

**THE LEGISLATIVE COUNCIL COMMITTEE ON GOVERNMENT
ADMINISTRATION B MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE,
HOBART ON THURSDAY 17 MAY 2012.**

**OPERATION AND ADMINISTRATION OF THE TASMANIAN PARKS AND
WILDLIFE SERVICE INQUIRY**

Mr KEN JEFFREYS, GENERAL MANAGER, CORPORATE RELATIONS AND TOURISM, **Mr MICHAEL FARROW**, CHIEF OPERATING OFFICER, **Mr JOHN HICKEY**, GENERAL MANAGER, FOREST MANAGEMENT, AND **Mr TONY BLANKS**, MANAGER, FIRE MANAGEMENT BRANCH, FORESTRY TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Ms Rattray) - I would like to commence and, before I welcome everyone, just a couple of housekeeping matters. I have indicated to the gentlemen at the table that about 9.45 a.m. there will be a video footage, but there will be no sound, so I hope everyone is comfortable with that. We have about one hour. Members have to get ready for the parliamentary session, and also there is an in-camera process available should there be any information that you feel would be useful for the committee, or the committee feels would be useful. So that opportunity is available where we will ask people to vacate the room, and it would be entirely in that in-camera process that won't allow for anything to go outside of this room, and then we can make a decision about what we do with that at a later time, so please remember that that is available if there is something that you feel is of a sensitive nature that you would like to share with the committee.

Thank you very much, gentlemen. We very much appreciate you coming to speak to this submission that Forestry Tasmania has made under this reference in relation to the ability of the Parks and Wildlife Service to manage potentially additional acreage of reserves or parks in this state. We know it is at reasonably short notice, and we also would like to acknowledge that there has been an apology from Bob Gordon, Managing Director of Forestry Tasmania, who could not be here today and we understand the time-frame was difficult for everyone, so thank you.

Ken, I think to kick it off, is there anything that you would just like to say in addition to the submission? Members have had a chance to read it. Is there anything you want to just quickly discuss?

Mr JEFFREYS - I will be brief, because this is only an hour. Bob asked me to relay his personal apologies to all of you that he could not attend but we hope that by having four of us here we might be able to answer 80 per cent of the questions that he would be able to answer.

CHAIR - He's a pretty good man, isn't he, if it takes four to replace him.

Mr JEFFREYS -Yes, that's it. If there are any questions that we can't answer today, we'd be happy to take them on notice.

CHAIR - Thank you.

Mr JEFFREYS - I think the submission speaks for itself, largely, but there are a couple of points that we'd like to make.

Firstly, we don't believe that we are able to help you with sections 1, 2 and 3 of your terms of reference. We don't pretend to know a lot about the Parks and Wildlife budget and the way it goes about its business. I put that on the record up front.

The second thing we'd also like to say from the outset is that we have a very strong working relationship with Parks and Wildlife. To some extent, because of the nature of our businesses, we are kindred spirits. So, if there is anything that I might say or we might say today that might indicate some criticism of PWS, it doesn't exist because we work so closely together in fire management and collections of Huon pine on the west coast, et cetera.

I will elaborate a little bit on the management of our reserves currently. I don't think it's well-understood that many of the formal reserves that currently exist in state forests have actually been created by foresters themselves because they have identified the values that exist in those formal reserves. There is a deep emotional attachment to many of those areas that we're discussing today amongst Forestry staff. I guess it's just like PWS; there is this deep ingrained emotional attachment to the reserves and the forests we manage. I would venture to say that the evidence would suggest that over the period since 1920 they've actually done a reasonably good job of managing and being stewards of those forests. If it wasn't the case, if they'd been trashed, the environmental groups would not be making a claim now for 572 000 hectares.

I put that on the record, that there is a deep emotional attachment and whenever areas are transferred from Forestry Tasmania, it is almost akin to losing a child.

We also realise very much that in the current budget position the state finds itself in, the parliament needs to be hard-headed about the way it approaches these things and we would assume that the parliament will make a decision on which areas may be put into reserves and who might manage them based on a very strong public benefit test. When I talk about public benefit test, I mean financially and in terms of safety as well.

I suppose that brings me to the point that no decision has actually been made about what areas will be transferred into reserves and who will have tenure of those. In our submission, we listed some of the options that have been publicly canvassed and John has done a lot of work on those options and canvassed there but of course it could be any configuration that might emerge from these discussions.

