REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 5

INQUIRY INTO PUBLIC LAND MANAGEMENT

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At Port Macquarie on Thursday 4 October 2012

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The public forum commenced at 8.55 a.m.

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PRESENT

The Hon. R. L. Brown (Chair)

The Hon. R. H. Colless (Deputy Chair)
The Hon. C. M. Faehrmann
The Hon. L. Foley
The Hon. S. MacDonald
The Hon. Dr P. R. Phelps
The Hon. P. T. Primrose

CHAIR: Good morning, ladies and gentlemen. Welcome to the eighth public hearing of the inquiry by the General Purpose Standing Committee No. 5 in the management of public land in New South Wales. The inquiry is examining the operational, economic, social and environmental impacts of converting Crown land, State forest and agricultural land in the national parks of the State and other matters. Before I commence, I would like to acknowledge the Biripi people, who are the traditional custodians of this land. I would also like to pay respect to the elders, past and present, of the Biripi nation and extend that to other Aboriginal people present.

This morning, we will hear from representatives of Port Macquarie-Hastings Shire Council and Kempsey Shire Council and the North Coast Forest Taskforce. We will also be hearing from representatives of the Coffs Harbour-Bellingen Branch of the National Parks Association, the North Coast Environment Council, followed by Ms Jane Watson from the Oxygen Farm. Later we will hear from Mr Douglas Head from Australian Solar Timbers, followed by Ms Bronwyn Petrie, a local resident. Finally, we will be hearing from Daniel Clissold, from Pilliga National Timbers. In addition to today's hearing, the Committee will be holding a hearing tomorrow in Grafton, as well as further hearings at Parliament House in Sydney.

Before we commence, I will briefly explain the procedures for today's hearing. There do not appear to be any media present. Copies of the Committee's broadcasting guidelines are available from the Committee staff on the side table. Under these guidelines, whilst members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I would also like to remind media representatives that you must take responsibility for what you publish about the Committee proceedings.

Witnesses are advised that any messages or any papers they wish to table, ask that they be tabled and the Committee will take the documents from you. A full transcript of what is said during today's hearing will be prepared by our Hansard reporters. The transcript will be available on the Committee's web site in the next few days. Finally, and most importantly, could everyone—Committee members, witnesses and people in the public gallery—please turn off your mobile phones. I will now proceed to welcome and swear our witnesses.

MATTHEW ROGERS, Port Macquarie-Hastings Council, and

PETER EDWARD BESSELING, Port Macquarie-Hastings Council, and

ROBERT JOHN SCOTT, Kempsey Shire Council, affirmed and examined:

CHAIR: Mr Hayward is running a bit late. I will swear him independently when he arrives. Before we move to questioning from the Committee, would each council group like to make an opening statement? I will start with Port Macquarie. Is there anything you would like to say to open the proceedings?

Mr BESSELING: No, just simply to welcome the Committee here and I hope you enjoy your time in Port Macquarie.

CHAIR: We have already started that. Mr Scott, would you like to make an opening statement?

Mr SCOTT: Most of what we would say in an opening statement is already covered in council's submission.

CHAIR: I will proceed immediately to questioning.

The Hon. CATE FAEHRMANN: Yesterday we were shown around by Forests NSW and National Parks staff to various nature reserves and State forests. The Kempsey Shire Council submission talks about the possible problems in relation to some conversion in relation to access. I was wondering if any of you had some specific recommendations for this Committee about the conversion process and how that could be improved in terms of local communities and in terms of your council?

Mr SCOTT: If I can speak first from Kempsey council's position. What was detailed in our submission is that there are steps in the process that allow properties adjoining those areas to identify how they would be accessed and what potential impacts of that access would be. To some extent that has occurred with the expansion of the Hat Head National Park, one of the examples in Kempsey council's submission, because there was a provision made for a domestic access to the properties that had their legal form of access to the public road network interrupted, if you like, so there must be some sort—

The Hon. CATE FAEHRMANN: Temporarily?

Mr SCOTT: That is a permanent process, but limiting it to domestic only access prevents any further intensification of use of that land and certainly has led into probably what would be considered at least a 15-year issue between land owners and is still going on today.

The Hon. CATE FAEHRMANN: We were shown parts of the Queen's Lake State conservation area yesterday. We were told that mountain bike riders are using the area quite regularly, on a daily basis. In fact, we saw that evidence ourselves when we were there. We were informed that because those mountain bike riders are in the area that they have been playing a key role in reducing dumping and reducing rubbish. Do you agree there are benefits for creating mountain bike trails in those State conservation areas for council? Ultimately, would it be your responsibility or National Parks for collecting the dumped rubbish?

Mr BESSELING: That would be National Parks.

Mr ROGERS: Yes, the National Parks and Wildlife Service, as it was formerly known, is responsible for all the operational activities in the parks estate. Councils work with the agency in relation to illegal dumping, whether it is education campaigns or co-ordinated cleanup campaigns, but the different agencies have specifically different roles in relation to their own land.

Mr BESSELING: That relationship between parks and the mountain bike riders comes about as a result of some work that was done with the previous government here locally to try to get a co-ordinated approach to that. Previously we had seen mountain bike riders go through that area without any recognition of the fact that they were there and National Parks was essentially chasing them off that land. I think it works very well in terms of the benefit to the local community, the bike riders—who engage in a healthy, active, enjoyable pastime—and the park.

The Hon. CATE FAEHRMANN: I take it that tourism is a big income-generating activity in the area. Is it the largest?

Mr BESSELING: In terms of the service, yes. It is large for us.

The Hon. CATE FAEHRMANN: Do you know whether there is any difference for visitors in terms of land tenure in the way they view the area and the way they appreciate the area? Do you think national parks, for example, compared to State forests are visited or enjoyed? This Committee is obviously looking at different land tenures and different management across tenures and sometimes conversion of national parks has been an issue for some witnesses. I am trying to get from you whether there is an appreciation from visitors to the area of the benefits of a national park, whether that makes a difference to people coming in and enjoying the area locally. Have you done any research into that?

Mr BESSELING: I think the difference is in the management of that. We have seen State Forests close down some areas that are of broader community benefit. A good example of that would be Slippery Rock where access has been denied, essentially, to that area for the general public because of maintenance issues and insurance issues. I think also within national parks one of the key elements of that is the management of those national parks. If we are going to be using them as a tourist attraction and a tourist benefit, then we need to resource them correctly so that we do maximise the potential of those areas. Management is a huge factor there, along with access that you mentioned.

The Hon. CATE FAEHRMANN: Be a bit more specific, if you can. In terms of Slippery Rock, you say there are maintenance issues. When it was transferred from State forest, the public were locked out. Did they previously have access?

Mr BESSELING: They had access previously and obviously wherever you have interaction from the general public and they are popular areas you will have rubbish, you will have damage, vandalism, those sorts of things. They need to be managed in those areas that are of public benefit just as much as they would if they were national parks. Given that this was State forest, the easiest option is simply to close it down and deny the public access. The public will always find ways of getting access to those areas. I think it is essential that areas that have broad public appeal are identified and resourced correctly.

The Hon. CATE FAEHRMANN: It did not become a nature reserve?

Mr BESSELING: No.

The Hon. CATE FAEHRMANN: Was it national park?

