that would help inform that. We did talk to Forestry Tasmania about what land use datasets they had and so they provided the lease, licence and covenant information.

We did also at a verification level have Forestry Tasmania in the room; it was more clarification about their verification exercise to make sure we weren't inadvertently including coupes that had been agreed by the signatories to be annexed. We did have that level of liaison. MRT were in the room to help interpret their datasets which they had brought with them.

Nobody gave us data to do this up-front. We generated the rule set and then we requested relevant data from within government to help inform applying the rule set. I should qualify this by bearing in mind we had very limited time to do this. It was comprehensive within the time frame that we had to do it, so it's not without its limitations and hence this next step, the reserve-making step for tranche 1, will provide a little bit more time for thoughtfulness and where there are wrinkles around the edges. With this process, which is at a coarse level just to get the protection order aspect in place, we do have this extra bit of time to iron out those wrinkles to get the actual reserves in place.

CHAIR - My understanding is that the West group was specifically tasked with assessing the values, identifying high conservation value forests, and further to that making recommendations as to land tenure. When they baulked at that, because they didn't do that, they said something to the effect that, 'Our work will inform the signatories for them to make these recommendations'. I am hearing you say you did not receive any of that information, any of that material or data, and nobody has produced it and said, 'These are

the high conservation values; these are the recommendations for land tenure'. Am I right in that assessment?

Ms WELLS - I am not sure about all of those steps. I am sure that the job that we were tasked to do was in relation to what came out of the agreement. There was a set of parcels of land that came out of the agreement and our job was to turn that into material consistent with the requirements of the Tas Forest Agreement. They were the parameters of the task that we, as a department, undertook.

CHAIR - There seems me then a void - my word - as to recommended land tenure. There were supposed to have been some upstream recommendations as to that very issue of land tenure, but you have been set this task of determining the exact boundaries and the detail you have led us through this morning in terms of reserves.

Mr EVANS - My understanding is that the West process stopped short of recommending land tenure but it identified there were high conservation values in the areas of land that the signatories recommended for reservation.

CHAIR - High conservation values or some conservation values?

Mr EVANS - Conservation values. Our task was simply to use the classification system under the Nature Conservation Act to assign purpose and values which corresponded with the appropriate class of land under the Nature Conservation Act.

Mr McILFATRICK - I think if you separate the verification process from the intent, the Premier and the Deputy Premier made it clear to the signatories very early on that tenure would be the responsibility of the state and we would apply this process we are currently applying. So stopping short of identifying tenure was explicitly an intent of the Premier. I think we're saying there are two processes here. One is people identifying conservation values that would lead them to an ability to get to a negotiation phase, which is about how much production forest could be set aside and how much land could be conserved. That is where the signatories got to in negotiation, in compromise. Now we are tasked with how we make that real under our state and legislative process.

Mr KELLEHER - Just an observing comment on why did they come up with that process they went through. Having got to a compromise about how much and what they should be allocated needs to go to the legislation as to categories. There was is a process to come up with a compromise that is required and then it comes out the other side with how these are then allocated and what the appropriate legal reserves are.

Mrs TAYLOR - Can you not see that what they decided they wanted it reserved for and what the tenure is in the end could well be a disconnect because they have their own reasons for wanting each piece. That's not been part of your process, as you have explained very clearly. You pointed out, Norm, that the Premier and Deputy Premier said, 'We will assign it according to the Nature Conservation Act'. That's fine, but there could well be a disconnect. As I said some time ago, how are you going to react to this happening?

Mr McILFATRICK - I come back to the statement I made earlier. This was about a compromise between environmental values and Forestry activity. The very nature of

Professor West's work went to much broader issues. If we were here about having independent signatories' advise us on all the conservation areas in the state to be set aside for all the values, then it might have been a different outcome. The signatories' task was narrowed to what durability could be put in place to conserve environmental values and maintain production forest. Therefore, I think Professor West's work had a much broader scope and we, through this process, have narrowed the scope to the task.

Mrs TAYLOR - But that's also why everybody else has been excluded from the process because it was only about forest activity or not.

Dr GOODWIN - As to the maps the signatories provided to you, did they identify specific lots or was it just one area or another area? What level of detail was in the maps they provided to you?

Ms WELLS - You would have seen map A. We got the electronic data for map A and it was a whole heap of polygons, in a geographic information systems sense, that makes up map A.

Dr GOODWIN - This is map A that is attached to the forest agreement?

Ms WELLS - Yes. That is what we got and the polygons were divided up as they were drawn. There was not any management boundaries nor management intent necessarily reflected in how those polygons were shaped.

Dr GOODWIN - You actually came up with the specific lots.

Ms WELLS - We generally used those polygons. In some cases they were tidied up to remove the slivers that I explained earlier, but we generally took the polygons as they were given to us. However, some of the polygons were vast. I think from memory there was one polygon that was about 25 000 hectares that ran up the whole southern forests area up through the central plateau. Just for sheer practicalities we drew some straight lines to break that down, simply for assessment ease, and we retained those as lots. Our lot numbers won't exactly line up with the signatories' polygon IDs but we can relate each one backwards and forwards. So one of their polygons might equal three of our lots, for example, but that was again not based on management boundaries, simply that we will cut it off here, here and here to make it easier for us to assess because, for example, one lot might flop over into strategic prospectivity zone at one end. There were occasions where we did break really large polygons down into smaller lots.

Mr WILKINSON - I realise it is a situation where you have got to deal with what is in front of you. What concerns me to some degree is when you talk to the Forest Practices Authority there has been no study done as to where are your masked owls and how are they going to be looked after, where are your swift parrots and how are they going to be looked after, where are your threatened species in relation to fauna and how are they going to be looked after. If you were starting again it would be best to have this holistic approach as to identify all these things and then decide what is good and what should be protected to the nth degree. Do you have any evidence at all in relation to those matters, like your threatened species and how they impact upon this, and your Forest Practices Authority-type questions that would be asked and how they impact upon this agreement? Should you have, and if not, why not?

Mr McILFATRICK - Production forests will still be subject to forest practices. All of those issues will be covered by the Forest Practices Authority in their normal role. One thing that did happen is there will be ongoing [inaudible] review of forest practices planning and in conjunction with that independent statutory authority. By the very nature of this process we did not want to be doing that review during the signatories' process but certainly my view is that that would follow very closely looking at what are the enhanced forest practices statutory roles that would protect the forest in the future.

Have we overlaid every forest, every zone, all of those values? No, because they will be covered by the assessment that goes through in the reserve-making process. When forestry activity occurs within the zones that are maintained for production, they will be covered by a forest practices plan. If there is a wedge-tailed eagle within the coupe, that would be excluded from forestry activity, just as it would be today.

Mr WILKINSON - I realise that. I think there was some comment just prior to Christmas that there is probably around about 10 percent, or it could be up to 20 per cent, with less than the 137 000 cubic metres as a result of what we are talking about with the Forest Practices Act, which would create a further strain, of course, on the wood production?

Mr McILFATRICK - That's the case now. The Forest Practices Authority statutory role is to make sure that the conservation values are protected, the Aboriginal heritage et cetera. This headroom issue is how much of the production forest is actually going to be accessible. It could be between 10 per cent and 20 per cent that over time is restricted to the different forest practices, but that has been the case over the years.

Mr WILKINSON - But with a larger amount of forests to be able to take in relation to wood supply. That's not the case now. What you have is a lesser amount, of course, as a result of this, which means it puts a further stress upon the wood supply.

Mr McILFATRICK - Yes. However, there is also the element that in going through the process of selecting conservation values and through the independent verification in leading to the negotiated outcome, the environmental groups would have taken into account the higher conservation areas and in negotiations. You have taken out some of the areas that you would have normally protected under the FPA, so it's a matter of whether that headroom increases. My view is it probably doesn't increase, but certainly the figures we've seen are that between 10 per cent and 20 per cent is a reasonable level of headroom to expect in the future and the signatories are aware of that.

Mr WILKINSON - It seems it really is a wood supply agreement, with of course conservation as well, and it seems to be at the moment the wood supply agreement which doesn't take into account other environmental values such as I've been talking about at the moment.

Mr McILFATRICK - It takes into account that any production forest would be working within a forest practices plan and those rules haven't changed. When we finally land on the land and the tenure that is going to be provided, subject to the bill passing, that there will be a need to work with the Forest Practices Authority and Forestry Tasmania and others to review our future practices to make sure that, for instance, forestry certification is [inaudible] market. We want to make sure that we are in lock step together to make

sure this forest activity continues and we give the forest industry every opportunity to succeed under this new regime.

Mr GAFFNEY - If the amount of hectares that you guys have identified is 514 000 in tranche 1 and 2, and 2022 is the other 21 500, it is close to 11 000 over the 504 000 that is being discussed. Who is responsible to take that 11 000 out of the equation, either in tranche 1 or tranche 2 or, in 2022 that means that instead of 21 500 hectares being available there would only be 10 500 hectares. To me that one is so far away that the game will change. Whose responsibility is it now to go back and say, 'Whoops, you've got more than what you have asked for, more than has been agreed upon'? I am interested to know where lies that responsibility.

Ms WELLS - I think you probably need to clarify what you mean by the 10 000 and the 21 000. There is 10 000 or 11 000 that have been excluded from this protection - I will call it a schedule A protection order - so that the original area to go into this interim protection was proposed by the signatories to be 504 000 in tranche 1 and tranche 2 reserves, plus another 20 000-odd in once-off-log and log-of-last-resort areas to be considered in 2022.

Mr GAFFNEY - That is the combined total of 504 000, not 504 000 plus another 20 000?

Mr McILFATRICK - 525 000 was the original -

Mrs TAYLOR - 504 000 plus the 20 000.

Ms WELLS - The 10 000 that have been excluded because it is not legal under the act to have private land, that 10 000 is out of the equation zone.

CHAIR - Penny, on this same matter, last week you mentioned something to the effect that you went searching for Professor Mackey's spreadsheet which was going to address the 10 criteria of conservation values in detail but you could not find it. Isn't it a fact that, notwithstanding Professor Mackey said he was going to produce the spreadsheet, he never did?

Ms WELLS - I don't know the answer to that but I had a quick look last week at the Mackey report. I got distracted on other things and I certainly did not read it cover to cover. I saw references to the spreadsheets that were going to be prepared and I haven't followed it any further than that, so I don't know whether they were prepared or not or whether they are the website or not.

Mr McILFATRICK - I didn't follow up on that. I go back to the point again that Professor Mackey's work and all of the other work by the independent verification process was to inform the signatories of the negotiations to reach an agreement. They certainly had access to his work. If the spreadsheets exist, we will find them and if they don't we will confirm that. I am happy if we could take that one on notice.

Mr DEAN - You indicated that in the areas that were identified by the signatories for reserves that you then had to take out of that commonwealth land, local government land and some private land. What was the position in relation to the amount of land that was taken out? What was that and how was it made up? Did the signatories then say, 'We

want that amount of land picked up in further reserves', or was it decreased? What was the position?

Ms WELLS - We took out land that was not provided for in the bill. The bill defines land that can be included in this protection order or schedule A as being crown land, state forest and/or land owned by a GBE or state-owned company. That was the only land that we could include under this bill, so anything that wasn't that land we have excluded,

Mr DEAN - Was any of that information taken back to the signatories?

Ms WELLS - The signatories have now been briefed on that process. We briefed the ENGO signatories.

Mr EVANS - They are aware that of the 504 000 hectares that they identified we can legally only reserve 493 481 hectares.

Mr DEAN - What was their position in relation to that? Did they simply accept that or has the 193 000 hectares now been secured as reserve land?

Mr EVANS - I think they understood that we can't reserve land that we don't own, for example, private or in commonwealth ownership or in some cases land that had already been preserved through the CLAC process.