One of the other points I would make that gets to the public benefits test is that one of the critical issues, apart from the financial implications, is safety. We've had major fires in Tasmania in 1898, 1934 and 1967 and all of the smart money is on there being another major fire not too far down the track. There are smart people in this field and Tony would be able to elaborate on this. It would indicate that we are in for another major fire before too long so one of the considerations I think the parliament will need to make is: how do you make sure that you don't reduce your firefighting capability?

Within Forestry Tasmania we have 206 trained firefighters and by way of clarification also in our submission we indicated that Parks and Wildlife had 12; we were referring purely to the dedicated firefighters in PWS. We do acknowledge that they have staff who are trained as well. The bottom line is that we would be disappointed if the boots on the ground that are available for firefighting services are reduced in any way. The indication we have from the Tasmania Fire Service is that to replace a set of boots on the ground, a dedicated firefighter, costs in the order of \$106 000 a year. If you can do these things efficiently, if you can get people to fight fires as well as do their day-to-day job, then the state benefits financially and also benefits from a safety perspective.

I think, in terms of opening remarks, that's probably where we sit.

CHAIR - I take you to the opening page and I will kick off. In relation to the covering letter on the submission, where it talks about Forestry Tasmania lodging an application with the Treasurer for FT to be compensated for meeting community service obligations - if there are additional areas of land to be looked after, they will require additional community service obligation. A sum of money is being bandied about through the intergovernmental agreement, that would be available with these reserves, but it does not appear to be at the required level to adequately do the job. Can you tell me where those negotiations are? Is that something you can share with the committee this morning?

Mr JEFFREYS - Yes. We have had a response from government. The question of the CSOs will be dealt with through the strategic review processes currently being undertaken by URS and others.

The point I would like to make here is that since 1998 Forestry Tasmania has not received any community service funding. We currently manage 800 000 hectares of state forest, principally for conservation reasons. The sad fact of life is that we are no longer in a position to manage those areas of forest using the proceeds from timber sales. We have a declining revenue base and a declining wood production area, and we don't believe we can continue to provide those services free of charge to the taxpayer.

In relation to the existing reserves, we think there should be some consideration of how we fund these in the future. In relation to additional reserves, yes, there is \$7 million available in the intergovernmental agreement for management, which I think, if the full claim of 572 000 hectares is realised, works out at about \$12 a hectare.

CHAIR - That's well under what any other state puts a dollar figure on, for managing their parks and their land. Is that correct? Is that your understanding?

Mr JEFFREYS - Yes. In formulating our CSO application to the government, we did a lot of work comparing our costs of managing reserves to, not only Parks and Wildlife within the state, but also other jurisdictions. Our estimate of the requirement would be about \$20 to \$21 a hectare. I know that's about \$10 more than Parks and Wildlife say they are managing their existing reserves for, but it's a vastly different story when you are talking about state forests. We have a lot more infrastructure. We have 5 000 kilometres of road in the 572 000 -

CHAIR - Plus the bridges.

Mr JEFFREYS - Yes. We have a lot of infrastructure to take care of. We also have a lot of recreational facilities and we probably don't have the preponderance, or the level, of buttongrass plains - you might be able to help me with that John - that Parks and Wildlife currently manage. We don't see any inconsistency, necessarily, between the \$11 quoted by Parks and Wildlife and the \$20 to \$21 that we have suggested in our CSO application.

CHAIR - Members?

Mr MULDER - I have a couple of questions.

CHAIR - Thank you. In that same area?

Mr MULDER - Yes. Given the fact that FT currently manages this 572 000 hectares, or a fair proportion of it, have you been asked by the government for your views on who should be managing it, and what kind of reserves they should be put into? There is a fair amount of difference between the rhetoric we're getting from the Labor Party about multiple uses being allowed in some areas - Jonathan West even says that - and the Greens idea that those areas should be totally national parks, with only bushwalking tracks allowed, according to Nick McKim this morning. I am wondering whether you have been consulted about what type of reserves should be created, and who will manage them.

Mr JEFFREYS - I'll answer in two parts. Firstly, we have provided a lot of data to the taskforce and to the independent verification group over the past two years, and John has headed up a lot of that work. In my office the two guys who sit behind me have done nothing other than provide data into this process for the last 12 months, so it's been quite constant.

I will deal with the question in two parts. Have we been asked for data? Yes, we have. Have we been asked for our opinion on who should manage these reserves and what areas of reserves should be promulgated? The answer is no. John, you might be able to provide some more information about the level of our engagement.