Mr BESSELING: No, it is State forest.

The Hon. CATE FAEHRMANN: Sorry, I thought you said that State forest transferred it over to a national park?

Mr BESSELING: No, it is State forest. In terms of your question, whether the public recognise the difference between State forest and national parks, realistically, they do not care whether it is a State forest or a national park. If there is an opportunity there to enjoy the environment that we have got, they will enjoy it.

The Hon. Dr PETER PHELPS: This is a question to both of you in relation to your councils. Do you believe that the amount of reservation in your council areas has been too little, about right, or excessive? In other words, taking the State forest areas and turning them into national parks?

Mr ROGERS: From Port Macquarie-Hastings Council's perspective, about 30 per cent of the local government area is either State forest or national park, and considering the landscapes that are associated with those reservations, it is appropriate. I think the question about whether some of the forest land tenures might be converted to national parks is a different one. But certainly in terms of the coverage of our local government area, it is significant, but relevant to the types of landscapes that we have.

The Hon. Dr PETER PHELPS: Kempsey?

Mr SCOTT: Kempsey Shire Council is in a very similar position to Port Macquarie-Hastings Council in that a substantial proportion of the local government area is in the tenure as a national park or a State forest. In relation to that, the landscapes are prohibitive to other forms of land tenure in terms of agricultural or private land. In that respect, it is probably what you would consider as appropriate that that percentage is there, but in terms of the difference between the two tenures, that is probably a secondary question or something I would not be able to answer.

The Hon. Dr PETER PHELPS: One of the things raised yesterday was the issue of roads and who pays, especially for the grading of roads. One instance was given where some of a road was in council area, some of it was in national parks area, and some of it was in State forest area, and it was always a race to see who could pay the least amount in the hope that the grader blade would stay down and cover the entire length of track. Do you have any examples in your own area of issues in relation to roads and particularly the grading of dirt roads?

Mr SCOTT: Kempsey council probably has one of the best examples of that, being Carrai Road, which is in the south-western corner of our shire. It is a public road that traverses land that is within Kempsey shire, Walcha shire and Armidale shire area as well as State forests and national parks; it goes along the boundary of those. In addition to that, there are a couple of private property owners up there. It is recognised in council's management scheme as being unmaintained. However, council through the leadership of the national parks and wildlife organisation, as well as State forests, is party to a memorandum of understanding for maintenance of that where each of the organisations pays a contribution on an annual basis.

The Hon. Dr PETER PHELPS: That is purely something you have negotiated at a local level?

Mr SCOTT: It is negotiated at a local level.

The Hon. Dr PETER PHELPS: There is no statewide arbitration or conciliation or standard way of apportioning road grading costs?

Mr SCOTT: That is correct.

The Hon. Dr PETER PHELPS: Basically you make it up?

Mr SCOTT: It is a local agreement.

The Hon. Dr PETER PHELPS: If you have a particularly grumpy national parks or forest manager, they might say, "No, we are not paying for it."

Mr SCOTT: It could come unstuck for any one of the parties. Considering the work locally that has gone into putting it together, it is certainly not something the council would like to see come unstuck.

The Hon. Dr PETER PHELPS: Port Macquarie?

Mr ROGERS: I would add that this particular issue is systemic of a broader problem of resourcing generally, and whether it is the agencies involved or councillors, council roads are one of our biggest problems in terms of resourcing. We talk about roads in these often outlying areas that are adjoining State forests and national parks, and they are ones that are generally lowest on our list because they have the lowest volumes of traffic and community use, so it is a much broader issue.

Mr BESSELING: I think also the issue there is wherever you have forestry and logging trucks the issue of the impact of those operations on those rural and regional roads is essential to take into account. When you have got logging operations there and the logging trucks going over them, quite often they are the ones that cause the most damage to those roads.

The Hon. Dr PETER PHELPS: I agree with you about resourcing but it also touches on a broader problem which we have found in other instances. That is, the issue of tenure. What you really need is a nil tenure arrangement for roads with a proper apportioning of the cost of the maintenance of that road to users of that road and beneficiaries of that road. Isn't that really what you need?

Mr BESSELING: If that was to be brought forward I think council would be very happy with something along those lines. Council would be willing to participate in any process that you had. I think whether that is possible or not is going to be an interesting exercise across jurisdictions.

The Hon. Dr PETER PHELPS: I think it is possible because, as Mr Scott has pointed out, it is able to be done at a local level but making MOUs at local levels has an air of arbitrariness about it. In some cases council might be required to pay 70 per cent of the road for 30 per cent of the length. In another council it might be 50 per cent of the road for 10 per cent of the length. It probably would be better to have a standardised model brought in across the State.

Mr BESSELING: Certainly I think even if it were at a regional level and at council level where an agreement could be reached across the whole local government area rather than go into hand to hand combat over each individual road I think that would be an appropriate approach.

CHAIR: That of course is applicable to industrial operations such as logging or mining where those vehicles may travel through more than one local government area. So you do not need two to three MOUs; it probably would be better to do it on a regional basis.

Mr SCOTT: I think in relation to that the most frustrating part from council's perspective is that our income stream is predominantly determined by the rate structure or our ability to levy rates. A lot of the users, such as logging for instance, we do not have the ability to levy a rate or develop a contribution to pay for their consumption of our infrastructure. That results in the people using the road not necessarily being the ones paying for the road.

The Hon. LUKE FOLEY: Councillor, this is an area of outstanding natural value and the State has seen fit to protect many of the areas in conservation reserves. What contribution does that reserve estate in your council area make to the tourism industry? Do the reserves in and of themselves and their values attract significant number of tourists, in your view?

Mr BESSELING: I think very much so. Within the area of the CBD and probably five kilometres around it you have got five nature reserves or national parks. In terms of the attractiveness of the area and the opportunities for tourism it is quite large. It allows for things like the koala hospital to operate within the Macquarie Nature Reserve essentially right in the heart of town, which makes a big difference because people do not have to get in the car and travel vast distances. We have got Sea Acres, which is a great tourist attraction with the boardwalk there. It plays a significant role in tourism, there is no doubt about that. People come to this area because of its natural beauty. Apart from the great people that live here, it is the natural beauty.

Mr ROGERS: It is probably also fair to say that we market that in terms of our tourism strategies. It is something that as a community we leverage on fairly significantly to attract tourism but also in terms of contributing to the sense of place for the people that live here.

Mr BESSELING: That is right, and there is connectivity there as well between what goes on with the hinterland and the nature reserves and the national parks and also the beaches. We tend to attract those people who like the outdoors necessarily.

The Hon. LUKE FOLEY: Is tourism your largest industry?

Mr ROGERS: It is not our largest but it is a very significant one.

The Hon. LUKE FOLEY: Mr Scott, what about Kempsey Shire Council? I think you had Hat Head added to the reserve estate in the past 15 years or so.

Mr SCOTT: We did. Hat Head is a fairly unique situation in terms of the area that was added to the reserve. It virtually encloses the township and limits the opportunity for expansion of that township somewhat. There are a number of council facilities for water and sewerage and now the only form of legal access they have to the site is through the national park because they were formerly off the old lands. That creates a limit because expansion of the footprint of those sites would then be limited in the future from the difficulties associated with acquiring national park or the ability not to acquire national park as it may be.