Mr McILFATRICK - They made the decision that if, for instance, part of the land was on military reserved land, it was for that purpose and it wasn't going to be opened up for any other purpose anyway. It was included in their broad undertaking but it wasn't necessarily at risk of having a change of use.

Mr DEAN - I think it's a question I probably need to ask of other groups when they come in.

McILFATRICK - To my knowledge we haven't had a lot of pushback on that. I think they understand the practicality and they understand that, in many ways, these processes are a refinement. When you take a small map and add a textacolor on it and then the next one is a big map with a fine line pencil, it's really about making sure the boundary adjustments make sense. There is a further process to go there.

Mr DEAN - In the report which you provided to us yesterday you made perfectly clear that the time you've had to do this has put a lot of pressure on you. You said clearly that in the time available there was no capacity to check some 500 000 hectares of proposed land. Is it possible that when you finally get out there and start to identify the boundaries for these areas, it will either go up or down?

Mr EVANS - It's highly possible that it will go up or down depending on where we set the final boundaries after doing further on-ground analysis. We would hope that, in most cases, that won't be material but if it is material then we are obliged, under this act, to bring that back to the parliament.

Mr DEAN - That's right; back to the parliament for a final decision in relation to it.

Mr McILFATRICK - However, if we look at the numbers we've got, this is a very large tract of land made up of a lot of smaller parcels. The adjustment we made, excluding [inaudible], was 1 per cent of the total. Is it possible there'd be another 0.01 or 0.02 percent boundary variation as we go through it? It's possible. Is it possible there'll be a 10 per cent variation? Highly unlikely. There will be refinement, but having found 1 per cent in the first major significant task, I think it's unlikely we'll find more than 1 per cent in the next task.

Ms WELLS - We certainly found examples when we were looking at the individual polygons. There were boundaries of those polygons where we couldn't see obvious reasons why the boundary was right there. There may be reasons, but in some cases, as we've experienced in reserve design, you ask why within a certain boundary you wouldn't go out to the edge of the state forest if it's only another millimetre or why wouldn't you come in to that river. We were asking those questions all the time. That wasn't our task so we didn't go there but we saw plenty of examples where, in the refining stage, you may well go out in some cases and come in in other cases. We can't really predict how they will balance out in the end but we certainly saw examples that are likely to go either way.

Mr DEAN - On the reserves that are currently identified, and the work you've done in this regard, do any of those areas impact at all - I suspect they would - in relation to activities currently carried out in these reserves but that are likely to be stopped as a result of this process? I'm thinking of walking tracks, mountain bike tracks, trail bikes, four-wheel driving, deer hunting and all of those other things. When will that process occur to identify those activities currently in those reserves which will be interfered with in some way or another? What's the position there?

Mr EVANS - Last week Peter Mooney and I gave evidence. Peter went through the practical [inaudible] ground and management experiences. He's coming back tomorrow and it might be more appropriate to delve into some of those more detailed questions about onground land management with Peter. The simple answer to the question is that having established a class of reserves then the next step for each of those to establish individual management plans which will identify what you can and cannot do within each reserve.

I think Peter described last week that in his 30 years of experience there were very few practical examples where he had not been able to work his way through those issues with respect to access and use. We have had that in mind in identifying the purpose and values which correspond to a reserve class. A parcel of land that we know there is lots of existing recreational activity within, which has various pieces of infrastructure, typically would be assigned a purpose and values equivalent to a conservation area. Under that class of land, you can do a lot more than you can under, for example, a national park.

We have been mindful about what we know about existing use, when we assign purpose and values, but the actual detail would be sorted out in the management plan and we think, in general terms, I cannot be definitive about it, that we can accommodate all of those existing uses within the new reserve classes. It would be worth exploring some of those issues in a little bit more detail with Peter when he comes back tomorrow.

Mr DEAN - I will do that. I will take that a little bit further. The situation with private land that has a common boundary with some of these area, have you been able to identify at

this stage in the process as to the impact that some of these areas might have on those private lands and particularly, as some members have raised with me, in the country areas, their access to their properties, what process is going through there to determine that everything will be available to those people that they now have?

Mr EVANS - We have not done that work in detail. Again, it is a broader land management issue and one that Peter would be able to work you through the process about how the Parks and Wildlife Service address those matters when he comes back tomorrow. My preference would be to deal with the practical land management issues as part of the separate session that we have scheduled with you to deal with land management, which is tomorrow.

Mr DEAN - It is all right to say, then, that the process that you have undertaken so far, in going to the drawing up of these maps with all of these areas and showing where each area identifies with, you have not had consideration to the private lands that would surround or be a part of on this mix - would be impacted on by your map?

Ms WELLS - All we have taken into account at this stage is known uses where we had a dataset for it, for example, leases, licences, access, routes through. We did have access to information - if there was an isolated, private land block surrounded by one of these proposed reserves, we did have Forestry Tasmania's information on any access rights and licences. We had that information and where that did inform us in making our reserve tenure classification. If there was lots of use it would be more in the conservation area-type category than if it was largely undisturbed and not much in the way of existing use and it butted up next to a national park; those were the areas that ended up in that kind of category. But if there was lots of use, then we did take it into account. That is pretty much the extent to which we took account of private land issues. We have not looked over the boundaries yet for this first phase.

Mr DEAN - I need to flag here that private landowners have raised with me that they want, out of this whole process, guarantees that they will not be impacted on as a result of what is going to happen. That their accesses will not be curtailed; that they will have every right to do what they are doing now. That guarantee you cannot give and, obviously, that is a process you will work through in time. That is a real concern for me.

Mr WILKINSON - I am trying to understand the information you had to work with. As I understand it, and please tell me if I am wrong, there would be the map of Tasmania and that would be shaded into areas that were believed to be the areas that make up the 500 000 hectares.

Was there any analysis of, say, that shaded area, 'Lot 1 is an area that is of high conservation value because it is mainly old-growth forest, has masked owls and swift parrots, therefore we believe its conservation value, therefore it gets a tick' - as it worked down list?

Alternatively, did you just get the map with the areas to say that is the 570 000-odd hectares that should be protected?

I do not quite understand what you had to work with.

Mr EVANS - We did not get the information as to why they had made the judgments and trade-offs they had as part of the negotiations about which areas to conserve and which would be open for timber harvesting. As Penny has described already, we have taken the map and through a process identified the purpose and values which were assigned to each of those areas if they were to be reserved, which then correspond to a reserve class. We have not had information beyond that and we would not have expected, to be honest, to have had that information in order to do the job we needed to do to identify what type of reserve.

Mr McILFATRICK - Penny can correct me if I am wrong, but the original data - we are talking about existing production forest that may or may not be translated into conservation zones of some sort. The original shaded files and the polygons came from Forestry Tasmania into the process. The commonwealth government had access to information from Forestry. That data was data that was then taken and used by the independent verification process for a whole of activities. It was not that they were lines on paper; they were delivered. In that information there would have been information on the type of forestry, whether it was old-growth, regrowth, etcetera. Those types of questions were answered over the last two years.

Mr WILKINSON - That is where I am finding it difficult to see where the whole West situation lies. We know what occurred as a result of the West report, but there was an understanding by me that West would be looking into those types of things to see what were appropriate areas in Tasmania to be protected or otherwise. That would have then gone to the ENGOs or yourselves for assistance in coming to the conclusion that was reached.

Mr McILFATRICK - Again, I come back to Professor West's process, which was to inform the signatories in their negotiations. They were contracted by the commonwealth government to assist the signatories and a lot of information was gathered. We have not independently sought to draw maps ourselves against that information. We have taken the negotiated outcome and translated that into a process which exists, and which the conservation act provides for.

Mr WILKINSON - Do you know what the negotiated outcome was compared to what West may have arrived at?

Mr McILFATRICK - I was not in the room. They were close to my office but I was not in the room around the table.

Mr WILKINSON - And you have not been given that information?

Mr McILFATRICK - No. This was a two-year negotiation and in any negotiation there is give and take on both sides.

I said last time, and I will say it again, I think all those people around the table genuinely want to see a lasting outcome from this. To get a lasting outcome they would need to compromise. I cannot say what they did and how much depth they went into with the information. The information was provided - and I have been in a few of their meetings where different studies were discussed over the phone. They had the experts in, they

asked a lot of detailed questions, but how they used that data to reach where they are, again in negotiation the story can only be told by those people around the table.

CHAIR - We shall in 30 seconds take a break.

It was remiss of me as head of this hearing not to seek a motion with regard to both the DIER submission, which was communicated to us electronically last night, and the DPIPWE submission. We took the maps into evidence.

Can I have a motion that those two further submissions and all they embrace be received by the committee.

Motion agreed to.

Short suspension.

Ms FORREST - This is going down a different path. There has been some concerns raised about the durability report and proposed amendments from the government. I am seeking clarification around this seeming not to provide for an initial durability report. I did read in the media today someone is looking at other ways of dealing with that. Can we have a discussion on that? That was an important part of the agreement, that there would be a durability report prior to the protection order being considered, and I believe it is an important aspect of it too. If you could talk us through the proposed amendment with regard to that and what the talk to the signatories might have been.

Mr McILFATRICK - I might ask Gary Swain to come up. Obviously with the changes there is going to be access to durability but under the proposed amendment. It would not be through a legislative process but there would still be access to the durability. But given it has been raised, we have looked at, first of all, if the amendment is taken up.

Ms FORREST - Yes, that is the first thing. Let us assume it is for the purpose of the discussion.

Mr McILFATRICK - Then how can we address the durability requirements of the signatories, particularly of industry signatories? That is if they do not have full confidence that the process that we put in the draft amendment would satisfy them. Gary, I might ask you.

Mr GARY SWAIN, DEPUTY SECRETARY, STRATEGY AND POLICY, DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT WAS RECALLED AND RE-EXAMINED.

Mr SWAIN - We explored this with the signatories and the industry side have two particular concerns. One is that in moving from a protection order to schedule A the protection order was a disallowable instrument whereas the schedule A is not, and also that there would have been a minimum time lag between the making of the bill and a protection order because of the taking of days. We have had an initial conversation with parliamentary counsel around that issue but have not gone back to government or the signatories yet with the outcomes of that discussion.

The special council doesn't yet exist but the signatories are meeting, effectively, as a group and we had our minds that the minister could ask that work to provide something identical to a durability report - exactly the same report, in effect - to the Legislative Council for consideration before the bill would be brought back on when parliament is sitting. But as you would be aware industry is concerned that that report, even though it could be exactly the same in its content, would have a different status. They have a view on how the Council will consider it because of that, whereas our thinking was it would be more about the information in it. So at the moment it is not resolved but we have said to the signatories there was no intent to change the balance of the agreement. It was simply an attempt to deal with the concern of members coming out of the session before last year. We will come back to them with more detail after we have worked it through internally and had some discussions with the government about its preparedness to look at the issue.

Mr McILFATRICK - Going back to what I said last week, they criticise them anyway for having a very large amendment. The very large amendment was actually 10 pages and there were a lot of attachments. They were to provide members with what they really did ask us for before Christmas, which was, 'Tell us what the areas are'. So we gave them a lot of detail. We also gave the signatories that detail at the same time. Fundamental to the reason for doing that was to address your concerns but also to have this timing issue in mind, timing issues which go to whether the federal government will keep faith with us and how long will that be. We had April in mind.

The other thing was that we know that a lot of people have applied for industry assistance for exit and a lot of those people are hurting at the moment. So the longer we go without being able to initiate this or apply that scheme, even though we have the applications in, the longer we go makes it more difficult for those people. So we did the original amendment with an intent to try to give members what they wish for and today's enhancement of that through Kim and Penny has added a lot of value.