Mr MULDER - The government has not asked you, the stewards of these reserves since 1900, what are appropriate uses for these areas and who should manage them?

Mr JEFFREYS - Not at this point. We haven't been asked for an opinion -

Mr MULDER - No recommendations, no advice, just give us data?

Mr JEFFREYS - Pretty much. Basically, negotiations have been between the signatories, and those signatories, and other parties to the talks, have asked us to model various scenarios. We've provided that data and we believe we provided very good quality data to inform the process, but because we're not a signatory, and because we're outside that process, we've not been asked for our opinion.

Mr MULDER - How do you feel about that?

Mr JEFFREYS - We think there's room for more meaningful engagement at some point. Again it will be a matter for the process. It has been difficult at times to be sitting outside.

CHAIR - You're not alone in that. I can assure you you're not alone in that feeling.

Mr JEFFREYS - I don't intend that as a criticism, I'm just saying this is the way the process is unfolding.

Mr MULDER - This committee is trying to put itself into that space, because we haven't been asked either. The other question is, do you think the conservation outcomes could be achieved if some of these areas were in less than national park type reserves?

Mr JEFFREYS - Again, no decision has been made, so it is difficult for us to comment on it. I think your preamble is right - the environmental groups have been saying that it should all go into national parks, and there are some risks associated with that, if I can put it in those terms. There is a lot of infrastructure on state forests and in these reserves and outside the proposed reserves as well. That's about as good an answer I can give to that one, I'm afraid.

Mr MULDER - I heard that a number of your staff have asked for a meeting with the Premier to discuss these particular issues. Are you aware of any approaches?

Mr JEFFREYS - I am aware that there was an approach to the government from the staff regarding the URS strategic review, not in relation to the intergovernmental agreement.

Mr MULDER - The URS review considered the role and functions, if any, of Forestry Tasmania into the future. Are any implications coming out of that review for you, and for Tasmania?

Mr JEFFREYS - There are implications clearly, and I think it has been well and truly documented on the public record that the three options URS are considering are: (1) FT as it is, with some modification; (2) FT split between the commercial and the non-commercial functions, where you separate out the commercial functions and the management of reserves goes elsewhere; and (3) a complete integration of FT within a government agency of some description.

Mr MULDER - Were you consulted on any of those options? You said the report canvassed them, but were you asked?

Mr JEFFREYS - We've certainly provided a lot of information to URS and Deloitte as part of the process. We've said many times, on the public record, that we are very happy to cooperate with the review. Provided you give good quality data input, then the outputs might be just as good.

Mr MULDER - That's management level, but what about the staff? Have there been any consultations with Forestry Tasmania staff on their views about what the future of the organisation should be?

CHAIR - Can I just remind the member that we have some terms of reference in relation to -

Mr MULDER - I'm sorry. Just by way of explanation, I am trying to get around to this URS[??9.50.41] because it's fundamental, if these guys are ever going to manage anything, as to their structure, so I am just trying to get into that area.

CHAIR - Just be mindful of where we are going.

Mr MULDER - This will be the last one, sorry.

Mr JEFFREYS - The answer, I think, is: there hasn't been a lot of consultation with staff further down, but I do know that you were consulted, John, and certainly Mark Moroni was consulted. Across the board, I don't think there has been a process in place for that.

Mr MULDER - I've just got two others I think could be dealt with, with your leave, Madam Chair. What sort of infrastructure is within the 572 000 hectares, firstly, that you think you could maintain if you got access to some of the money, and secondly, that could be maintained?

Mr JEFFREYS - Well, obviously 5 000 kilometres of roads is a fairly substantial amount, but within the 572 000 I think we have about 132 leases and licences covering about 2 500 hectares. There were nine areas of that which have been leased for agricultural or grazing purposes. There are nine areas of buildings, 48 items of communications infrastructure - mobile phone towers and that sort of thing, some dams and drainage and five areas for energy generation, 16 areas of pipelines and powerlines. There are some forestry rights over a few areas. There are nine areas for recreation and tourism, 12 areas for road access - private citizens need a road access - and there are two areas for municipal and disposal purposes. There are 23 easements that provide access through a state forest to private holdings. That is pretty much it. I suppose the bit that I don't have any information on is how many apiary sites we have, and that is quite significant. They don't take up much room but they're -.

Mr MULDER - Just a last one. Just outline from your perspective the main differences between if this stuff goes to national parks and if it goes into the kinds of reserves that Forestry manages - what are the main differences between them? In other words, what would you be doing there?