From council's perspective particularly through the Limeburners Creek Nature Reserve and the amalgamation of Goolawah Reserve into the nature reserve there, and that is along Point Plomer Road, our traffic counts have indicated that the traffic on that road goes up by 1,000 vehicles per day during our peak holiday seasons, which generally are the three major holidays excluding winter but there is still some increase in winter. So that gives an idea of the significance of the increase to our local industry from people visiting the managed lands.

The Hon. LUKE FOLEY: Could I ask either or both councils about fire management. Do you take an interest in or have any formal role in bushfire management planning for the very large public lands areas, whether the State forests or conservation reserves, in your shires?

Mr ROGERS: Not specifically in terms of a hands-on management role. Council staff work with agency staff in relation to hazard reduction burns as they are occurring and where we can we try to coordinate similar activity on our own lands, but generally those activities are handled by the agencies.

Mr SCOTT: I guess the majority of the push in that area comes through our Lower North Coast Bushfire Management Committee, which is made up of all of the agencies including council and the Rural Fire Service [RFS], which is essentially supported by council. Probably our largest contribution to the management of bushfire or fire prevention within those areas is through that support that we give to the RFS. Then State Forests and National Parks are also agencies on that committee. There is a lot of effort put into coordinating works and to mobilising resources as needed to try to deal with some of these issues.

The Hon. LUKE FOLEY: Do you think that the coordination works as it should; that is, that all relevant agencies with responsibility sit at the table and do their job?

Mr SCOTT: There is certainly coordination. There is certainly that interchange of information. Whether or not it is resourced sufficiently enough to be effective is probably another question to which I would not be able to give you the answer.

Mr ROGERS: I think there are two distinct roles in terms of fire control. There is the emergency management role when there is a bushfire, and the levels of resourcing and coordination during those incidents is very high and well rehearsed. It is the proactive fire management regime issues that are generally handled more specifically by the agency as the tenure.

The Hon. RICK COLLESS: Mr Rogers or Councillor Besseling said a minute ago that tourism is not the largest industry in the shire. What is the largest industry in the shire?

Mr ROGERS: Our industry sectors are broken up and well defined. The service-related industries, which include health services, are the largest. That is not surprising given our very high aged population. It should not detract from the significance of the tourism industry which is a very important local employer and driver of the economy.

The Hon. RICK COLLESS: Where does the timber industry sit as an industry within the shire?

Mr ROGERS: I do not have the figures on me to be precise but we classify the timber industry as a separate industry sector. We could provide that information at a later date.

The Hon. RICK COLLESS: Is it fair to say that it is still a substantial industry in this area?

Mr ROGERS: It is.

The Hon. RICK COLLESS: I think you said earlier that 30 per cent of your area is held as reserves or national parks.

Mr ROGERS: That is correct.

The Hon. RICK COLLESS: What is the proportion of your area now that is held as State forests?

Mr ROGERS: I would have to provide that data separately. I do not recall from memory.

The Hon. RICK COLLESS: The areas of land that have been converted into national parks or reserves over the past 15 years or so, can you tell us what percentage of those were rateable lands prior to conversion?

Mr ROGERS: Again not at this moment but that is data that the council could provide to the Committee.

Mr BESSELING: We can take that on notice and provide the Committee with that information.

The Hon. RICK COLLESS: Also if you do not have the figures at your fingertips you might also take on notice the amount of rating that you have actually lost as a result of conversion. It may not be a great figure here because I think most of the land that was converted was State forest.

Mr ROGERS: I believe that is true.

The Hon. RICK COLLESS: Mr Rogers, you said that you thought the 30 per cent was an appropriate level. The JANIS guidelines tell us that 15 per cent of land is what they would expect to be—

The Hon. LUKE FOLEY: That 30 per cent included State forest.

The Hon. RICK COLLESS: I do not know that it did, did it?

CHAIR: The council can come back on that.

The Hon. RICK COLLESS: Did that 30 per cent include State forest?

Mr ROGERS: Thirty per cent is State forest and national park.

The Hon. RICK COLLESS: In that case can you then give us the break-up of how much is national park, conservation reserves of some sort, and State forest.

The Hon. PETER PRIMROSE: Could you comment about the level of employment directly related to the forestry industry in your respective areas? Any ideas about how significant an employer it is?

Mr SCOTT: I would probably have to take that on notice and provide some information back to the inquiry. It is a reasonable employer. I would not say that the levels are huge, but there are certainly a lot of small to medium-sized operators in the Kempsey shire. There is a lot of private land as well that is subject to forestry approvals or is under the native vegetation regime for private forestry as well.

Mr ROGERS: We would like to take that on notice. I echo the words of Mr Scott. Council does have good data on that subject that we can provide to the Committee.

The Hon. PETER PRIMROSE: If you are taking it on notice, also we noticed yesterday that there was quite a significant degree of mechanisation. I am interested in some perspectives on how the rate of employment in the industry may have reduced as a consequence of mechanisation say over the past 20 years.

Mr SCOTT: Significantly it would have reduced. Even the advent of the chainsaw reduced it significantly in our area, but certainly the modern methods of logging and removing those logs from the forest itself would contribute to a significant reduction in employment over that time.

Mr BESSELING: Not only mechanisation but also centralisation where we have seen a number of small timber mills in our area close down over a period of time and centralise into essentially one bigger operation.

CHAIR: There has been significant change in both these local government areas over the past 30 or 40 years in demographics and also in changes to the industry. What were the major industries in this region that are no longer here? Was this a dairying area, for example, or was there something else in the area that is not here now?

Mr SCOTT: From a Kempsey council perspective our larger areas were agriculture and there was a substantial amount of dairying that did occur. That is one example, just taking the lead from your comment there. There are quite a number of the smaller dairies that are no longer in existence. There is a lot of disused dairying infrastructure particularly on the Lower Maclean. In terms of industries, Kempsey has had a small manufacturing industry which has been under pressure—as has the rest of the manufacturing industry throughout Australia—over the past 20 or 30 years but more recently over the past 10 years.

We are struggling to work with those manufacturers at providing whatever incentives and benefits we can to offset the pressures that they are facing in their market. We also have food processing in terms of we have got a large abattoir within our area. We are also working with those operators because they are facing very tight margins for competition against larger abattoirs elsewhere. Certainly with cheaper freight costs and those sorts of things they are losing that market advantage.

Mr BESSELING: I think with all due respect, Mr Chair, it depends on how far back you want to go. I mean the convict industry certainly has suffered largely. After that we also had sugarcane and the like. But I think more recently it is not so much the industries that have disappeared but the changing in the rankings and that industry mix and how that is apportioned within the local government area.

CHAIR: Mr Rogers referred earlier to the changing demographic in the Port Macquarie Hastings area. What changes have occurred in Kempsey council local area according to the census data?

Mr SCOTT: The census data shows very slow growth. Slow is probably the best word to describe it. It is less than 1 per cent growth, which is a contrast to Port Macquarie. It has shown similar trends in terms of the age of the population but nowhere near as significant as that experienced at Port Macquarie. We are still just below 30,000 people.

CHAIR: Would I be right in saying the tourism industry in Port Macquarie, as a percentage of gross input to the local government area, would be greater than Kempsey?