I am not proposing an amendment to the amendment yet until we at least go through the discussion to make sure we can address their concerns but hopefully still keep that timing to make up the extra time the signatories took under their deliberations and the need for members to have further work and information this year rather than signing off the bill prior to Christmas. If we can get them across the line and understand that the durability can still be managed by the current amendment, that would be the ideal. If we cannot, we will work with them to see how they can help them.

Mr SWAIN - Also we are very conscious that there are a couple of live amendments on the table and that you need some time to consider the government's proposal as well as [inaudible] concerns. On the funding, we did ground-proof Minister Burke's position with our treasury colleagues who said there is not any rollover mechanism in the federal funding process. We looked at it not in terms of whether it was it a tactical position by Minister Burke; we simply asked the question of our treasury colleagues, do they have an ability to roll over their funding if it is not spent. The answer was, 'No, they don't have a ready mechanism to do that'.

Mr McILFATRICK - If the amendment does not get up and if members have had the information, particularly after today, that they require, the difficulty of not getting that amendment up would be that we may impose some timing issues which compromise some of the outcomes. If we can work over the next month, and we're not in parliament yet, so we have a small draft amendment with lots of attachments and we have potentially still to work through other members' requirements for amendments. Let's take that time while we have it around the table. Let's talk to you; let's talk to signatories and make sure that in the end what we are achieving are the durability requirements that were the original intent, that there would be various touch points across the process where industry and the ENGOs could understand that they were getting delivered what their agreement provided.

Mr VALENTINE - Wouldn't the socio-economic study require these reserves to be clarified as well? They would use that too.

Mr McILFATRICK - That is again something else that will come to the table before we go back to parliament. When I discussed it last week we really touched on two major matters. One was the major amendment of change of protection order sequence, and the other one was leading into the sovereign risk requirements that Ms Forrest brought up. We indicated support for both of those, but we haven't gone to every small amendment that may have come through. That is going to be worked through over the next month. Gary met with the signatories on Friday. We know they have concerns and we agreed to go away and work on some possible amendments to the amendment. We have had discussion with parliamentary counsel on that but we haven't gone back to our ministers on the issue. We in good faith said we would look at it. We will look at it. If we come up with a resolution that is an amendment or a proposed amendment then we will make sure you get it as soon as we have signed off with the ministers. I would say, though, I am reluctant if it imposes any further delay that might compromise both -

Ms FORREST - I want to go to that. This is one of the concerns that I raised with other members, that there was not going to be the time, or the opportunity rather, under the bill as it was structured, and still is without any amendments, to actually consider individual lots independently and separately. The amendment that I proposed, and I think Tony had a similar one, was to enable a process where they could be, not necessarily amended by us, but the way I was looking at it was trying to get a time period after the protection order was gazetted, before it was considered by the parliament it has to be amended by that minister. I am personally quite pleased to see in the bill where we can have a line-by-line approach to it. It will take a while to consider the bill if that's the way we end up with it, but that is fine because it does provide that. As long as there is that period of time for consultation around all of those areas, which is now able to continue while this whole process continues.

If the decision of the Council was not to support the government's amendment to put it into the bill, then I think my amendment would actually create a range of problems as far as time goes. With those timing issues, they don't become as imperative now, because we have this time now, I guess, but the challenge with it is that if we go back to the way it was then we don't have that line-by-line assessment of each land lot.

Mr McILFATRICK - I certainly support the draft amendment because it does do what you say. It gives you the opportunity over a fairly long period of time to scrutinise it. It also gives the lower House time and ability if there are changes to come back and improve those. If we could get the major amendment up and convince the industry signatories that durability was addressed, that would be the best outcome and that is what we are working on at the moment.

Ms FORREST - We need to understand the implications of accepting one type of amendment or process as opposed to another. If this amendment to include the protection order schedule was rejected then. It would be the government's intention to gazette the protection order immediately, basically, on the passage of the bill, to then try to shore up the support for the processes the signatories agreed to?

Mr McILFATRICK - I guess at the moment the government sub-committee has agreed to the current amendment put forward as a draft. There isn't a plan B at the moment, mainly because we recognise that there is a lot of discussion happening at the moment. When we get to finally putting the bill up with the amendments, it will be based on, just as we reacted to the questions last week about tenure, there will be more questions we need to address. The current question we are trying to address, with the industry signatories is, can we give them confidence about the first durability report which was going to inform the protection order. We have changed the order, therefore, given them less time, so we need to address that.

Ms FORREST - For this amendment to be supported, particularly by the signatories because I guess that will have the most weight with us, if they believe it will be achieved that the outcome of the agreement and support the intent of the agreement that's effectively in the legislation, they will need to be satisfied. So, that's a work in progress; we'll need to get some further information -

Mr McILFATRICK - It is. I hope Terry Edwards will tell you that we have engaged with them on it. The fact that we do not agree at the moment is not something to be concerned about because we are working through the issues. They certainly believe, from what I have heard through Gary and through their presentations here, that it does change the order and sequence of the way they saw things happening. If we can deal with that, you have had more access to the detail than you would have otherwise had up to the next sitting of parliament so, hopefully, that gives you time to look at things in more detail. If we can address the durability reporting, I think that would be a good outcome.

Ms FORREST - As far as other proposed amendments of the sovereign risk, the inclusion of clause 42 requirements for the durability report -

Mr McILFATRICK - If you go through those, there were - I think we picked up all the amendments. Some certainly we have directly addressed with the cabinet sub-committee; with sovereign risk, their decision was to support, in principle, your amendment.

Ms FORREST - There are a few things we probably need to look at.

Mr McILFATRICK - There were others that we have said to them, here is a range of amendments that may change during the committee process. We have advised the cabinet sub-committee what those amendments are but we haven't got a decision on every single one.

Ms FORREST - So, do you need to perhaps review that at a later time?

Mr McILFATRICK - We will. There will be potentially new amendments put by members.

Mrs TAYLOR - That will take weeks before we can visit this -

Ms FORREST - Yes, I am just saying we should talk about it now -

Mr McILFATRICK - The two we addressed within our submission were sovereign risk and protection order. Mr Mulder had a number of forecast amendments, you had some; have we gone through everyone and said cross or tick? At this stage, we have given cabinet sub-committee a table and said we will be coming back to them with more information on the amendments.

Ms FORREST - So we will have you back at a later time to discuss those matters.

Mr McILFATRICK - I am sure we will be back, Mr Chairman.

Ms FORREST - I have a question on another area.

Mrs TAYLOR - I have a supplementary question on durability. It is not specifically that part of durability; it is more about an issue raised with us that, for durability, is there any room to move, do you think, in terms of the size of the tranches? People have said that the first tranche is the major part of the 500 000-odd hectares, it has been said that if the first tranche goes through then that's the bulk of it, then how do you know that durability isn't going to fall apart? I am with you in that I believe the signatories are all genuine in wanting this to be a permanent agreement, nevertheless, I hear that. Can it not be staggered further, or does it all have to be in that first tranche?

Mr McILFATRICK - As we mentioned last time, there were various discussions at the signatory level about tranches. I think up to five tranches per the month. I think the issue is that when doing something like this they are looking at a substantial portion up front; it is about 80 per cent, I think. There is a bit of gain both from industry that then goes to get what they require up front but also the production forest area have at least, if things fall over, access to that further 20 per cent of it that never went into reserve.

Have they discussed - would a big move, say from 400 to 300, be possible? I do not think so. I think where they have got to there has been a lot of negotiation on the site and I have not seen a lot of capability of movement in that but you would have to ask them.

Mr SWAIN - Perhaps if I could add the minister made a statement about the middle of last year which articulated the solutions should come back and have a number of tranches, so that was a public statement the signatories knew about. The bill was tabled in the middle of last year and then all the dialogue around that there was certainly an awareness it imagined various tranches and the signatories arrived at what they did in the full knowledge of those two things. So I think it is a very deliberate proposal they have put forward.

Mrs TAYLOR - It has been mentioned by some of the signatories, obviously not the conservation movement side as they wish it was not quite so big, so when you say yes they agreed but it sounded like some of them were agreeing under duress rather than, and I suppose all of them were to some degree under duress for all them in negotiating.

Mr SWAIN - I think that is certainly right. If you ask them individually they will say yes, we support the whole package, but if we had a free hand there are other bits we would improve. From our point of view, yes we would, but at the end of the day they come back and sign the agreement, the whole package.

Mrs TAYLOR - It is not just saying if we had our wishes, what they are saying to us is if you can change that that would be good, if you can mitigate that a little. My question is [inaudible] and I will ask the signatories too - do you think there is any room for movement, and you have actually said 'no', so that is fine.

Mr McILFATRICK - I think there is a process that you have put in place now which gives you the ability to ask questions of decisions that ask them to consider and again, before this goes back to parliament I presume, you can ask them directly and say, 'Well, can you?. We have a potential hurdle here; can you go back and address that?'. You will probably get the answer I suspect, but you do not need to ask us that. You can ask that directly.

Mrs TAYLOR - I am going to ask everybody, Norm, including you, it is not exclusive.

Mr McILFATRICK - I know, I am not being -

Mrs TAYLOR - It is like an insurance claim, sue everybody.

Ms FORREST - Double-dipping.

CHAIR - So I can be clear on this issue of durability, in your exchange with Ruth you indicated you are still in negotiations so is there any possibility that the amendments which were tabled last week will not be proceeded with?

Mr McILFATRICK - Our intention would be that that major amendment addresses - certainly there has been tabled information, Ms Taylor - it would give us the time, take up the time we require, it would simplify the process. If we can satisfy industry signatories on durability I believe current intent, strong intent, is to keep the amendment

in play plus any subsequent amendments that arose during this process obviously. Certainly I have not had any signals that the amendment would be withdrawn. At the end of this deliberation it may well be that there is an amendment to that amendment. But all we have agreed with the industry signatories at the moment is where we go and look at whether the legislative process they previously had in the original bill could be incorporated in the current amendment - could be. We are still looking at that and getting advice from Parliamentary Counsel.

Again I state we have not been back to the cabinet subcommittee on that. It is our interaction with the signatories we have undertaken only on Friday to look at.

Ms FORREST - To follow on from that before I go onto the other point, Norm, what I am hearing you say is that there may be further amendment to the government's proposed amendment to deal with the issue of the durability report. That would be the only thing you would see that would need to change for it to be acceptable to the government?

Mr McILFATRICK - The chairman is right, the amendment may not go ahead at all. If the only hurdle to that amendment going ahead was the durability issue, of course we would want to look at it. We could have the best of both worlds then. The members would have all the information they would have ever received in this process, apart from understanding what our minister may do in the consultation process, which is going to take a lot of time. Everything they would have had, you would have had on the table through the protection order process in the original bill you will have, and if we can maintain the intent of the signatories as to durability through that process we will have a better outcome.

Ms FORREST - Or have it in such a way that we can assess each lot [inaudible] which I think is better.

Mr McILFATRICK - You have that and all the information and if we can address the signatories concern we have a better outcome.

Ms FORREST - Going to the issue that was raised by the Forest Practices Authority last week into the said review of the code, their big concern was not so much about the code, it was more about the lack of a forest policy particularly in areas of biodiversity and a range of other issues in their submission. What they want first and foremost is a very clear forest policy. Where are we at with that?

Mr McILFATRICK - I will get Gary to speak in detail, but I indicated that the minister set aside a review of the code during this process. It may have been irrelevant to do it during that period but we are of the view that that [inaudible] review and policy review is a critical part of going forward. There is a bit of detail here about when we made that decision, which I will get Gary to relate.

Mr SWAIN - I am sure it is the case that when the minister took his position no-one anticipated how long this process would take. Putting that aside, we are anticipating at the departmental level in terms of the official work program that the forest policy manager reports to me - we have a provision to engage with the Forest Practices Authority now that the product coming out of the TFA is far more certain. We have not yet received a request from the minister in relation to that but we will actively take that

to the minister. We will effectively say, 'We think we are in an environment now where this can occur', because there is a concrete proposition to assess the policy requests of the FPA against whereas before you could not. It was very hard to progress the FPA.