Mr JEFFREYS - John is probably our expert on the classification of areas, but in general terms, if it all went to national parks it is a lot more difficult, notwithstanding Parks and Wildlife do not necessarily oppose development in national parks. It just becomes more politically difficult to get developments up. There is a lot more scrutiny. Because it is a higher level of protection, it is a lot more difficult to achieve that. With state forests we took a decision a few years ago that, instead of continuing to develop our own commercial tourism products, we wanted to transition to being an enthusiastic landlord, if you like, so that we give encouragement to other private developers to come in. We manage our formal state forests in a very similar way to national parks, but where we can we do provide as much incentive as possible to allow development in those areas of state forest and including mining.

CHAIR - John, was there anything you wanted to add to what Ken provided to the committee in relation to that?

Mr HICKEY - Just on that last point, the formal forest reserves are dedicated through parliament, so we have 212 000 hectares of those and in many ways they are equivalent to national parks.

Mr DEAN - I was just going to go on to the fire fighting position that you have put to us, and identified the department will need to make some very strong decisions into the future on what it does to ensure that there is a capacity within the state to do that. What's the position with PWS with their firefighting components? Do you work with them? What's the position there?

Mr BLANKS - I'd better declare that until seven years ago I worked with the Parks and Wildlife Service and then I decided it was time for a new phase. Are you familiar with the interagency protocol that puts an agreement under the way Parks, Forestry and -

Mr DEAN - Not absolutely. I know there's one there.

Mr BLANKS - It started off as an interagency agreement just between the Parks and Wildlife Service and Forestry in 1993 and the Fire Service came on board in 1995. Essentially the three organisations have tended to specialise in aspects of fire management that are really germane to their job. In Parks and Wildlife, we looked after remote areas with lightweight equipment, equipment that people could either carry themselves or be helicopter-transported. Forestry had the expertise with heavy machinery, tall forest work and for example, if ever Parks had a fire in a tall forest we would go to Forestry to get the contractors to get the equipment to get the people experienced in the use of it. There was no point in training our people to do something that they don't do on a daily basis. The Fire Service volunteers essentially provide the muscle, the foot soldiers. They have the numbers that neither Parks nor Forestry will ever have.

We essentially work very closely together. We train together. Forestry is a registered training organisation and Parks and Wildlife Service staff do a lot of their training through Forestry Tasmania courses on the basis that if you train together then you will work a lot better together, and that goes well for us. Parks and Wildlife Service has a smaller firefighting resource, about half as many people on the ground, on the fire line, as Forestry would produce. The figure in our submission was I think 206 firefighters. We would possibly be about 200 now, but on top of that we have people who no longer go out on the line with a hose and a rake-hoe in their hand, but people who do the administrative support, the management and the oversight in the organisation. We could probably field about 250 people still. We have 206 who have been through the fitness assessment, so are fit for fire-line work. The thing that really concerns me is the fact that we're losing contractors.

Mr DEAN - That was my next question. The loss of contractors, what does that mean to you?

Mr BLANKS - In this next round of contractor requirements or people exiting the industry, we are going to lose a huge resource. It's already very hard to find heavy machinery in Tasmania and you can't just take dozers or excavators off a road or out of a gravel pit and put them to work in tall forests. The loss of one big contractor, Kelly Gerke from

Scottsdale, was a resource that Forestry used right through the fire seasons, and now he has gone. There are fewer and fewer heavy machines available in Tasmania and the ones that are tend to be tied up with big contracts, like the Brighton Bypass and things like that. So we're losing access to machinery, we're losing access to skilled people and it doesn't matter whether these lands are managed by the Parks and Wildlife Service or by Forestry Tasmania. That is a problem for the entire community.

Mr DEAN - My next question follows from that. If then, and it's a hypothetical, if the 570 000 hectares became a reality, et cetera, have you done any work at all on what fire fighting component would be necessary in this state to take on all of the extra issues that would stem from that? Have you looked at what you would need to do, what would be required in this state to be able to combat fire in these areas? Any forward planning at all?