Mr SCOTT: It would definitely be larger. Kempsey probably has a bigger agricultural sector and larger areas on their lower floodplain that are quite fertile and under very intensive agriculture. At any one time on our lower floodplain it is estimated there are approximately 50,000 head of cattle.

CHAIR: Ms Faehrmann asked for your recommendations in terms of consultation or the relationship between local government and public land management agencies no matter who they are. Do you believe that historically local government has had sufficient say in how these things are done?

Mr ROGERS: It probably varies from issue to issue and as humans a lot of it relates to the relationships we have with different agencies. We have examples of excellent relationships and high levels of engagement and cooperation and there are issues where it is the opposite. It varies and if there are opportunities through legislation or guidelines to put in place statutory mechanisms where engagement is reinforced that would be a positive thing.

Mr BESSELING: That engagement has to happen more at a local level rather than at a planning and decision-making level. Any opportunities to engage at that level would certainly be welcomed by council.

CHAIR: So it really depends on the local conditions, the people-to-people engagement, rather than any prescription?

Mr BESSELING: That is right.

Mr SCOTT: I agree with the comments by Port Macquarie. From a local perspective the memorandums of understanding that council has struck with various agencies over the years are evidence of the local consultation between the different agencies over land management.

CHAIR: For example, do you see the fire plans as being an example of more formal, prescribed consultation between the public land managers and local government area managers?

Mr SCOTT: I think our bushfire management committee is an example of getting closer consultation between the various groups.

CHAIR: That is not a prescribed or statutory obligation, is it?

Mr SCOTT: My understanding is that it would be a statutory obligation. It is a committee that is formed as part of the Rural Fire Service.

CHAIR: Is it a good example?

Mr SCOTT: It seems to be active. It seems to be out there doing something. It is probably not appropriate for me to say whether it is effective.

The Hon. Dr PETER PHELPS: We have to make recommendations to the Government in relation to this. What is the biggest single problem that you have with Crown land management in your shires at the moment? If you could wave the wand, what would you change?

Mr BESSELING: From our perspective it would be resourcing. That is an issue right across the board. We need to make sure that what we have locally that is already a nature reserve or national park needs to be resourced correctly so there is opportunity for everyone to enjoy it, not just locals but tourists as well, and for that land to be managed correctly.

Mr SCOTT: Echoing that comment, it probably gets back to the funding issue associated with driving that level of resource from the perspective of both councils and agencies that manage that land.

The Hon. Dr PETER PHELPS: Taking that on board, assuming the Government is not going to give the agencies any more money—

The Hon. CATE FAEHRMANN: A pretty safe assumption.

The Hon. Dr PETER PHELPS: A pretty safe assumption. Does that imply that these Crown-managed lands need to be generating a bit more income for themselves than they are, and what implications does that have for national parks?

Mr BESSELING: It would depend on what sort of income streams you are talking about. It would obviously be a case-by-case basis. I assume you mean not only national parks but Crown lands. The opportunities presented there need to be weighed up against a public benefit and the use of the land.

The Hon. Dr PETER PHELPS: I was thinking of an instance where State Forests have formally licensed the construction and use of mountain bike paths through their estate for an annual fee plus access rights for a particular club. Of course, national parks cannot do that at the moment. Do you believe parks should be, if you like, a little more human friendly and a little more orientated towards visitors and tourists who want to go there for purposes other than looking at native flora and fauna?

Mr BESSELING: We have done some work in that area already. Obviously you would have seen the bike trails at Queens Lake. It would be a concern if that were locked up for the exclusive use of any one user. For us it is the broad use of the national park that is its attraction. We have a fairly good relationship locally with our national parks to be able to do that and allow things like that to occur.

Mr SCOTT: I agree with Mr Besseling's comments.

The Hon. Dr PETER PHELPS: What sorts of tourists come to your areas? Are they families who come up here for the school holidays, grey nomads passing through on the loop around Australia or wilderness tourists? Have you done an analysis?

Mr BESSELING: We would have those figures available. We can take that on notice.

Mr SCOTT: From council's perspective I am not sure whether we have that analysis but all those demographic groups tend to frequent our area, we believe, and that is evidenced by fairly high occupancy rates in a lot of our tourist accommodation throughout the year, both council owned and privately owned, as well as the peak in school holidays in particular.

CHAIR: Could you also give us an idea of what sort of financial and person power commitment each of the councils makes to tourism promotion—whether you take part in programs and with whom?

The Hon. SCOT MacDONALD: Mr Scott, can you tell us about your relationship with the parks further up the escarpment, the Oxley, Wild Rivers, and those sorts of places. I read from time to time about the impact of those parks on particularly the Macleay River. You get flooding rains washing down antimony and arsenic and those sorts of things. Do you have a relationship with them to manage that old mine rehabilitation and managing the flushing of the creeks?

Mr SCOTT: There is a working group on managing heavy metals in the Macleay led by the Department of Premier and Cabinet, which focuses on bringing a lot of the agencies together with the researchers who have been working on defining that problem for a long time. One of the biggest challenges facing us is that it is not necessarily current mining approvals.

The Hon. SCOT MacDONALD: It is hundreds of years old.

Mr SCOTT: Yes it is historical mining practices. Being gorge country the mining practices involved tailings and processing facilities within the river system and that allowed the mobilisation of a high degree of material down the river system. We can see that through the science. It is evident down into the floodplain as well at the moment.

The Hon. SCOT MacDONALD: Are you reasonably happy with that? It is not something you can directly control, which must be frustrating.

Mr SCOTT: Council is working with the research agencies to understand the situation to gain more information so we are better positioned to manage it in future. One thing that is not well known about the impact is what form those heavy metals take in the environment and whether they are readily able to enter the human environment in terms of uptake.

The Hon. SCOT MacDONALD: Into milk.

Mr SCOTT: Yes. They are not showing up at this stage. There have been no adverse effects but we do not know why.

The Hon. SCOT MacDONALD: From what you are saying it sounds as though you are reasonably satisfied: there is a working group and National Parks are involved and are doing the best they can with a pretty difficult problem?

Mr SCOTT: We have not been working closely with the landowners in much of that area; it has been more with the regulatory agencies associated with the contamination.

The Hon. SCOT MacDONALD: The Environmental Protection Authority.

Mr SCOTT: The EPA and other agencies as well as adjoining councils. We have an intricate relationship with our neighbours because that area can contribute to significant flooding within our valley. We are the fourth most flood-prone area in New South Wales. We can have a sunny day flood that is quite considerable in terms of its magnitude and devastation on the lower floodplain. As I said, we have 50,000 cattle on the floodplain at any one time and moving them off makes flooding a real issue for us. Another issue has emerged up there in the past couple of years and that is management of tropical soda apple, which is a highly invasive weed species that was first identified in Australia in that area. We have been working very closely with National Parks and State Forests to control and hopefully eradicate that from those expansive managed areas in our upper catchment.

The Hon. LUKE FOLEY: Councillor Besseling, I want to take up your comments about resourcing. Are you aware that the State Government in this year's budget has imposed a labour savings cap on all departments and agencies and that that will remove around 10,000 jobs from the New South Wales public sector?

Mr BESSELING: Yes.