Ms FORREST - Shouldn't the minister be more proactive in this? Surely he should come to you and say, 'Now's the time'?

Mr SWAIN - I am sure he will, but departments can be proactive themselves.

Mr McILFATRICK - Effectively our policy review was suspended during the signatories' process. Now we are towards the end of that we are anticipating we will re-engage on that very quickly.

Ms FORREST - That will include the development of a forest policy?

Mr McILFATRICK - Exactly, under whatever the outcome of the process - back to square 1 process or moving forward we will have to review forest policy.

Ms FORREST - What is the expected time frame for that? This is a significant issue for the FPA.

Mr SWAIN - I could not answer that honestly because we have not worked through what is involved, but my [inaudible] thinking is it ought to progress in parallel with the forestry transition review that's underway, so you are not only looking at the structural side of Forestry Tasmania in the context of these new arrangements but you are also looking at the policy environment they are operating in. It would seem sensible to progress those two things in parallel.

Ms FORREST - Is that review of the structure and governance of FT ongoing?

Mr McILFATRICK - There is a separate process reporting to ministers on that forestry transition - it is a committee I chair. Over the last month there has been a lot more focus on the signatories' process, but we have been in constant engagement with Forestry Tasmania on the best way forward for the future industry of the forest body including FT and the related bodies. A lot of work has been going on. We have not yet taken our recommendations to the cabinet subcommittee on the future of Forestry Tasmania and also the management of reserve lands, etcetera, where the split is. The ERS report, as you may recall, recommended the separation of production of forest management from reserve management and have had people who have done a range possibilities under that.

Ms FORREST - Do you have a time frame for that?

Mr SWAIN - Yes.

Ms FORREST - What is that?

Mr McILFATRICK - We meet regularly. In the last few weeks we have been dominated by a few other issues including bushfires. But we would probably be ready to recommend to our minister within the next two to four weeks. We have done enough work to understand where the most - what we have been asked for is not what the Victorian

model is or what the Western Australian model is. We have asked what the appropriate model for management of forestry activities in the Tasmanian context.

Ms FORREST - Is that regardless of the outcome of this process? If the bill was supported and extra areas reserved as opposed to -

Mr McILFATRICK - It has been independent of the process that we would have needed to look at the future of Forestry Tasmania anyway, but of course it is influenced by this other process.

Ms FORREST - Do you need a degree of certainty around this process to proceed?

Mr McILFATRICK - No.

Mrs TAYLOR - You have broadened the issue a little bit by introducing Forestry Tasmania now to that too, because there are really three things, aren't there, as far as I can see? There is the forest policy, there is a national policy on forests but we do not have a Tasmanian one and that is FPA were talking about wanting one. Then there is the code which is in the process of being reviewed. The policy is not being reviewed because we do not have one, have we?

Mr McILFATRICK - There is a series of forest policies that have been set up under the umbrella of national agreements including the RFA.

Mr SWAIN - There is policy underpinning all the legislation that currently exists. Is there a single document that maps it out -

Mrs TAYLOR - That is what they were asking for last week.

Mr SWAIN - It is not in one neat place like that, no.

Mrs TAYLOR - There is the policy. Then there is the code that needs reviewing and people like TCT were very concerned and private foresters were very concerned last week when they talked to us about wanting clarity about it because that is being reviewed. TCT wants lots more additions to that code and the private foresters are wondering about how it is going to affect them.

The third thing is Forestry Tasmania and the restructure and all of those things are important in this. I am glad to here you say, between two and four weeks you might expect to something to cabinet about Forestry Tasmania. That is a linchpin to this bill for us and for me, satisfaction of knowing what is going to happen there and you know that is for some of the signatories as well.

Mr McILFATRICK - To be clear, that group I had also includes a subgroup, including Bob Gordon and Bob Annells as the chair of Forestry Tasmania, that we have been in very regular contact with as we go through this process. In fact, looking at this iteration of the URS outcomes we did, together with Forestry Tasmania, visit and look at the other models in other states. There has been a lot of work done. They have not yet made a recommendation but I can say that we have done enough work to understand what the

likely future is and we have shared that with the two Bobs, as I call them, and Annells has not yet been to cabinet.

Mrs TAYLOR - It is important for me to know what that is, if we possibly can, before the bill is debated.

Mr McILFATRICK - When I said the two were parallel on a relatively independent basis it was [inaudible] Forestry Tasmania has been challenged and the whole URS review was because of financial sustainability irrespective of whether we have an outcome from this process or not. It was important to do that anyway. Where the linkages that the signatories in their deliberations, particularly the industry side, have made particular reference to how they see the future of Forestry Tasmania. We looked at it independently, but there is a linkage there, you cannot disconnect the two. However, our decision at the oversight committee has been made on evidence-based that we say: what is the best outcome in the Tasmanian context for the future of Forestry Tasmania, and that is what we will be recommending to cabinet.

Dr GOODWIN - Carbon. I want to try to get some clarification around this whole carbon farming issue. I appreciate the comments you made earlier, Greg, but I just wanted to try to flesh it out a bit more. It seems to me it is named in the long title of the bill as one of the purposes of the act in terms of benefiting economically from the carbon in Tasmania's forests. It is quite significant in the context of this whole thing, but I have been a bit concerned about the level of uncertainty and certainly the complexity of it all as well. I am just wondering if you can elaborate a bit more on what is planned to try to ensure that this is -

Mr JOHANNES - The first thing that we need to do to be able to realise the value of carbon in Tasmania's forests is to get the methodology for determining how much carbon we avoid emitting accredited by the commonwealth. It is a very complex process. We are currently through Norm's department getting some feasibility work done by the group CO2 Australia that did the forest carbon study and estimated how much carbon was there. They are experts in this space and can give us some advice on what would be involved in getting the methodology developed and accredited with no guarantees because it is an independent body that does the accreditation. We have not received that advice yet, but I expect it will take up to 12 months to develop a methodology.

Dr GOODWIN - Who develops the methodology?

Mr JOHANNES - Whoever it is promoting the project tends to do up the methodology and put it forward to the commonwealth and say, 'Commonwealth, if I was to create a project that used this methodology would you be comfortable that that was good enough to satisfy the requirements of the carbon farming issue.' The commonwealth minister gets that and on advice from this expert group determines whether he or she is prepared to accredit the project. It could be the state government which develops the methodology if it felt that it had the expertise and was going to be the proponent. In my own view it is highly unlikely because of the complex scientific nature of this work that the state government would have the expertise in house. At the very least, I think will have to get some independent expertise to assist us in developing a methodology.

Dr GOODWIN - What is CO2 Australia doing in terms of their feasibility work?

Mr JOHANNES - They are coming back to us with the advice on all the steps that we would need to take before we would be in a position to put a methodology to the commonwealth, so: how much do you know now; what do we know about other projects in non-forestry areas that have been accredited; how much of it all does Australia's current consideration about whether it ratifies the second committee period of Kyoto affect the timing of what we might do. It is advice on those sorts of issues that we are currently getting.

Dr GOODWIN - When do you expect that advice to come back from CO2?

Mr SWAIN - That will be through our department's [inaudible] just in the process of being finalised, so we are really talking about a couple of weeks, not very far away at all.

Dr GOODWIN - That will give you some idea, will it, of this timeline -

Mr JOHANNES - That is involved in what it might cost, how long it might take, and what the key steps and hurdles might be, and what are the risks. I would also expect some advice as part of that that said, 'Best endeavours by anyone, no guarantees, here are some of the [inaudible] or significant risks to getting the methodology accredited that you will have to be able to address.

Mr SWAIN - Just going back to Greg's earlier point, so this you can think of as a strategic option for the state. One of the very important parts of the process is you must show additionalities, so you must show that carbon will be reserved that would not otherwise be reserved.

So if, for example, in our draft protection order schedule A we have as a purpose for every single reserve carbon protection, you can fall back from that. But if the government were to come out publicly and say that carbon was not a purpose, you cannot then increment your position because you have already said publicly that it is not your purpose.

The language around this in terms of the Commonwealth processes, the public language of the government is very important.

Dr GOODWIN - So this report or whatever that you are going to get from CO2 Australia, will that be made available to the committee, or will you brief us on what its implications are?

Mr SWAIN - I guess it will be a matter for the minister. I think either/or that the information in it is of interest to the committee will be the advice we take from the minister -

Dr GOODWIN - In terms of the implications around cost, time line and things - yes. You mentioned in the whole-of-government submission that you have this commitment around the regulations. That is described as a significant step forward but it seems to me that there is still a lot more work to be done.

Mr JOHANNES - I would describe it as a necessary but not sufficient condition. The reason it was important is because the way this very thick piece of legislation from the

Commonwealth is worded is it effectively says if your project is required to be done under state law you cannot satisfy the additionality principal that Gary referred to and therefore we are not going to credit you under the carbon-funding issue.

That is one of the first requirements because if it was required under a state law and the purpose was not to secure carbon, it is difficult to subsequently then say, 'Oh no, we did that for carbon reservation purposes'.

So the first hurdle we had to jump was to go to the Commonwealth and say, 'Commonwealth, we want you to assure us that before we go forward that you will effectively waive that part. You will consider that giving effect to the reservation of Tasmania's forest is not a project required under state law for the purpose of this legislation'. The Commonwealth has written back to us and said, 'Yes, we can give you that assurance. We are effectively not going to evoke that clause in the legislation with respect to your particular project'.

That gets us over the first hurdle but there are all these subsequent hurdles around things like developing an accredited methodology that we still have to go through.

Dr GOODWIN - So assuming that you went through the process of developing the methodology and it goes to the Commonwealth minister, what happens then? It is either approved or not approved; can it be then reformed if necessary?

Mr JOHANNES - That is a matter for the minister. I am not sure whether the minister can do anything more than accept or reject - I just do not know. I would be happy to come back to the committee with some advice on that.

It would be unusual, you would think, that if an independent expert committee called the domestic offsets integrity committee providing independent advice to the minister to say, 'This is an appropriate, scientifically robust methodology, minister, and we recommend that you accredit it', it would be highly unusual if he or she did not accept the methodology.

Dr GOODWIN - Then what happens after that?

Mr JOHANNES - Then it is up to us to develop projects that are consistent with the methodology and put them to the Commonwealth and for the Commonwealth to assure themselves that those projects are consistent with the methodology and can be accredited under the CFI.

Dr GOODWIN - What would the projects look like?

Mr JOHANNES - I guess the projects would be some part or all but the area that would be reserved, if this legislation was passed, packaged up and put to the commonwealth. Let us take an example, let us say we put up a single project for 100 000 hectares. It would have to say, 'Applying this methodology to the 100 000 hectares, commonwealth, this is how much carbon we avoid emitting and therefore this is how much carbon you should accredit us for and enable us to sell into the market'.

Dr GOODWIN - Does that potentially generate income for the state on an annual basis?

Mr JOHANNES - Annually over 20 years is how it would typically work.

Dr GOODWIN - What happens if something changes in the meantime? You might get your first lot of income but maybe a bushfire or something comes along that affects this.

Mr JOHANNES - Let us talk about a natural disturbance. It is a really good question and it is one of the reasons I think why a lot of the estimates of the value of carbon in Tasmania's forests is somewhat over-inflated. People do not realise, for example, that the commonwealth builds from working out how much credit to give you - something called a 'risk of reversal buffer', which is typically 5 per cent. Let's say we have a tract of forest and they say, 'That's got 100 ten tonnes of carbon that normally we would credit you for but we're going to take a risk of reversal buffer just in case some of that burns down, so we're going to discount it by 5 per cent and we'll credit you for 95 to start with'.