Mr BLANKS - Yes, certainly. It's like everything else it all depends on where your fire is and how it is. We get a lot of fires in the remoter areas of the state forests and in the remoter areas of parks. Things like single tree lightning strikes, which worry us but they often don't go anywhere or develop into anything. But we also get fires a lot closer to the access zones, and both Forestry Tasmania and the Parks and Wildlife Service have set up an agreement with the Department of Sustainability and Environment in Victoria to be able to bring firefighters to Tasmania or, in fact, it has usually been the other way - we have sent people to Victoria. We are now participating in a national scheme. We had lots of one to one agreements and we are now translating those into a national mutual support arrangement to take in both forestry and parks.

Did you want it in terms of numbers?

Mr DEAN - Yes.

Mr BLANKS - I honestly can't tell you because it depends entirely on where the fire is. The dreadful truth is that most fires in Tasmania are put out when the fire decides to stop running and the weather conditions change. Then we can move in, clean up around the edges and contain it. It is very hard to stop a running fire in a tall forest. A crowning fire is something to keep away from.

I would like to see the contractors replaced because they are our biggest weakness at the moment.

Mr DEAN - One last question - regarding the situation with the contractors, and the loss of machinery and equipment that will be available, what is the government's position? Have you made a submission to the government on the loss of those contractors and what it means to the state's firefighting status? And if you have, what has been the reaction?

Mr BLANKS - It hasn't gone to the government, but Bob has asked me to prepare a submission. It's in about the third draft at the moment. We are still getting figures into it. It's something that Bob specifically asked me to do for him. It is not ready for release. I expect it is intended to go to the Premier and to the minister but that is up to Bob.

Mr DEAN - Any idea of the timeframe you are looking at?

Mr BLANKS - He keeps asking me where it is, so he thinks it's urgent.

CHAIR - Just before I go to Mr Gaffney, we were given information from PWS last week that a submission was put to government regarding a joint funding arrangement for firefighting, and that submission was rejected.

Mr BLANKS - That came out of the State Fire Management Council. The State Fire Management Council was established under the Fire Service Act. It has representatives from the Farmers and Grazier's Association, the Local Government Association, the Forest Industries Association, Parks and Wildlife and Forestry Tasmania and the fire service, with an independent chair. Until recently, the committee hasn't been terribly active. But, Mike Brown, the new chief officer of the Tasmania Fire Service is very keen to harness the talents and the input of, particularly, the TFGA and local government. We put a proposal forward for an executive officer to help with devolution of planning responsibility to local levels, to the local fire committees that have been established. Part of that submission, as I recall, was for money for fuels' management so that the local committees would be able to do that. The funding climate wasn't terribly good and the result is that the -

CHAIR - It's a good idea but it's not going anywhere?

Mr BLANKS - Well, the council was given some money to employ a person to put together a more polished presentation. We didn't get everything we asked for, but we didn't get completely knocked back. We were asked to go away and come back with a better-developed submission.

CHAIR - I know there was some disappointment from the Parks and Wildlife Service when they spoke about the failure to receive support for that submission.

Mr BLANKS - Definitely.

Mr GAFFNEY - Interestingly enough, points 2 and 3 on the terms of reference could relate to nearly any significant infrastructure issue requiring funds in the next five years - whether they are achievable within the budget, and whether the projected revenue streams will be sufficient to maintain and improve existing infrastructure.

This inquiry could be into FT, in the position you find yourself now. You have recognised that the relationship between Parks and Wildlife and FT is good and it is a cost-effective one. Local government have also played a role in lots of different areas, like having volunteer fire brigades and access and that sort of thing.

There are other sectors in this State that receive a lot of indirect benefits from the work FT does with Parks, for example, roads into tourism areas. What impact might this have on things like tourism, recreational access, and community activities? There are a lot of community groups that use Forestry Tasmania's infrastructure for gun clubs or horse endurance rides - all those sorts of things. How might the decision to reserve a further 527 000 hectares impact on those sectors?

Mr JEFFREYS - I think you raise a good point. The state has done a very good job catering for the whole community. The national parks contain some iconic forest, and it deserves the level of protection that it has - our formal forests reserves have that protection, too. There is a range of other areas where Tasmanians have traditionally recreated - they like to hunt, they like to go horse riding and they like to take their dog to camping areas - and I think that model has served Tasmania very, very well. There will need to be areas set aside for people to recreate. I think that is a no brainer. At the moment the model delivers that. It is probably not well understood that many of the roads going to national parks are forestry roads. A classic one is Hartz Mountain - the access road there is paid for by the timber revenues.

The question you are asking is a very good one and probably needs some detailed analysis of the appropriate classifications for any new reserves that might come forward - what can and can't be allowed on them. Community groups will need to be taken into account. The mining industry needs to be taken into account. The tourism industry will need to be taken into account.