The Hon. LUKE FOLEY: I am advised that in this area five jobs are earmarked to disappear in the national parks operations of the office of Environment and Heritage. Are you concerned that that may have an adverse impact on the capacity of the National Parks and Wildlife Service to effectively manage the significant number of parks and reserves in this region?

Mr BESSELING: Any reduction in State resources to any agency has an impact not only on the management but the people locally. It is important if we are going to deal with national parks and State forests and get the most out of them we need to have adequate resources. It is a simple formula. National parks are very important to us locally, from a tourism perspective, a local enjoyment perspective and the amenity of the area. It would always be a concern to us if there is a reduction in resources.

The Hon. CATE FAEHRMANN: Mr Scott, can you expand on your comments about tropical soda apple? You said your council is working closely with National Parks and State Forests. How does that working relationship happen? Are you working together on a program of eradication of that weed?

Mr SCOTT: Essentially, the involvement so far has seen two efforts, if you like, or two periods of time where we have had a combined resources attack on an expansive area where that weed is present, both with using resources from private property owners, council State forest, national parks and through our mid North Coast weed advisory council. We have effectively treated a significant area of both the river bank and private property where that weed is predominantly spreading by the flood action; it has been washed downstream. It is also spread heavily by wildlife and stock grazing. It is very prolific; very similar to the tomato from that perspective. We are also then working on a submission through various agencies into the State Government about how we deal with tropical soda apple on a much larger scale because the very first cut of areas that were potentially listed for infection due to stock movement is virtually most of New South Wales spreading into southern Queensland.

The Hon. CATE FAEHRMANN: In terms of your relationships with Parks and Forest NSW as well, would you say that all of those different agencies came to the table in a manner that was conducive to working together? Do you have any comments on that? We have had some witnesses suggest, for example, that with issues of, say, weeds or feral animals or others, that national parks tend to be problematic in that way. Do you have good evidence or experience of working with Parks on weeds?

Mr SCOTT: The examples that I mentioned there have occurred over the last 12 to 18 months. My understanding of the situation was that each of the agencies, through every resource they had available, tried to do as much as they possibly could in that timeframe, but I think all of the agencies recognised a limit to their ability to commit the seriousness of resources that is required to tackle the whole problem, and eradication has not necessarily been the target. It has been more about control.

The Hon. CATE FAEHRMANN: That is financial resources that you are talking about?

Mr SCOTT: Financial resources. A lot of the work has been in kind, so it has been resource time that the agencies have allowed to work on that. That has limited the cost to essentially the chemicals involved in spraying it, and the fuel involved in moving around and even to the point where private property owners have done a substantial amount of work in kind as well, up to accommodation and simply feeding that many people involved in the group efforts.

The Hon. RICK COLLESS: Mr Scott, I was wondering if you would be able to take on notice also the same question that I asked the Port Macquarie people a few moments ago about the proportion of national parks and reserves versus the State forests and so on. Also, will you take that on notice the conversion of rateable land that has gone into national parks and the value of dollar lost to your council?

Mr SCOTT: We could take that on notice. In addition to one of the impacts that council did have as a conversion of the Goolawah Reserve into the Limeburners Creek Nature Reserve was that we transferred a number of primitive camping grounds that council did operate. It had the income associated with that and part of that transfer resulted in the memorandum of understanding for a maintenance contribution to Point Plomer Road by the National Parks and Wildlife Service as well, which is $10,000 per year that they will contribute to the maintenance of that road. It is not representative of the proportion of visitors to their property that travel along that road and our maintenance costs, but it is certainly better than nothing.

CHAIR: Thank you. I will call this session to a close. Thank you very much for agreeing to appear and give us your advice. Any thoughts, suggestions or recommendations that come to you that you would like to make to the inquiry, please feel free to do so. Would you accept questions on notice?

Mr SCOTT: Yes.

CHAIR: Normally we would like the answers to those questions back within 21 days of them being issued. Thank you very much for agreeing to appear.

(Short adjournment)

TREVOR WILLIAM SARGEANT, Co-ordinator, North Coast Forest Taskforce, sworn and examined:

ERIC IAN MCINTYRE CONLEY, North Coast Forest Taskforce, affirmed and examined:

CHAIR: We note for the record that you have made a submission to the inquiry, submission 237. Before we begin with questions, would either or both of you like to make an opening statement?

Mr SARGEANT: I would be happy to, Mr Chairman. The taskforce's submission was very much about the important role that timber and forestry logging and, in fact, all manufacturing and processing industries play in the further development of this economy. That was the thrust of our submission. I would just like to take a minute or two to expand upon some of those comments.

CHAIR: Please proceed.

Mr SARGEANT: Currently the regional economy is dependent on population growth for job creation. In fact, over the last five years of the 8,350 jobs that were created within this area, more than 80 per cent of those jobs—something like 6,600 jobs—were to do with servicing the needs of the growing population: education, health, communication, transport, personal services and the like. This is clearly an unsustainable situation, because irrespective of our optimism, the impressive growth rates are likely to fall off over the next 20 to 30 years. As an example, in the Port Macquarie-Hastings area, with which I am most familiar, in the 70s and early 80s the population growth rates in this area were about 7 per cent to 8 per cent. Now, they are about 1.7 per cent or 1.5 per cent. State Government projections suggest that that is likely to continue for the next 20 years or so.

The taskforce's point is that this must be of some concern to State and Federal governments who have played around for many years with this whole issue of regional development, which they all say is an extremely important element of the country's prosperity. We must diversify our economy away from its dependence upon population growth to those industries that either sell a product or service to customers outside of the area and, most particularly, those industries that can build upon existing resources, build upon existing infrastructure, build upon existing experience and wisdom in the areas.

Forestry and timber and manufacturing ticks all of those boxes in spades. The industry exports nearly half a billion dollars of product to customers outside of this region and the value add is something like $400 million. It is a competitive industry but it is an industry that is really suffering under the strain of insecurity and some degree of contraction, but it is a highly performing industry. It performs well against New South Wales benchmarks. For example, whilst this is an outstanding statistic, the loss of jobs in the forestry and timber industry across New South Wales over the past five years has been something like 15 per cent. Here in this region, it is half that. We suggest that this region is performing very well against benchmarks. It creates high-quality jobs. These jobs are generally permanent, unlike service-type jobs, and there is a stream, a web of interrelationships between this industry and a whole raft of other industries.

As an example—I only brought four copies—this is a structure plan that I put together for the industry's purposes some while ago. It suggests all of the spin-off consequences that the core elements of this industry provide to other downstream and upstream businesses. The security and the prosperity of our regional economy is absolutely dependent upon State and Federal governments nurturing the growth of these types of industries. That is the essence of the taskforce's submission, Mr Chairman.

Mr CONLEY: Very quickly, I will put some meat around my submission and my current status within both the taskforce and where I sit within the area. I thank you, Mr Chairman, and the Committee for the invitation to be here. I have had the privilege of almost 39 years of working in and with the native forests of New South Wales, mostly in the forests from Newcastle to the Queensland border, but I have also had experience in the South Coast forests and Southern Highlands forest.

I effectively retired from full-time work as a commercial forester in July 2010 and soon took up the position of forest emeritus with Boral Timber, the same company I had been working for prior to retirement. I note in passing, Mr Chairman, I do not and cannot speak for Boral Timber; others have that responsibility. There are some areas where I have done work over the years and provided advice for the company which is still covered well and truly by a confidentiality agreement. However, I do look forward to helping the Committee in any way I can.