Dr GOODWIN - And then what if that risk is realised, or is it built in?

Mr JOHANNES - They've built it into the process?

Dr GOODWIN - So there's no further penalty if the risk is realised?

Mr JOHANNES - Not that I'm aware of.

Mr SWAIN - I would need to check this, but I think in the extreme they may freeze your credits for a period. So you might get credits from years 1-10 and you might use the buffer and there may be two or three years where you don't get the credits because you are in deficit notionally -

Mr JOHANNES - Which is one of the reasons they do it over 20 years

Mr SWAIN - and the next year your credits will recommence. Quite a bit of it is also up to the methodology you propose.

Mr VALENTINE - Does it depend on whether it's voluntary or involuntary?

Mr JOHANNES - Voluntary or involuntary - I'm going to take that to mean you consulted voluntary markets, or what they call compliance markets. That won't impact so much on the issues Gary is talking about but it will impact very directly on the value of the individual credit. The typical assessment is that there's about 10 times the difference in the value. That is what CO₂ Australia has advised us based on their work, that the value of Tasmania's forest carbon is x but if you can sell it into compliance markets, which we can't currently and won't be able to until Australia ratifies the second period under Kyoto and two-thirds of other member countries do as well, would increase exponentially the value.

Dr GOODWIN - The other issue that came up during the course of our briefings and hearings is this double-dipping concern. Can you elaborate on that? Is that a viable concern or is it not an issue?

Mr JOHANNES - I think the double-dipping concern arises from the fact that through the IGA process the commonwealth has already committed \$7 million on an indexed basis towards management of the new reserve estate. The concern of the commonwealth throughout this process has been to make sure that \$7 million indexed, that they're already committed to contribute, is taken into account when they calculate what value we might get from CFI credits going forward.

Dr GOODWIN - So if we get down this track and a value is attributed to a particular area of land they will have to discount the \$7 million somehow?

Mr JOHANNES - I would expect we would have a robust debate with them about that. I think we might start by saying, 'That \$7 million wasn't all about protecting the carbon, that was about a lot of other things'. At the very least, I would probably open up the discussion by suggesting that the \$7 million wasn't all about carbon.

Mr EVANS - Subsequent to the \$7 million the commonwealth government has committed another \$2 million, so it is \$9 million indexed.

Dr GOODWIN - So that's another battle to be had with the commonwealth over the impact of that.

Mr McILFATRICK - It's no different to battles we have every year in terms of grants that come for one purpose. That might be offset in the Grants Commission process. We're used to those discussions.

Dr GOODWIN - I am trying to get a feel for the certainty around this. Do you think it would be possible to get a flow chart or something that simplifies or gives us something clearer about how it all works?

Mr McILFATRICK - It wouldn't have any straight lines on it.

Mr JOHANNES - Based on our knowledge we probably could do some work with the consultants and come up with something, but it is horribly complex.

Mr MULDER - Just give us the other flow chart and change the words in the boxes.

Mr JOHANNES - We will try and come up with something.

Dr GOODWIN - And the steps that need to be taken, what the implications could be at different points.

Mr JOHANNES - We will take that on notice and see what we can generate.

Mr MULDER - On the carbon issue, and Minister Burke was quite clear on this that there are two kinds of carbon we are talking about. One is the international Kyoto scheme, which has the big dollars. We have people talking about the billions that will flow to Tasmania. Can you firstly confirm that's not what you're talking about and that the minister has told you that it's not what you're talking about and Australia is unlikely to sign the Kyoto protocol or anything like the current form?

Mr JOHANNES - We cannot currently sell carbon sequestered in Tasmania's native forests on international compliance markets. A necessary, but not sufficient condition to do so would be Australia's ratification of the second commitment period. Minister Combet has announced Australia's intention to ratify the second commitment period subject to a number of commitments being honoured by other countries and, in any case, a certain number of countries overall would have to ratify that before it came into effect and whether or not Australia ratifies it.

Mr MULDER - I think minister Burke's position, as was told to us and I presume he would have said the same to you, is that Australia is not in a position to ever sign such a thing in its current form because it requires the entire Australian landscape to go into that particular initiative. That was prohibitive, even for the greenest of Labor ministers we've ever had.

Mr JOHANNES - I wasn't aware of that. He may have made that comment but I haven't heard it.

Mr SWAIN - I understand he did make that commitment but certainly we have had some discussion with our consultants who think he may need to take some more detailed advice on that matter.

Mr MULDER - I will trust *Hansard* and we can have some fun with that later.

Carbon farming initiative is what you're talking about and I think Vanessa went down some of the tracks. My understanding was that we did need that legislative amendment on the commonwealth to actually change it from a list of prohibited into the list of positives. Is that it?

Mr JOHANNES - It's not currently listed as prohibited; it's not on the negative list, which means it's prohibited. The problem is it's not on the positive list and it must be on the positive list before we can claim credit.

Mr MULDER - During this whole debate the whole issue about forest residues and the fact that, at the moment, the renewable energy is basically that there'll be no carbon credits resulting from renewable energy. Is there any suggestion that as part of this deal, given the fact that it's the future of the forest industry and we do have some desperate issues like the residues, that the commonwealth will make any shift in terms of accepting biomass energy generation?

Mr JOHANNES - My understanding is no because they specifically changed regulations during passage of the clean energy plan, which is basically their climate change package, a year or two ago to preclude burning forest waste as qualifying for credits. That was part of the price, as I understand it, of general legislation through the senate. I suspect the answer, Mr Mulder, is no.

Mr MULDER - That's it for the supplementary Mr Chair, but I still have, I think on your list, an issue to follow up.

CHAIR - Yes, you do, but not just yet.

Mr MULDER - I will wait my turn, unlike others.

CHAIR - Which is right now because we've finished with the supplementaries.

Mr MULDER - To get my mind clear, there are a number of tranches with about 80 per cent being up front. Have I understood it correctly?

Mr EVANS - Correct.

Mr MULDER - What's the criteria for deciding which lot goes forward and when?

Mr EVANS - The agreement itself identifies what's in tranche one and what's in tranche two.

Mr MULDER - Okay.

Mr McILFATRICK - With the proviso, as Kim mentioned earlier, that some of what they listed in tranche one was impossible to present, so we've had a reduction in both of those. Then there was a third tranche, which was the reserves we put aside until 1998-2022.

Mr MULDER - That was the point I was picking up; that the agreement talks about two but we now there's going to be more. So, what's the criteria for the site; the fact that they can't be delivered; what reasons would you have for not being able to?

Mr McILFATRICK - The third criteria are those logged once and then reserved, which means -

Mr MULDER - That is the 20 000.

Mr McILFATRICK - Yes, 20 000, and therefore they would be logged over a period of time. At the end of that process there will be a reserve-making or assessment process, which will come back to parliament.

Mr MULDER - Let us focus on the mill tranche or tranches. What is the hold up with them since there is no logging planned for them?

Mr McILFATRICK - I guess because in compromise the objective of the signatories was in negotiation to achieve the 525 000. They recognised that there was a need to get what they would perceive as priority orders up in a shorter time, recognising that there is a lot of work to do to get these reserves in place. There was also a need to test durability. The initial agreement was around the 525 000, reduced a little bit, but the two tranches were about compromise, doing as much as possible as we could do upfront, leaving some space for durability in the early years.

Mr MULDER - So we have 80 per cent done and dusted. Is that when the commonwealth funding flows, when the 80 per cent is done?

Mr McILFATRICK - When the protection orders are established, which means under this current bill that potentially spreads out to mid-year.

Mr MULDER - It is not the temporary protection orders; it is the protection orders.

Mr SWAIN - Under the amendment, as proposed, that test would be satisfied earlier because the schedule would have taken place of the protection order and the protection order was the test for the plan.

Mrs TAYLOR - Even though the boundaries might not have been done yet?

Mr SWAIN - Yes. The same information.

Ms WELLS - The protection order and the schedule are the same.

Mr MULDER - So basically we are bringing them all up-front so that the middle tranches are now done by April?

Mr SWAIN - If I recall, the protection order was only ever a land bank so it establishes the pool of land which you then take reserves out of.

Mr MULDER - Making the reserves?

Mr SWAIN - Yes. This wouldn't change the timing of the reserves or that process.

Mr MULDER - So the commonwealth flows once it is into the protection?

Mr McILFATRICK - Once it's in the bank.

Mr EVANS - Once it is protected from being logged the commonwealth money would flow and the first reserve order will relate to the tranche 1 reserve, the 80 per cent, and the second reserve order will relate to the remaining 101 per cent.

Mr MULDER - So those orders will occur together now?

Mr EVANS - No.

Mr McILFATRICK - I think we are about two years away.

Mr MULDER - Relating that process to the durability, the first durability report talks about some time before now and April. Everyone signs up and says, 'Yes, the agreement is going along nicely; it's durable', so the 80 per cent goes into permanency and the commonwealth money flows then?

Mr McILFATRICK - No. Once the bill is based in its amended form, all that land goes into a land bank and then the process of reserve making starts with tranche 1. That was anticipated to be a shorter period. Then tranche 2, about 100 000-plus hectares, was to be then enabled by that 2 000 -

Mr MULDER - At what point does the commonwealth money flow?

Mr McILFATRICK - When the land bank is reserved.

Mr MULDER - When you say land bank that is when you sit inside here and say, 'It's sitting there, ready to flow into the reserve' -

Mr McILFATRICK - Ready to flow into the reserve making.

Mr MULDER - Depending on durability.

Mr McILFATRICK - The second tranche would require another durability report.

Mr SWAIN - There are two separate things. There are requirements in the bill around the durability report and certain things can't happen until the durability report exists, but that isn't a requirement of the commonwealth for the release of funding. Their clear requirements are the bill itself and, as unamended, the protection order, or with the amendment the bill itself including the schedule. The durability report requirements are really coming from the bill, not the commonwealth.

Mr MULDER - I am just getting to that point. There is a scenario possible that if we put this stuff into the land bank, the whole thing starts to roll out; the bill is passed, the stuff is placed in the bank and the commonwealth comes good with its money if it is still on the table and we proceed down the path. Then some time down the track, sometime between now and 2015, once or twice or fifteen times, whatever it might be, we get a parcel of land with a durability report to say, take it out and put this now into permanent resource because it has been durable, or, heaven forbid, five years down the track it is not durable. What happens then to the rest of this land you have got stuck in the land bank that has not been made into reserve yet because there is no durability?

Mr SWAIN - In relation to the second tranche, which might be the easiest to talk to, a reserve order is brought back to the parliament. If the reserve order is passed you proceed. If the reserve order is not passed then within up to 12 months a further reserve order and durability report is brought back presumably to address the reasons why the reserve order did not go through in the first place - the durability concerns - and at that point a new durability report and a reserve order is considered again. If it passes you go on to the process and if it does not pass the whole process stops, so no further reserves are made.

Mr MULDER - No further reserves are made?

Mr SWAIN - Yes. The first tranche is a little bit more complex because in effect tranche 1 was linked to the protection order itself. It was embedded in the protection order and at the moment it is embedded in schedule A, so in that process you do not have a separate reserve order for tranche 1, you just have the protection order, or it's in schedule A. Part of the discussion from the signatories is about whether that requires a hard-wired durability report. The government's thinking has been that you can achieve the same effect by asking for a report, which the minister can do at any time, of the signatories to table but it would not have legislative standing. That is part of the discussion that is currently going on now.

Mr McILFATRICK - I guess the related question is in tranche 2, Mr Mulder. The funding, once provided, is not subject to tranche 2, so funding flows and a commitment only applies when the bill enacts I guess what we call the land act that preserves land. If

subsequently durability intervenes in that process, as Gary has explained the funding is not at risk. What is at risk is the peace, I guess.