I am aware, because I am the general manager of corporations and tourism, that there is a lot of anxiety within the tourism industry about the capacity or the ability to get developments up in national parks or near national parks and you have seen a fair amount of that angst expressed in the media recently.

We put forward a proposition, following Western Australia's lead, of putting together a land bank of areas in the state forest that could be available for tourism development as the right time approaches. The model in Western Australia hasn't worked very successfully, so we haven't pursued it, but the model is right - making sure there are areas where development can take place, and there are some crackers in state forests. At the right time, when the tourism market recovers, and when there is a shift towards forest-based activity, that will lend itself to further tourism development in state forests and you certainly don't want to lose that opportunity through any change of status.

CHAIR - Mike, is there something you would like to add to that? I get a sense that you wanted to share something with the committee.

Mr FARROW - I totally agree with Ken, to be honest. I am in charge of operations - we manage forest areas, and deal with them on a daily basis as part of our normal operations. That is probably about as much as I can say to you.

Mr JEFFREYS - Mike's answer probably addresses the question you were asking - how do we help the tourism industry? It is through the integrated forest management system - where you have a crew going out to a site, they might take a load of firewood for a camping area on the way.

Mr FARROW - Bring back the rubbish.

Mr GAFFNEY - Also, it is just not the people who go into the bush and have that experience. People who sit in a coach to go around Tasmania, can access roads you maintain to a standard where a coach, or car, or bus or motorhome can travel. Are you already in the process of having a look at some of those roads that you own and maintain and saying, 'We can't afford to spend the money on this now, we're going to have to

downgrade this because we can't afford to keep it to the level', which means access to some of those parts and tourism places are going to be not allowed because bus companies won't take their bus on a category such-and-such road that now is not maintained by Forestry?

Mr JEFFREYS - It's true. For most of Forestry Tasmania's existence, it has maintained roads for those purposes at no cost. We made a decision about 12 months ago that unless there is a commercial imperative to maintain the roads, then they get lower priority and we are seeing examples all around the state where we've made the decision that we cannot continue to upgrade. On Bruny Island it's a classic case where there is no commercial imperative and there is no forestry reason to maintain the road and I think in the last week or two we have sent the letter to at least three councils that I am aware of, where we have advised them that these roads we are not intending to maintain, except for environmental protection and for fire protection purposes.

We've asked them politely if they would like to take over those roads. We don't find a lot of agencies -

CHAIR - They are not rushing at you?

Mr JEFFREYS - No, we don't get flooded in the rush of agencies wanting to take over our road network.

Mr GAFFNEY - I can confirm that those letters have been sent. I think, if the 572 000 hectares then becomes unavailable for Forestry Tasmania to do work that they need to do, that's going to impact your revenue stream, which I think means that somewhere along the line, the impacts of that loss of funding needs to be highlighted to the Tasmanian community and what that will mean in the different sectors because you will have to withdraw from a lot of the things you've been doing as part of your CSO or as part of what you believe is a good corporate citizen, you are going to have to withdraw. I think it would be interesting to see what that will mean, indirectly or directly to the rest of the community.

Mr JEFFREYS - That's probably a matter the parliament will need to consider as it goes through this process because the fact is, the change is upon us. We cannot continue to provide the service we have. The more land that is reserved and the less that is available for wood production, the less you have to do the nice things with. The parliament and the community need to decide what facilities they need and want, as opposed to maintaining a vast array of recreational facilities in remote areas.

I think PWS indicated to you that they were already doing an audit of what they think should be maintained at a high level. You've seen in our submission that we have given you an indication that we are going through the same process. Fortunately, that report that we had done on our assets was not as bad as I had feared and a lot of those works we may be able to do over the years ahead.

It is a very serious problem.

CHAIR - Can I ask you to be perfectly frank? Are the allocated funds that have been indicated through the intergovernmental agreement, the \$7 million, adequate to manage

572 000 extra hectares of forests that would be put into reserves? Do you believe that would adequate?

Mr JEFFREYS - The simple answer is probably no, but it depends on what level you want to maintain them at.

CHAIR - If there is still some access, as Mr Mulder indicated that the Premier has said, 'Yes, you will still be able to access these areas for particular operations around forestry and timber-gathering', but we do not necessarily know that would be the case. You might be able to manage it if you can get another income stream as well.

Mr JEFFREYS - I think it's unlikely that it's sufficient if you maintain the existing road network and our recreational infrastructure.