CHAIR: Thank you, gentlemen. Thank you for the additional information, Mr Sargeant. Before we proceed to questioning, in relation to this submission and the information you have laid on the table, it is quite evident to the Committee in our field trips and from anecdotal evidence that has been presented that direct job numbers in the forestry industry per cubic metre of material produced have been steadily dropping over the years with mechanisation, and mechanisation is necessary now to be able to keep the industry competitive. What would be your recommendations to this Committee as to how employment in the area could be enhanced?

Let us say we managed to free up some extra resources for the timber industry—by swap or whatever, given that yesterday we were watching a four-man crew, including the Dingo driver, operating in what would be a substantial logging compartment—what sort of recommendations would you make to the Committee that if the forestry industry were to be expanded, given the limitations on the direct employment in the industry, how do you get broader economic benefit out of growing the forestry industry in an area like the North Coast?

Mr SARGEANT: My first recommendation is really for the industry, and that is to focus less on the commodity aspects of the industry and really concentrate on the high-value niche production. That is where the jobs are. That is how to ensure that this industry is able to receive a price for the product that is at best value for that product, rather than just meeting a market price. Mechanisation, of course, is an issue associated with agriculture, horticulture, primary industries. In this particular industry, there are latent opportunities to grow this industry that are just not able to be pursued because of the significant insecurity associated with the availability of the resource.

Until that problem is solved I think it is going to be very difficult to attract new investors into the area. New opportunities, I do not have any particular experience in this area but my industry colleagues tell me that there are good levels of inquiry from Asia, particularly India and China. The niche opportunities suggest that this is in the high strength and the appearance values of the timber, the stair treads, the beams, the lintels, and of course flooring, which this area is very good at.

I do not think we should discount the environmental services opportunities to grow significant jobs within this area, such as ethanol production, bioenergy using wood waste, if only that would be permitted by the State Government, and carbon trading. That is how I would grow the industry. Maintain a focus on the niche, less of a focus on the commodity, and make sure that the government settings are right to ensure further investment, to encourage further investment.

Mr CONLEY: I support those comments very strongly. Efficiency had to be driven within the industry. I have been here for a fair while and have seen that right from chainsaws and tractors and snigging—I was part of it myself at one stage—right through to the current highly mechanised. There is no other option: you have to drive the unit costs down. That is the same as every other industry around. There is no question about that. The security of resource generates investment. It is a simple, straight line relationship. No security, no investment. It is as simple as that. I have worked on the commercial side of it as I say for a fair while. If you have got one, you have got the other. Adequate resource, you will get the investment so long as it is secure. It is as simple as that. The value adding and the high margin, yes, and I have been part of that as part of product development within the industry and I support Mr Sergeant's comments on that.

The Hon. Dr PETER PHELPS: Mr Conley, you spoke about security of resource but isn't the history of the industry one of massive insecurity? For example, in 1983 you have the rainforest decision which comes down which excludes loggers from rainforests. In return you get additional parcels of land created, for example the three parcels which are now part of the northern section of Queens Lake. Then all of a sudden another wave of environmentalism hits a government and then they lock those up as well. Isn't what you are facing a one-way ratchet where more and more quality timber land is being locked up to the point that the industry, if it keeps going as is, will be effectively unviable?

Mr CONLEY: The timber industry works and the company I work for—it is public knowledge—has had wood supply agreements to ensure there was security so therefore there was investment. It is as simple as that. Under the larger corporates that I worked for—it is public knowledge—before investment there has to be security because you have to get board approval. The process you have just described is not strictly accurate insofar as it certainly was not the industry's role to trade those areas off. That was a government—

The Hon. Dr PETER PHELPS: No, it was foisted upon you.

Mr CONLEY: Well, in the final analysis what you are looking at is if you have a wood supply agreement both parties expect the terms of that agreement to be honoured, full stop. The last lot of investment that was done here, again it is public knowledge, $24 million at Herons Creek, $9 million at Koolkhan, were predicated on secure supply contracts. It really is up to the Crown how they supply those, but the loss of those areas does put enormous pressure on the agencies involved and the difficulties for them to actually supply that. But in the final analysis a contract is a contract.

The Hon. Dr PETER PHELPS: And in some instances they may have to go outside the area to provide that timber.

Mr CONLEY: It comes to a point where things are simply not economic to do that, but it depends how you define your area. But sometimes harvesting material or material bought for sawmills does carry reasonable distances, yes.

The Hon. Dr PETER PHELPS: But that would not be the case if the areas had not been reserved.

Mr CONLEY: It certainly provides the agency with a lot more flexibility and a lot more quality material. The industry has lost a lot of quality areas—fast regrowth, high quality forests that were regrowth forests to start with before the reservations were made. They are the ones you outlined.

The Hon. Dr PETER PHELPS: One of the accusations often made against the timber industry is that you only see timber as a resource; you do not care about the environmental aspects of the land over which you are working and you do not care about the native fauna. In your experience has that been the case in the timber industry?

Mr CONLEY: Definitely not. We have run our own forests, part of which was bought by the Crown in 1985, the Cathie property, which was a 5,000 acre property, at the end of that process. It was bought in 1932 or 1933, I cannot be precise about the dates, but at the end of that process I had the original assessment. It was sold to the Forestry Commission in 1985 with more timber on it than when we bought it as per the assessments. It is in my view a thoroughly capable working forest. It was used as a release area for injured koalas back in the days when they needed a release area to get them out of the dog menace and swimming pool menace of Port Macquarie. So it was in very good condition.

Part of that that was bought to trade with the national park has in fact gone into a national park. It was actually bought by the Crown, taken out of production, and that includes partly a small plantation area but also some beautiful regrowth forests. You think to yourself it is a working forest, it is been a working forest since the 1930s. Why couldn't you keep it a forest? In fact it was a third generation of company foresters who had actually run that area. It surprised me.

The Hon. Dr PETER PHELPS: There is a fairly high degree of irony in that areas get locked up because of their high environmental values when they have been worked for literally decades as economic managed timber areas.

Mr CONLEY: Short answer: yes.

The Hon. CATE FAEHRMANN: Why do you think the Auditor General found in its audit of Forests NSW that the native forest managed by Forests NSW on the North Coast has been cut faster than it can grow back? As you know, we got a tour yesterday of various forests and had the Forests NSW staff telling us about that in terms of the problems after 2023. Why is that occurring?

Mr CONLEY: Well, 2023 you go back to the Regional Forest Agreements [RFA] process which I was part of as part of the Forest Products Association Group which was part of the industry group on that. It was a Government/political decision to ensure that the industry was kept at a certain level for a period of time to 2018. It was then predicted, rightly so, that there would be a significant drop in the yields from those forests for commercial purposes at that point. It was a political decision; not an industry decision.

The Hon. CATE FAEHRMANN: You need to meet wood supply agreements by 2023. We heard a lot about that yesterday. The political decision up until 2018, was that for contracts to continue to supply wood above the sustainable yield? Was that the political decision?

Mr CONLEY: No, the contracts and the wood supply agreements that were in place at that point in time were to provide a yield of timber or a yield of timber input to the sawmills at a certain level. That was renegotiated and the industry took a hit with regards to reduced volume, but the industry does not have control of either the assessment of the forest or the supply from the forest. It is supplied to us under contract.