Mr MULDER - There won't have been peace already because that is what the durability was about, so we have not lost anything in that sense. I am just trying to get a sense - and thank you for clarifying it - that the 80 per cent is just about a shoo-in, so why was that particular 80 per cent chosen to go basically fast track into the system? Why were those lots, parcels, picked as opposed to others?

Mr McILFATRICK - Again, negotiated by the signatories.

Mr MULDER - It was basically what the signatories said was more important to conserve quickly?

Mr McILFATRICK - It may have been a [inaudible] belief compromised by the importance of the conservation versus what production forests that it included. Can you conserve 80 per cent and still have a production forest regime over those early years? That would have all been in the mix.

Mrs TAYLOR - Going back to Dr Bob Smith in relation to the letter that you have just sent us, Norm. The question about that was the social and economic impact on those communities involved. Your letter appears to say that it is only about the direct jobs impact which could be expected as a result of the implementation of the TFA. I was thinking it is not just direct jobs we are talking about, it is communities. For instance, I heard yesterday that the service station at Triabunna has just closed. I have not checked this myself but that is what I was told.

Mr WILKINSON - It closed about a year ago.

Mrs TAYLOR - Did it? That long ago?

Mr WILKINSON - Yes, Carl Bresnehan's another.

Mrs TAYLOR - That is not a direct forest industry but even you counted that as a direct job, nevertheless the fact that a business closed has an affect on the rest of the community as well. The service station closing means that local people are then impacted. Is Dr Bob Smith's just related to direct jobs impact, as you appear to say in your letter, or is it broader because then we still do not have the answer on social and economic impact on those communities if it is only direct jobs?

Mr SWAIN - I do need to check that because I thought he was effectively feeding scenarios into an input/output model which would assess direct and indirect jobs. We may need to correct that to be direct and indirect. I need to check that because my understanding of his methodology is that it should pick up the indirects.

Mrs TAYLOR - It is more than even jobs; it is things like what affect it will have on the school or those kinds of things. I was hoping for an economic and social impact study on those communities.

Mr SWAIN - It is the commonwealth's funds and we are influencing and discussing it but not running it. We have raised it but you may want to hear from them directly.

Mrs TAYLOR - But if his term of reference is limited to that then that is what he is going to report on. Then, for me, it is still an issue about what are the social impacts.

Mr MULDER - I was advised last week that the first draft of the socio-economic report is with the commonwealth at the moment. Do you know anything about that and, if so, when do we look like seeing it?

Mr McILFATRICK - All that we have confirmed with the minister is that it would be available around the time advised last time, which was towards the end of the month. Whether they have a draft or not, I do not know. We asked was it going to be available for this committee around the end of the month and they confirmed yesterday that was the case. If that is the case, it may well be true that they have a draft. It will probably take a fortnight to get it through our bureaucratic processes.

Mr MULDER - If you want to know what is going on you know where to ask.

Mr McILFATRICK - We asked the direct question about the availability for you.

CHAIR - Can I investigate with you the process for World Heritage area nomination and the impacts of the process set out as a result of the RFA? My understanding is that nominations for WHA post-RFA could only be from within the reserves thus developed, and I refer to the CARR process. Then, further the requirement, as I understood it, from the RFA that World Heritage areas require full community consultation. Then I would like you to address your mind to whether there is any high prospectivity in the proposed extensions the south-east World Heritage area, the 120 000 hectares?

Mr WES FORD, DEPUTY SECRETARY, RESOURCES AND INFORMATION, DPIPWE, WAS RECALLED AND RE-EXAMINED.

Mr FORD - In relation to the RFA, those components in the RFA are not legally binding upon the governments in reaching those agreements on the reserves already in place. With the agreement of the parties they can proceed to provide the reserves.

CHAIR - What about the full public consultation component, was it an aspiration or a desire?

Mr FORD - Again, the consultation process is not a legally binding component of the RFA.

CHAIR - But isn't it true to say whilst it may not be legally binding and it would have required legislation to enshrine that, there was a clearly enunciated expectation that those processes will be followed? Was my snapshot of that correct in terms of what the RFA has set out?

Mr FORD - I think that was the intent of the parties at the time the RFA was signed. The circumstances at the moment are that the governments have had to live with that in terms of how consultation can be dealt with within the context of the signatories and the Tasmanian Forest Agreement.

CHAIR - Yes, so the governments are at liberty to disregard what was agreed upon and signed up to, and the RFA was a commonwealth-state document signed by the relevant parties so a subsequent government, or subsequent governments, can set aside a lot of what is in the RFA if it wasn't enshrined in legislation?

Mr FORD - I think a fair point within the RFA is certain elements of the RFA are legally binding and certain elements of the RFA are not legally binding and clearly where parts are not legally binding, subsequent governments can take views about how to best implement elements that sit within the RFA.

CHAIR - Were the legally binding components enshrined in legislation or is it a matter of interpreting the RFA as a document?

Mr FORD - I don't know the answer to that question but Norm -

Mr McILFATRICK - I think they weren't enshrined in legislation but they are legally binding between the two sovereign powers - the state and federal governments. The way that I read it is that there were critical parts of the agreement which were irrefutable and there were the intent part of how they would move forward, and the non-binding parts were the intent of the government at the time. All I can say is that they have changed their mind on that element.

CHAIR - How does one determine what was legally binding and what wasn't? You mentioned critical elements of the agreement.

Mr McILFATRICK - It is certainly spelt out in the agreement in pretty clear terms.

Mr EVANS - I think in respect to the nomination of World Heritage sites it is important to understand that it is not the state government's responsibility and the Australian

Government's responsibility to make a nomination to the World Heritage Committee. We can provide information and support and we do know that the current minister has been in discussions with minister Burke but to this point there has been no agreement reached with him on this matter.

CHAIR - Thank you. The next component of my question was in regard to the prospectivity in the proposed extensions.

Mr FORD - As part of the process that we are looking at, the signatories proposed 123 650 hectares, taking from earlier comments that Penny has made we were looking at the policy positions and the legislative positions of government associated with the World Heritage area and essentially there are the legislative provisions within the strategic prospectivity zone legislation, which pretty much covers the northern part of the state. In the southern part of the state there are strategic areas covered by the ESPZ and there is also prospectivity in the northern part of the state. In the southern area and in the southern forests, yes, there are areas where there are medium to high prospectivity areas for minerals. If you look through the maps that we have provided, it is fairly obvious where it stands out in relation to the reserved land mapped. The red areas are proposed to be left as reserves in the middle of the southern forests areas are proposed to be so because of the intersections with mining. There is prospectivity running through the Florentine and Styx, areas running out towards Lake Gordon and Lake Pedder, and there is also prospectivity further south in from Huonville and north of the Geeveston area. Some of those cover things like silica sands and dolomite. We have discussed those issues with both the commonwealth and the signatories.

CHAIR - Is there any potential negative impact one way or another on either the World Heritage listing, if the nomination succeeds, or alternatively, the negative impact on exploration in the event that a World Heritage area is accepted?

Mr FORD - Those are currently matters that are considered by the Australian Government as part of a motion of a nomination. Minister Burke, when he was down there last week, met with Minister Green and there are issues on which Tasmania has noted its concerns in relation to the impact of mining. Minister Green, through the second reading speech, has reiterated that this is a forest agreement about the protection of forests, and therefore it is not about issues associated with mining. It is an issue that the commonwealth will have to take account of how they do that. We are not yet formally advised about how they are going to deal with that.

CHAIR - From an earlier contribution though, it is communicated the nomination goes forward from the commonwealth whilst they - there is a protocol, if I can use that term - for there to be dialogue; nonetheless, if the commonwealth was of a mind to simply proceed with World Heritage nomination which then prohibited exploration and subsequently mining, then that is an impact that will be imposed upon any jurisdiction by the commonwealth - if that is what they want to do.

Mr EVANS - It is certainly true that the commonwealth is responsible for the nomination and it could unilaterally, despite what is in the RFA, proceed in that direction. As I have indicated already and as Wes has indicated, the commonwealth has sought information from us, there has been dialogue, at this point we do not know what the final position of

the commonwealth will be, but the state government is making its views known and providing relevant information with respect to any nomination that might be made.

Ms FORREST - The commonwealth can be the big nasty overriding body that comes into it and could list the whole of Tasmania as a World Heritage area if they really wanted to. They have that power.

Mr EVANS - They are not going to do that.

Ms FORREST - They are not going to do that, no, but what you are saying is right; they could ignore the intent that the RFA as causative to the areas of mining prospectivity and list an area that has mining prospectivity in this area you are referring to. I am just trying to clarify that the World Heritage nomination and listing is an integral part of this agreement. But we, as a parliament in Tasmania as a whole, as a state, don't have any real say except to provide advice to the commonwealth as to what we think is an appropriate area to be listed as World Heritage.

We could have all the goodwill in the world as we like sitting around this table and the government and parliament as a whole, and say that we are happy - some people will never be happy to have further World Heritage listing - but we say, 'Okay, we agree that it is appropriate to have an extension to the World Heritage area, but we - Tasmanians - don't want to include those areas of mining prospectivity.' The commonwealth can say, 'Well, tough, we're going to.' So all our goodwill in the world to support them and see this proceed down a path could be overridden by the commonwealth. We all do our bit to try to adopt an agreement reached by parties who sat round a table for over two years and they have agreed that World Heritage listing is part of it but then if the commonwealth come over the top and we have already reserved 80 per cent of the areas, what then? It would be really difficult. We cannot unwind a World Heritage listing anyway. We can unwind our reserves - it is a difficult process, but we would have no show, would we?

Mr EVANS - The commonwealth could make a World Heritage area nomination with or without the agreement, that is the simple reality. In the spirit of the RFA they would not do that without involving the state and consulting us and they are doing that at this very point in time but it is fair to say at this moment as we speak there is not an agreement reached between the state and the federal governments about the matter of the nomination, nor has a nomination been made. It does have to be made very soon, that is clearly the case, because the World Heritage Committee meets in June and there is a deadline, by which time the Commonwealth Government do have to make a nomination if that is the case.

Ms FORREST - Not forever though because they could do that again in a subsequent year.

Mr EVANS - That is a matter for the commonwealth government; that is not a matter for the state.

Ms FORREST - It is a concern. I had a chat with Bob Brown at a social function, it is the first time I have ever spoken to the man. He indicated to me that World Heritage listing is the most important aspect of this and if he does not particularly get his way then he is not a signatory to the agreement but neither is the commonwealth as such. They could

do the World Heritage listing as they see fit so it is a tenuous sort of thing we are dealing with. We can have all the goodwill in the world but other players could have an impact.

Mr McILFATRICK - The other way of looking at this is the signatories are working under an intergovernment agreement that says we want an outcome here that gives us a future, certainty for both the conservationists and for forestry. Our concentration has been doing the things that we can do to exercise the agreement, which is the reserve making the protection under Tasmanian law. The commonwealth is a party to this agreement. Their legislation and their parliamentary process takes the World Heritage responsibility so we could say we are doing everything we can to make -

Ms FORREST - Let us hope they do in the spirit of the agreement.

Mr McILFATRICK - - in advising them. Certainly minister Green has talked to minister Burke and advised, and in his second reading speech indicated that this was about protection of forests, not about undermining -

Ms FORREST - Undermining mining so to speak.

Mr McILFATRICK - Well undermining mining, yes. However, the state government's advice may or may not be taken into account when the submission goes in.

Ms FORREST - That is the reality we were thinking.

Mr McILFATRICK -We can deal with the reserve making under the laws that we have control of.

Mr EVANS - But the timing and the nature of a nomination is ultimately a matter for the federal minister and we do not know how that is going to resolve itself yet.