The point I'd like to make is I think that we manage these reserves very efficiently because, as Mike indicated, when you have somebody travelling out to a harvesting coupe he might take a load of wood with him to drop at the campsite and he might pick up the rubbish on the way back. In John's area they don't manage the forest as 'this is reserves and this is work in production forest'. They manage the weeds across the estate. They manage the surveillance of forest health across the estate. One of the difficulties we have had - and the Legislative Council has probably been in the vanguard of that and would like us to split up the costs of managing these reserves more clearly - because it's so integrated it's very difficult to separate out the time.

The worst possible outcome from this and the one thing to be avoided is having a Forestry Tasmania vehicle heading out the road with a Parks and Wildlife vehicle heading back the other way because there is no co-ordination now between the management of these things. Some of these reserve areas we are talking about are very dispersed, and the theoretical models might not necessarily apply in a pragmatic sense on the ground.

Mr MULDER - Everyone talks about the future of the reserves being tourism. I was listening to Nick McKim this morning on the radio, who said that his definition of development should be that we should be putting a few walking tracks in there and that would be enough so that people could access these wonderful areas. At the same time, Parks and Wildlife Service assured us that bushwalking is very much only now a small part and that the future and growth in this thing is to create some of the iconic adventure tourism that would attract people in. So you are going beyond the backpacking and the walking through the wilderness into things like you do now.

You have some experience, I know, in managing some of these particular iconic tourist things and they sometimes struggle. I wonder if you would give us a feeling that if we are going to go down the path of adventure tourism, how you are positioned to manage, develop and create some of these iconic tourist adventures vis a vis national parks. It's not being critical of national parks but how do you see your organisation being better positioned to do that?

Mr JEFFREYS - Probably the overview point I would make is that all of our commercial tourism adventures are managed precisely for that reason for commercial outcomes. We strive to make a profit out of all of them. The reality is that we break even and earnings

before depreciation, before you take your EBIT measure, we do make a reasonable profit out of our ventures.

We don't have the most iconic tourism destinations in Tasmania in a forest tourism sense, but Tahune is very popular. The word 'adventure' means different things to different people. For many people adventure means going out on a cantilever being 40 metres above the ground. For others it means jumping off a bungee rope.

Mr MULDER - For others it means looking out the bus window.

CHAIR - That's me.

Mr JEFFREYS - Nature-based tourism I think has a very strong future in Tasmania, but the important thing is to develop these tourism attractions when the market is ready rather than trying to engender commercial development to assist employment before the market is ready, if you know what I mean.

That's why we made the decision a couple of years ago that we wanted to retreat from being a commercial operator of these tourism sites to being an encouraging landlord that wants people to come in and invest, and we'll help them with all the planning approvals. When you have skin in the game as a private developer, you will know when the market is ready. It's one of those areas where you can't force ahead of time and I think Tarkine Forest Adventures is probably an example of us being five years before our time.

Mrs TAYLOR - I was not going to mention that but I'm glad you have.

Mr MULDER - I ask this of everyone, so I will ask it of you. I cannot work out why on earth we haven't invited someone like Bear Grylls to come and do one of his little treks through Tasmania, apart from the fact that I'm assured that if he so much as ate one of our grasshoppers or touched a mushroom, he would suddenly be in contravention of our strict laws. But it seems to me that that sort of marketing exercise would really elevate Tasmania on the national scene as it is a popular show.

Mr JEFFREYS - We would certainly be guided by Tourism Tasmania on where they think the market is heading.

Mr MULDER - I also have a project in mind which I think is an extremely iconic thing that would match anything that Cradle Mountain has to offer. I would like your views on how Forestry Tasmania could possibly think about doing this because it is quite possible to cross the southern half of Tasmania on water. I am talking about leaving from Strahan and going up the Gordon, getting onto the new Lake Pedder and the river that drains out the other end of lake Pedder - the Huon. So it seems to me that that is the sort of adventure tourism and iconic walk we should be talking about. Forestry Tasmania is experienced in adventure tourism. Do you see that as being a goer?

Mr JEFFREYS - As long as we do not fund it.

Mr MULDER - It is a serious point.

Mr JEFFREYS - I did not mean to be flippant about it.

Mr MULDER - I was leveraging off the fact that you just said that private tourism operators have to stick the money in. But I am wondering how you guys are positioned, if that is the sort of vision you have for these kinds of reserves to create something other than a walking track.