The Hon. CATE FAEHRMANN: But the Auditor General found that that the industry in this area is currently logging forests at an unsustainable rate. Would you agree with that?

Mr CONLEY: My advice to the company is confidential, I don't go there, but I would suggest whatever that advice was the Forestry Commission is the agency charged with managing the forests and meeting the contract. It is not the position of the industry and those who hold wood supply agreements to do that.

The Hon. CATE FAEHRMANN: But would you agree that to meet those contracts the Auditor General's findings are correct that the forest is being cut faster than it can grow back—in other words, at an unsustainable level?

Mr CONLEY: There are many who believe that. My own position on that is subject to confidentiality, but the forest products submission to this Committee is quite clear on what that part of the industry believes. Many believe that.

The Hon. CATE FAEHRMANN: Mr Conley, you are appearing before a parliamentary Committee representing the North Coast Forest Taskforce and you say that your opinion is confidential.

The Hon. Dr PETER PHELPS: Perhaps you should ask Mr Sargeant.

The Hon. CATE FAEHRMANN: Whichever one, I would like the North Coast Forest Taskforce's opinion on whether the forests here are being cut at an unsustainable level and whether they agree with the Auditor General's findings that they are being cut faster than they are growing back.

Mr SARGEANT: I am not the right person to answer that question because I do not have the expertise. I should have said this first up: My role is to promote the importance of the industry and the wonderful economic benefits that can ensure as a result of the sustainable management of this industry. I am not a forester. I am not a logger. Unlike Ian, I have not had any experience working directly the industry so I am unfamiliar with things such as volumes and harvesting regimes and the like. I just could not add any value to the Committee with answering those questions.

Mr CONLEY: Mr Chairman, may I suggest that the task force actually does not have a stance on that issue, full stop. I make the added comment that all forest assessments are subject to sampling, are subject to error and subject to modelling. That is an area that is way out of the brief of the task force.

The Hon. CATE FAEHRMANN: Mr Conley, are you here advocating for more access to other land tenures, such as national parks, to continue logging? I am unclear what your recommendations to the inquiry are. At the beginning of your presentation you suggested that we need more timber jobs as an industry. Given that in everything I am reading and hearing, including yesterday from the foresters themselves, the land is being cut faster than it can grow back and after 2023 there will be a problem with supply, you are advocating more access to more land in national parks. Is that what you are advocating before the Committee now?

Mr CONLEY: My role, Mr Chairman, as I said, is to assist the Committee in any reasonable way I can do that and I am happy to do that.

CHAIR: Just for the record I will note that recommendation 2 in submission 237 from the North Coast Forest Taskforce says:

> That the Public Land Management Enquiry recommend assessment of forest areas that have been placed into reserve, that are not relevant or necessary to protect environmental values and that may be returned to forest production.

Perhaps that answers the question.

The Hon. SCOT MacDONALD: I have read it in the submission and heard a little bit about it yesterday, but can you help me to understand the special management zones. If I am correct they are within the

forest, so we are not talking about national parks. They are within the tenure of Forests NSW as they stand but they have restrictions on logging and supply. Is that the right description of special management zones?

Mr CONLEY: That question would be better asked of the agency involved and not the task force. I know what it was when I was working full time but the situation with the forests legislation and regulations changes fairly dramatically from time to time. I am certainly not current on that issue. The Integrated Forest Operations Approval [IFOA] document has isolated areas that are treated in that manner and that is a significant constraint on the agency, the Forestry Commission, to manage the forest for timber supply. I do not know if that is what you are referring to.

The Hon. SCOT MacDONALD: I am on that same track. As I understand it, it falls within Forests NSW tenure. This came about through the Commonwealth-State agreement and areas were identified through the Regional Forest Agreements. If you want to look at that again is it ministerial discretion or legislation or does it need to go back to the RFA or does it need a Commonwealth-State review? We are coming up to 2023 and all the evidence seems to be that that timetable is very problematic for the industry.

The Hon. Dr PETER PHELPS: "The crunch point" is the appropriate phrase.

Mr CONLEY: As I said earlier, the RFA indicated there would be a drop in supply of merchantable timber after the conclusion of the current wood supply agreement. That was what the RFA was predicated on. Certainly it would assist the commission's ability to supply timber, or the agency at that time, if they had other areas available and more freedom to harvest areas and regenerate them, as they do.

The Hon. SCOT MacDONALD: What was the Construction, Forestry, Mining and Energy Union's [CFMEU] position on this agreement? I know they had a seat at the table at various times. What was their position as they watched their industry shrink?

Mr CONLEY: During the RFA they were very active.

The Hon. SCOT MacDONALD: What was their approach?

Mr CONLEY: They were there to safeguard their members' jobs. I am not and never have been a member of the CFMEU but they were very strong advocates for increasing employment and investment and ensuring the continuation of the industry. From my observation they still are very good advocates for their members both in the local area and up north. That is fairly current knowledge that I have from just seeing them in action. They are strong advocates for their members and for increasing membership and employment.

The Hon. SCOT MacDONALD: To go back to my earlier question, you are not sure whether this can be addressed just at a State level or whether it would need a State and Federal approach to look again at the deadline and some of those special management zones?

Mr CONLEY: My understanding is the licensing arrangements between the agencies require the IFOA document to be done. I have been through the document and believe me it is a fairly weighty document just to go through, let alone put into practice. It puts on significant constraints. My understanding is it is within the purview of the State agencies involved and the licensing that goes under various parts of legislation.

The Hon. SCOT MacDONALD: Have you heard anything in the community, industry or government that that could be up for a review of any sort?

Mr CONLEY: I am not current on that. I do not know that. I know it is due for renewal at some point in time but I do not know the time frame for that.

The Hon. SCOT MacDONALD: Prior to 2023 there will be a review?

Mr CONLEY: I do not know. I am not current on that.

The Hon. PETER PRIMROSE: Thank you for your submission. I had not read a mercantilist analysis for a long time and it was interesting to see one. In your submission and in your presentation today you specifically mentioned niche markets in areas such as the subcontinent. Presumably to compete, the forest industry would need to keep costs down. You have alluded to this a number of times. As the task force could

you comment on what sorts of measures you think the forest industry will have to implement to keep its costs down over, say, the next 10 years?

Mr SARGEANT: That is the importance of pursuing niche markets. Overheads are not as important in that respect because if you are producing a distinctive product that is in high demand from wherever it is not controlled by prices as much as a product which is consistent across every production process, and therefore the costs of production are very important. That would be my first response to keeping the costs down. Is it an imperative? In the niche markets I think it is not such an imperative. Let us work towards an industry where businesses can receive the right price and the best value for the product that the production process deserves.

The Hon. PETER PRIMROSE: How significant do you expect the niche markets to be?

Mr SARGEANT: If there is any reflection on the current development of the industry within this region I consider it to be very important. There are a number of mills, some of which you may have seen, which are very focused on the niche markets and they are the industries that are growing.