CHAIR - I have a supplementary from Tony but before that, Wes mentioned some good dolomite deposits. That being the case, are those deposits and the possibility of mining them fundamental to the irrigation plan and the advancement and the growth of the Midlands area in particular? You can see where I am coming from in terms of fertiliser and the like. If I am right with that, is there an eventual negative impact on that irrigation plan for maybe not only the Midlands - my understanding is there is a proximity which makes it attractive - but for the rest of the state's irrigation plan as well?

Mr SWAIN - I understand there is a dolomite production facility in the north of the state and it is currently imported, so there are supplies currently available through retail outlets. In RT when you talk to them they think this is an important resource in the south of the state. It is used primarily for management of soils and would fit neatly with the Midlands irrigation development. Would the farmers subject to that development be unable to access supply? No, clearly because they have them now, but it is still an opportunity for Tasmania.

CHAIR - Will it be compromised if the World Heritage listing goes ahead without exclusion of those areas? As the proposal is, the 123 000 hectares, it includes those very areas I am talking about, does it not?

Mr SWAIN - It does, that is correct.

Mr FORD - The Australian Government's policy position is to not make submissions to the World Heritage Area committee that allow for mining. If the nomination goes ahead covering these areas, in all likelihood from current experience with the Australian Government we would expect that mining would not be an allowed activity in the World Heritage Area.

CHAIR - This is the tension that arose with regard to Ray Bender's operation down south at Lune River with the very same issue some years ago as a political imperative. We may well be dealing with the same landscape here in terms of political imperative but that's not for you to address your mind to, and I understand that.

Mr MULDER - My point was the World Heritage listing. In relation to carbon farming, you've sought and been given certain assurances from the federal government that satisfies you to continue with that process. Have you sought similar assurances regarding perhaps the World Heritage listing not conflicting with the strategic prospectivity zone along the same lines? Wouldn't that be a good idea if you have some concerns about them being able to run over the top of you?

Mr McILFATRICK - I am sure the minister has represented his second reading speech position to Minister Burke in regard to that, that the Tasmanian government would be concerned and would not support listing for World Heritage if it compromised mining. That doesn't mean that would preclude the commonwealth making a listing.

Mr MULDER - The important thing is not whether I have read the speech but whether the federal minister has responded to that second reading speech.

Mr McILFATRICK - I am saying this is a minister-to-minister conversation, so I am not aware of it, but I have been assured our minister has made that position clear to the commonwealth. I don't have the transcript of that conversation.

Mr MULDER - The bottom line is as far as you are aware there has been no such commitment given by the commonwealth.

Mr McILFATRICK - As far as I am aware that's the case.

Mr EVANS - Discussions are still underway.

Mr McILFATRICK - As Kim pointed out, we don't know what their final submission will look like. We know what the [inaudible] looks like, and we have given information about what the cost savings are.

Dr GOODWIN - I am seeking some clarification around the area proposed for World Heritage nomination and whether your map is showing it or whether it is possible to get it on a map.

Mr SWAIN - There is a map. We have maps A and B on our website. As a courtesy we have asked the signatories if they have any objection to us putting maps C and D on the website and we haven't formally had an answer from them. There is nothing to prevent

you from asking for maps from the signatories themselves. I have same A4 versions of the maps with me but I don't have any larger versions.

Dr GOODWIN - So you have maps there that show the World Heritage nomination proposed area?

Mr SWAIN -Yes.

Dr GOODWIN - That would be terrific

Mr SWAIN - These are only the signatories maps.

Mr McILFATRICK -It's very difficult to see. It's subject to verification, dated 22 November 2012 on the proposed reserves and the current World Heritage areas. It isn't our map; it's the signatories' map.

Dr GOODWIN - So you're suggesting I should ask them if they have a more detailed map?

Mr McILFATRICK - I am happy to table that and give you a copy but it's going to be difficult to read. I suggest you ask them for a more detailed map.

CHAIR - That is map C, which was never floating around at any time earlier when people were trying to get their minds around World Heritage.

Mr McILFATRICK - We have got that from the signatories but we don't have more detail than that. It would be a good question to ask. I am happy to put on the table what we have, in good faith that it has not been verified.

Dr GOODWIN - At some point, if we were able to get a more detailed map, would it be possible to overlay it with these ones we already have from you?

Ms WELLS - I think it would be possible to overlay with those old maps.

Mr McILFATRICK - If we get the same scale.

Ms WELLS - We could potentially do some shading on that map.

Dr GOODWIN - But I would need to ask them for a more detailed map to enable you to do that?

Mr McILFATRICK - Penny's map was done with polygons, which are electronic; this is going to be a physical map and that may be where the difficulty arises, but you would get a reasonable picture.

Dr GOODWIN - In relation to the class of reserve, are there any prospects of that changing down the track when the nature conservation minister does that exercise, or are they likely to be the same classes of reserves, having already been through that exercise of matching values and purposes in reserves?

Ms WELLS - It is likely to be close; it's possible that through the processes that are unfolding now, the discussions that are happening over the next few weeks, and parliamentary process, any of those points may change. To deliver the overall intent consistent with our legislation is not impossible; but it is not likely that there will be substantive changes across the board.

Mr McILFATRICK - Further to that, when we go into the reserve-making process itself by the minister under the Nature Conservation Act and the further deliberation we would be doing, if the class of reserve was to change as a consequence of that, then it comes back to the parliament. That may involve a new discovery of something, so it's a new value.

Dr GOODWIN - With conservation areas, is mineral exploration allowed in those areas?

Ms WELLS - Yes, it is. There is an interplay between two schedules: schedule 1 of the Nature Conservation Act, which outlines the headline purpose and values; and schedule 1 of the National Parks and Reserves Management Act, which outlines the management objectives for each reserve class - and that goes to a greater level of detail for each of the reserve classes and for the conservation area where mineral exploration and mining is outlined.

Mr McILFATRICK - In the regional reserve, it is explicitly listed.

CHAIR - Adriana has a supplementary.

Mrs TAYLOR - I have only just seen this and I am comparing the future reserve land and map C. It looks as if a considerable portion of the land which on map C is reserved for the proposed extension to the Wilderness World Heritage area, you have labelled as regional reserve.

Mr McILFRATRICK - Potentially.

Mrs TAYLOR - It is a big lot. That is interesting. So was that not 123 000 hectares?

Mr EVANS - Of the 123 000 hectares of the signatories' proposed World Heritage area, there is only 57 000 hectares that is not subject to mineral interests. The other 67 000 hectares is either in the SPZ or has existing tenements, leases or licenses, or is in a medium-high to higher prospectivity group.

So we applied that three-tiered rule set to identify what the area was and you can tease those two out by looking at those two maps, visually.

Mr McILFATRICK - We would have excluded half of that and made them regional reserves because of the mining activities. I guess the World Heritage approach is different and a lot of that goes to adjacency - what is right beside it. A lot of those are contiguous with the existing World Heritage area, so that there is a different approach for them to find what should be or should not be in World Heritage.

Mrs TAYLOR - I suppose my question is, if this is what they have said they want in the World Heritage area - and that was 123 000 hectares - in your plan is there still 123 000 hectares - but different?

Mr McILFATRICK - It is the same land; it is just going to be given a different -

Mrs TAYLOR - I'm sorry. It cannot be the same land if it is in the regional reserve. That is nothing like -

Mr FORD - This reserve table does not take into account the World Heritage area proposed for it.

Mrs TAYLOR - Okay, so it has nothing to do with the World Heritage area.

Dr GOODWIN - But potentially there is a conflict, isn't there? Sorry to jump in there - and that may well explain why Vica Bayley was so reluctant to agree with those lots without having been through the process of working out where they are.

Mrs TAYLOR - Yes, there is a big part here which is regional reserve which is nothing like World Heritage.

Mr McILFATRICK - That is because it saves creating reserves under our hierarchy. The Commonwealth has a look at what the World Heritage is; so we may have a regional reserve that subsequently is endorsed as World Heritage and included in the register, but it is a regional reserve until that happens.

Mr EVANS - Within the existing World Heritage area there are conservation areas. You can have World Heritage areas over private land, as we do with Brickendon and Woolmers. So it is not necessarily about the ownership or the class of land as to whether or not the World Heritage area nomination can proceed.

Mrs TAYLOR - It is about the use.

Mr EVANS - That is correct - it is in terms of use.

Mrs TAYLOR - We started off by discussing tourism, mining, et cetera, and the comfort bit this morning was that 300 000 of it is recommended as being regional reserve. So that is okay - other things can happen in that; but now we are talking about some of that regional reserve potentially going into World Heritage area, which changes the balance.

Mr SWAIN - The tenures in World Heritage are quite distinct, aren't they? That is part of the issue.

Mrs TAYLOR - Yes, but we are talking about uses and that is what the industry is talking about. They do not care who owns it; they just want to know if they will have access to it.

Mr FORD - Irrespective of our tenure that underlies the World Heritage area, anybody who wishes to undertake activity in the World Heritage area is subject to the environment protection biodiversity conservation legislation. Even if we have the underlying areas of regional reserve, if it is World Heritage area it is subject to EPBC.

Mrs TAYLOR - Absolutely, so it puts another whole layer on it. That is the point that I am making. This morning we started off by saying that 330 000 hectares is regional reserve or whatever, but in actual fact we could still be -

Mr McILFATRICK - I guess in those numbers we talked about, over 100 000 hectares were in the conservation area and about 300 000 hectares in the regional reserve. We have identified that about 60 000 hectares of that 400 000 hectares may be subject to World Heritage. It potentially adds another 60 000 to 100 000 hectares to the national parks.

Mrs TAYLOR - You understand my and industry's concern that this just clouds the whole issue again.

Mr EVANS - Coming back to what we discussed earlier, those views have been discussed between the two ministers and minister Green has made his commitments known to minister Burke who ultimately will make a decision about a nomination or not and the form of that nomination. We are not yet aware of what his final position will be.

Mrs TAYLOR - With respect, though, Kim, this bill is to bring into effect the TFA - the Tasmanian Forest Agreement - and the signatories have agreed to the conditions of that, one of which is 123 000 hectares of World Heritage Area. Regardless of what the ministers want to do, all the signatories have told us that if they are not satisfied that the conditions of the TFA are reflected in the bill there will be no peace agreement because it will be breaching it.

Mr McILFATRICK - The national parks listed under our reserve criteria are most likely to be incorporated into the World Heritage Area as well. The 120 000 hectares includes some of the areas we would have reserved as national park, some we would have nominated as regional reserves and probably not many that would have been listed as conservation areas. That is a dilemma. You have a lot of things on the table. One thing outside our control is the listing by the commonwealth.

Mr FORD - It is worth noting that in the listing process, in the period after the nomination is made but before it is assessed by the World Heritage committee, there is a requirement to provide a very specific boundary. That occurs around April, as we understand it, so if there were small areas that the commonwealth would agree to excise - for example, regarding the discussion about dolomite, we understand at the moment that while the particular area is subject to prospectivity, an actual lease area is likely to be in the order of about 100 hectares. It might be that you could accommodate that 100 hectares by effectively excising it out of the World Heritage Area, which goes back to the point Mr Harriss made about how Bender was dealt with and how Melaleuca and Abbotsfield were dealt with in the earlier World Heritage Areas. The difficulty at the moment is that the commonwealth hasn't resolved those issues and whether they are in a position to do so before the nomination is made, we do not know at this stage.

Mrs TAYLOR - I think there is a fundamental problem here, though, in that for instance with this now future reserved land I can happily say to tourism that this area is proposed as forest reserve. I know that they can still get into national parks or World Heritage Area under certain conditions but generally speaking they are saying that will be fine and if it is forest reserve they can probably deal with that. But that is not what it says in their

desired 123 000 hectares, and that is one of the deal-breakers. They are saying, 'That's the compromise we've agreed to.'. It worries me.

CHAIR - That is what Bob told Ruth, anyway.

Mrs TAYLOR - Bob told Ruth what?