Mr JEFFREYS - We have branded all of our tourism sites and adventure forests for a reason. We think that there is a niche in the market for that to exist and it will grow. There is a lot of competition from New Zealand in that market. Iconic walks are an important part of the brand for Tasmania. The Cradle Mountain walk gets about 10 000 walkers a year, but I stand to be corrected on that.

Mr MULDER - That is in addition to those of us who slip up the Arm River track, of course.

Mr JEFFREYS - In terms of numbers it is not great but in terms of its brand value it is very significant. One of the issues that I think we will all need to grapple with as land managers is the existing infrastructure and the identification of those areas that are starting to get a little bit tired and in need of a little bit of refreshing. The way that I see it, a lot of the facilities have been put into forest-based tourism since 1900. They have picked the best bits out already, so we do not need to reinvent the wheel; we just need to make sure that those parts that we have got are well done. It is cemented in my mind when we went to Strathgordon - and this picks up on your point, Mr Mulder - we went to Lake Pedder for a tourism meeting and it is such a fantastic drive. In the late eighties, it used to be a bustling area with hire boats on the river, tourism guides and so on but it has dropped and stopped. I do not quite understand why it has done that but as the tourist numbers have fallen, so has the infrastructure along that road. Some of it is ours and some of it belongs to Parks and Wildlife. It is iconic. It is a fantastic area of the world and I know that FT has an interest in saying that because Maydena happens to be on the way to Strathgordon. But taking that out of the mix, it has been done before; it has been very successful before. I do not understand why it declined and really we need guidance from Tourism Tasmania.

Mr MULDER - You said you were in competition with New Zealand. I would like to suggest that maybe you are not. Maybe if people are going to come from Europe or north America into New Zealand, they are going to do the circuit. You do not go to South America and just do one spot if you know that a two-hour plane flight away, there is something else.

CHAIR - I am starting to feel like I am on a tourism committee.

Mr BLANKS - May I just make one point? Mr Mulder, if I could be so bold, could I suggest you not put money into anything that involves going down the Huon river because in my younger days, several of us set out several times to raft the Huon and I can assure you that there is a total absence of water until you get to the Craycroft.

Mr MULDER - That is true but that is a walk down the Arthur Plain. It is a combination thing; I am not suggesting that you walk on water all the way through.

CHAIR - Carrying your whatever - your canoe.

Mr MULDER - I was stationed at Strathgordon for a few years and I have walked and boated most of these areas so I do know.

Mrs TAYLOR - This is a totally different tack but I think it is not unrelated. I want to talk about biomass and whether that, as a forest by-product, could be an income stream. Whoever manages the reserves, and whether extra land were to be put into reserves or not, and if it is not to be put into reserve - do you see that as a potential income stream - biomass into energy?

CHAIR - John is the expert.

Mr HICKEY -Not really. Having had a grant to go to Germany last year, I can make the point that they have got tremendous timber prices there. They said that one of the things that has driven up timber prices generally is the market for energy wood. You go to a log landing and you see a beautiful stack of saw logs, nicely prepared pulp wood and then a fairly messy pile of all the tops and heads and branches which is the energy wood. It actually competes with the pulp wood, depending on the oil price, and it has driven up prices across the board. We are a bit off topic but sadly, in Australia, even though we have got certification, you can take a fully certified log to a mill and you only get about 30 or 40 per cent of that in boards. What is left you cannot sell for biomass under our regulations.

CHAIR - We are disappointed with that recent decision too.

Mr HICKEY - It makes no sense.

CHAIR - Even from our own Tasmanian senators.

Mrs TAYLOR - I do not think it is the end of the story. It is the end of that chapter, I think.

Mr HICKEY - It does not have any logic.

Mrs TAYLOR - It doesn't have logic and how do we progress that discussion to change the parameters?

Mr HICKEY - If you can get more wealth across all of our rural sectors - we have got better capacity to manage reserves without needing large handouts.

CHAIR - Members, if there aren't any more questions, on behalf of the committee we would like to thank you genuinely for your time in coming and expanding on your submission. As members of the parliament, there was an expectation that we are going to some time deal with this issue and we thought as a committee that we might be able to gather some information that might also assist our colleagues in making the most considered and informed decision that we possibly can. Thank you very much. We will do our utmost to make sure that the wider Tasmanian community hears what is being said by Forestry Tasmania and we appreciate your time this morning. Thank you gentlemen.

THE WITNESSES WITHDREW.