Ms FORREST - Bob Brown.

CHAIR - Just that.

Ms FORREST - This is the big-ticket item for them.

Mrs TAYLOR - The big-ticket item - exactly.

CHAIR - Have you spoken to the ENGO signatories about these maps which you have tabled this morning so that they may identify for themselves that tension?

Mr FORD - Yes, we have had a briefing with the ENGOs.

Mrs TAYLOR - And they said?

Mr FORD - We took them through the process we have put to this, they understood how we had arrived there and were going to take that information away and consider it. What they think about it is a matter for you to question.

Mr WILKINSON - Haven't they got back to you?

Mr FORD - Our advice to them was that the task we were doing at an officer level along the rules set that Penny had talked about meant that it was not for us to enter into any discussions, it was a matter for the signatories to think about and then they can raise those matters with the minister as and when they need to.

CHAIR - Ruth has a supplementary on the maps.

Ms FORREST - I think it was Norm or Gary who referred to a map D. What is map D and do you have a copy of it?

Mr McILFATRICK - Map D is the signatories' [inaudible] special species of which we do have a copy. Again, it is a small map, unverified, and dated 22 November 2012. I am happy to table that again with the proviso that you ask the signatories for their version and you are aware that special species is an ongoing discussion and there is more work to be done. This may well be the map that is the least valuable asset in currency terms, but if you are happy, Mr Chairman, I can table those. There is a supplementary map of the north-west which is in a little bit more detail; it is map DNW.

CHAIR - Members, just for your information, I was a bit too much belts and braces earlier. We do have a resolution from last week that those documents may become public.

Mr WILKINSON - Residues and Triabunna haven't been mentioned yet but under the IGA Triabunna can be opened but it hasn't. What is happening in relation to that?

Mr McILFATRICK - Triabunna is owned by private owner investments and our understanding is that there is still a hiatus there in opening. It has been indicated that under certain circumstances, providing the providence of the material going through, they would be prepared to open for a short time, up to five years, but that hasn't happened yet and, to my knowledge, is not likely to happen in the short term.

Mr WILKINSON - There was an outside view a couple of years ago now that it was never going to open but it would seem that the IGA has envisaged that it could be open. The government has the power to do what it could to open it. Has the government done anything in relation to having it opened and so on?

Mr McILFATRICK - We haven't done anything legislatively. There has been a well-documented desire from the government to see it open but it is in the hands of the owners and that hasn't yet happened.

Mr SWAIN - I don't have the details with me, but there were a couple of licences that needed to be transferred to the new owners, some mechanical things, to enable them to fully utilise that facility if they so chose, and those things have been done. I know there have been conversations at ministerial level and certainly they understand the strategic context and importance of that facility; that goes without saying, as you would understand.

Mr WILKINSON - I have a bit of a problem with it because it is extremely important. It seems that it could well be death by a thousand cuts and especially in relation to the southern forests and the people there because it costs an extra \$20 a tonne to transport the timber to the north of the state. I was just wondering where all this lies. Is it just in the IGA agreement but they want to forget about it because it's so delicate a problem that the environmentalists say, 'We don't want to go there.'?

Mr McILFATRICK - It is certainly in the IGA and I believe there is every desire to have the mill open. In the way it is at the moment it is more likely to be open through a commercial arrangement than it is through any government intervention.

Mr WILKINSON - A commercial relationship not relating to the residues?

Mr McILFATRICK - No, a relationship between Triabunna Investments and the industry where the material is put through the mill but certainly Alec Marr, the manager, has made it clear that he would want what he calls the providence of that material to make sure it was not coming from high conservation areas.

Mr WILKINSON - We have not really decided what a high conservation area is, so he would be saying no timber coming through until we do - is that pretty well a summary?

Mr McILFATRICK - I haven't spoken to them directly but I guess we all know his background so there would be a lot of scrutiny applied to the timber before it went through.

Mr SWAIN - There is some other work going on. I understand DED is doing a small consultancy looking at alternative uses for residues. The signatories have certainly expressed an interest in the outputs of that work and in their own agreement and view of what their councils should do going forward they have expressed the view that they would like to participate in finding a solution to residues.

In the department we have certainly been thinking about this and there are two bodies of work you could do. There is alternative markets and the prospectivity and timing of those markets and there is what sort of bridging arrangement you might need and for how long to get to those alternative markets, so things like ethanol are being looked at and we are picking up anecdotally but we have not documented that there are some sawmillers round the state already finding alternative markets themselves. I think Britton Bros is already partnering up with the area operations for some of their residues. I think it would be fair to say that Triabunna looks very difficult and there are other avenues being explored.

Mr WILKINSON - Are we able to get any indication as to how those other avenues are going, because we have heard that there was an issue with biomass amongst some environmental groups. Can you give some indication as to what is happening with that?

Mr SWAIN - I do not think the DED study is finished yet; I think that is still live. The other general issue I guess with biomass is that you would have heard in other forums like estimates and GBEs that there is sufficient supply for the foreseeable future for energy in Tasmania, so there would be an issue of biomass apart from philosophical positions of various parties around it. There is a supply and demand issue in that we are probably talking mid-2020s before there is a strong need for an additional energy source. There are other things such as wood pellets and ethanol but the market is not so tightly constrained to Tasmania in terms of [inaudible] products or, in ethanol's case, a fuel replacement product.

Mr KELLEHER - I can't add much to that other than that none of those things have anything to do with the Triabunna situation that looks, as you say, challenging.

Mr WILKINSON - In other words, if we're being serious here, it's going to be extremely surprising if any of the residue finds its way to Triabunna, isn't it?

Mr KELLEHER - I think so. The effort, I suppose, falls into two things - is there a way in which a northern port arrangement could play a role and that's not straightforward but there is work going on on that, and in terms of alternative use there has been a lot of suggestions put forward for various ethanol arrangements and other forms. I have to say at this stage that they're not yet complete but none of those appear to really be commercially viable at this point in time within the timeframe that Gary was alluding to. There is still some gap to commercial viability for pellets but that looks the most promising and so work is heading more into how you might close the gap in relation to pellets.

Mr WILKINSON - Is it putting the state at risk at all of having to pay further moneys in order to transport the residue up to the north of the state and, if so, are you able to estimate approximately how much, or would that be a better question to Treasury?

Mr SWAIN - It might be a better question for Forestry Tasmania in the short term but I guess the issue is that we have that problem right now so that is an old-world scenario problem at the moment, with or without the TFA. The signatories have successfully lobbied governments for some funding to look at residues coming from the perspective of needing to make the industry more robust by diversifying the markets there and reducing the reliance on woodchips. Philosophically, that is an approach which the forest industry would support, but in the absence of the TFA what we have right now is a significant residue problem in the south.

Mr VALENTINE - I am interested to know whether DED is perhaps looking at this nanocrystalline technology which has been touted as the hottest new material in town. It is light, strong and conducts electricity and, what is more, it has been around a long time. It talks about nanocrystalline cellulose produced by processing wood piles being hailed as the latest wonder material of Japan-based Pioneer Electronics, supplying the next generation of flexible electronic displays. IBM is using it to create components for computers. Even the US army is getting into the act with ballistics. Are we looking wider than just use for a raw product to burn or whatever, and doing some research or looking at the viability of research into some of this stuff? Is that on the agenda?

Mr KELLEHER - It is. A broad cast is being made and there is a lot of interesting ideas around but, to be frank with you, the first filter on many of those and the various aspects is that most of those drop out fairly soon.

Mr VALENTINE - It's not an immediate thing that we can do -

Mr KELLEHER - No, but certainly there is research and we have a number of studies going on with this and have links with research institutions to be keeping an eye on this

Mr VALENTINE - It seems to me that an organisation like CSIRO in conjunction with the state government could really look into some of this stuff.

Mr KELLEHER - There has also been the federal government UTAS forest research entity that was announced mid-last year, all in this space. The world is changing. The character and scale of the operation and the distances and so on we have here put a lot of arms behind our back but we have to keep looking at what is going to be the best, most valuable economic use of the resource we have. That is the key focus.

Mr VALENTINE - I raise this because of an article where the US National Science Foundation predicts it will become a \$600 billion entity by 2020 and we could be in that game.

CHAIR - On the same area we are investigating this matter of the use of the residues and that is one of the most significant matters flowing from the TFA. If we do not resolve the residue issues, we will not have a viable and sustainable forest industry in this state. The stockpile of that which would have otherwise been chipped lying around sawmills across this state is a major issue. My question to you, Mark, notwithstanding the earlier contributions from others who suggested our demand for electricity is not going to need any extra power stations before 2020, is whether the scope of what you are investigating, nonetheless, involves a biomass power station or stations in the absence of receiving RECs, which then makes them viable?

The point is, I think, that biomass power is better than coal and we have an opportunity to sell it across Bass Strait. Even without the RECs, there could be a government policy position to build power stations to use the residue. The government policy position may well be to factor out the RECs and we will run our power stations at a break-even point because it is good for the economy of this state in a bigger sense than just the power generation.

Mr KELLEHER - The short answer is no, that's not being looked at, basically because without the RECs it's not about a break-even scenario, it would be significantly under water. It's not competitive, given that it would essentially become an export product because, as Gary indicated, we have an energy surplus here until the mid-2020s and whilst there is some residual capacity for export, the way the export electricity works into Victoria is that you can't sell it at peak times; you start to ride down the price duration kerb, as it's called, and you'd be selling that at shoulder periods when the price has dropped to lower than average. The economics are just not in the running. The alternative uses that I mentioned before are more prospective.

CHAIR - Is that a desktop analysis that it's not in the money or is that a robust analysis?

Mr KELLEHER - A combination, but also there have been some sort of pre-feasibility studies that were taken and case studies which have all ended up in the same space.

Mr McILFATRICK - It's probably a view taken by two people who have been in the industry for about 20 years longer than they should have been, but it is a very tough game without that 44 cents a kilowatt hour or whatever RECs. Even our gas-fired power plant in certain terms of the market being tough, with 55.5 cents [inaudible] per kilowatt hour, you have to be able to pay someone for the residue, otherwise it isn't worth doing. If you pay for the residue you operate the power station and then, without the RECs, it is difficult to get away in the market. If you can sell it all at peak, maybe, but you can't.

Mrs TAYLOR - Biochar?

Mr McILFATRICK - There's a whole range of things, some very localised issues that can offset the cost of the retail [inaudible] that may make sense but not for generation into the wholesale market.

Dr GOODWIN - With the funding that's on the table in relation to residues, what is your understanding of what that would cover? That is the \$2 million for immediate solutions and up to \$7 million for ongoing solutions and regional structural adjustments.

Mr SWAIN - I think that's still a work in progress. Certainly, in terms of the issues that have been discussed with the signatories, they've indicated a very strong interest in being part of or leading that work. I don't think there's a detailed answer to your question; I don't think the work is fully scoped.

Dr GOODWIN - So how did you come up with that figure?

Mr McILFATRICK - I guess if you stripped it right away, if you have to transport the material to the northern ports you have a benchmark of what the additional cost would

be, so it would be better to apply innovation and get subsidy in this regard, not just to transport it but to find an alternative. Maybe, in the worst-case scenario, [inaudible] years might be used as a transport but you wouldn't want to continue that because it would make better sense to do it closer ton [inaudible]. If you remember, about two years ago we had a stockpile issue in the south. We released some funds from the forest funds that we had within DIER of about \$1 million and that lasted three months.

Dr GOODWIN - So that's a bit of a benchmark.

Mr McILFATRICK - Yes. That was to remove the stockpile in the south to get it up to the northern ports. It wouldn't be hard to see \$4 million or \$5 million in a full year for the subsidising of transport but it would be better to do it a different way.

CHAIR - At that point, we will suspend the hearing. Thank you very much one and all.

THE WITNESSES WITHDREW.