Mr CONLEY: The company I was involved with—again it is public knowledge—made significant investments to take up niche markets in parquetry. There are others on the north coast particularly around Grafton that have successfully done significant exports of niche products into China in particular. The niche market with some of the residue material is woodchip material. It fits a particular niche that is required by the Japanese and they pay a premium for it over normal woodchip prices. It is already in place and as the councillor has just indicated there is further potential, particularly for small enterprises, particularly because of the high strength group material that was alluded to earlier.

Over time we were the main building product in hardwood virtually everywhere on the north coast, less so in Sydney where it was based on imported Oregon. Over time we have seen hardwood taken out of house frames and used in only one part of a truss, the webbing or the bottom court, wherever the high stresses are, and that is an efficient operation for the trusses involved. It becomes a niche and so long as you have those high-stressed members you certainly have a niche product at a premium.

CHAIR: Who does most of the product development work in the timber industry? Is it the individual mills, the industry association or the Department of Primary Industries? Who does the work like, for example, Wool Innovation and those sorts of organisations that look to develop new markets and new ways of using the product?

Mr CONLEY: Mainly the companies involved. There is the one around Grafton, which was done by an entrepreneurial gentleman, brothers actually, who did it at their own initiative and their own cost. Certainly, with regard to Kempsey, you will be hearing from Douglas Head later on with regard to drying by solar. Again, that was his company's own innovation. There was Boral's innovation with regard to platform bridge decking and a few other things. You pick up on ideas and develop them mainly in-house. The Forestry Commission did have, until the reduction in its resources, a wood-tech department, which was extremely innovative and had extremely competent scientists, as did the CSIRO, but that also has been wound back.

CHAIR: Could there be a role for going back to that style of government involvement in these natural products?

Mr CONLEY: We have basically worked together. They worked on their own and then industry worked with them to develop products, and that could be done. It is done now by CSIRO and other industries. The commission's wood-tech scientists were excellent; there is no question of that.

CHAIR: Do the industry players contribute now to any of that sort of work by organisations such as the CSIRO?

Mr CONLEY: Yes, there is a levy and Douglas Head is involved with that so that question would be better put to him. That has also had some very interesting results.

Mr SARGEANT: It also may be a role of a university within this region. Within Port Macquarie Hastings we have been very fortunate in having three universities invest recently in this area with the assistance of the Federal Government. I have been intensively involved in that process in a former life. One of the things I

have learnt is that for regional universities to be successful—and there are many of them; about 150 throughout Australia—they must integrate with the local economies.

As I explained earlier, we see timber and forestry being a really important industry component determining the success of our future prosperity and if we could convince the university to invest not only in the courses that they can easily fill but also those courses that will integrate them into the local economy, add value to the local economy and assist the development of small niche enterprises that would be as important as a government investment, research and development scheme and in this whole context the ongoing efforts of the local industries will continue to be of great importance.

Mr CONLEY: Over the years—again this is public knowledge—Boral has supported financially several PhD students over time in the university context working on wood and wood products. They have done so willingly and the material from that has been very interesting.

The Hon. LUKE FOLEY: Your submission largely deals with the policy issue of security of resource for the industry but there is another side of the equation—the demand for the product. Mr Conley, I note your answer to Mr Primrose's question a few moments ago. Is it not the case there has been falling demand for some years for North Coast native hardwood for the Australian housing market?

Mr CONLEY: In line with the general downturn in building. You track the building market. There are two markets that the industry has been heavily engaged in in addition to the niche market, which has smaller volume. One is the investment by government in bridge replacement, which given the current initiative on the bush bridge replacement will create extra demand, but I would say we have simply tracked the downturn in building and in investment that the general economy has suffered. There is no intrinsic problem with the sale of our products. It just follows the general economy. You can say the same thing about bricks, plasterboard, tiles and every other industry that is involved with the building industry.

The Hon. LUKE FOLEY: Is that right, Mr Conley, or is it more that North Coast native hardwood timber now makes up a lesser proportion of the Australian housing market than it used to? That is the case as well, is it not?

Mr CONLEY: Of course it is. Our population is growing but our total output has shrunk because of the changes in supply contracts. It is public knowledge that the volumes of timber taken off are in the order of less than half what they were when I started in the industry almost 40 years ago. If you take off less there is less to sell.

The Hon. LUKE FOLEY: I am happy to ask you about security of resource in a minute but I am trying to probe the demand side of the equation. The contention I am putting to you, and please feel free to dispute it, is that my understanding is there is a significant fall in demand for North Coast native hardwood timber for the Australian housing market and that may be explained by two things: one is the general economic downturn of which you spoke, but the second is that other materials are replacing your native timber in Australian housing construction. That is a trend that your industry has to face up to, is it not?

Mr CONLEY: We have. I would say we have faced up to it, innovated, changed the product mix and gone more into the commercial lines, the niche markets for export. There is a change in interest back to decorative flooring. The industry has had to change. You are right, the days of green framing from North Coast forests have almost finished. That has been replaced by pine, and rightly so, there is no problem there. We have a better product for better end use.

The Hon. LUKE FOLEY: More value adding?

Mr CONLEY: More value adding, higher margin; a far, far better product.

The Hon. LUKE FOLEY: Would that be lesser overall volume, but far more value add, if I can put it that way?

Mr CONLEY: That is exactly the way it is.

The Hon. LUKE FOLEY: Thank you.

Mr SARGEANT: And more intensive labour requirements, therefore, additional spin-off consequences to the rest of the economy.

Mr CONLEY: Correct.

Mr SARGEANT: Again, getting out of the commodity stuff of the softwood housing market, which is competitive on price, into the furniture manufacturing, the appearance moulding, and the strength characteristics, and the like.

The Hon. LUKE FOLEY: I will ask a provocative question. The future for your industry is, if I can put it crudely, less volume, higher value add. Why should the Government take forests out of the reserve network and give them to you, which is what you are asking for in this submission? If the economic future for your industry is less volume but higher value, why should governments entertain the proposition you are putting to us in this submission?

Mr SARGEANT: Because you are restricting your vision to the New South Wales market. There are emerging markets across the world for the niche products that we were talking about before, and in order for those markets to be exploited, the industry needs resource. In order for people to invest in those markets, and that is not an inconsiderable investment in many cases—tooling up with machinery and the skilled staff and the like—the industry needs resource security.

The Hon. LUKE FOLEY: Your submission tells us about an insecurity of resource from your taskforce's perspective. I put to you that there is enough resource there now to meet commitments to 2023 under the wood supply agreements, isn't there?

Mr CONLEY: That question is better placed to the agency involved, as I said. From an industry point of view, if you know that your business is going to have a major problem in 2023, then are you going to invest for that last five years, eight years, 10 years of that agreement? I would suggest that the chances of significant investment during that timeframe are fairly low.

The Hon. LUKE FOLEY: That is a very fair point, Mr Conley. When you say you need more resource, which is what you are putting to us, you are talking about the industry's needs post-2023, aren't you?

Mr CONLEY: Partly that, but also the general fundamental question of why have we locked up working forests that have been worked for generations that can be run on a multiple-use basis, as they were and have been for decades? Why are they locked up? From a philosophical point of view, I struggle with areas that I have worked and harvested on a number of occasions myself, seen the commission harvest, seen them locked up and say, "Why are we doing this?" I am not a wildlife expert; I am simply a working commercial forester. Why are they locked up? To me, we are losing out on enormous opportunities: employment, investment, import placement. We are losing all those possibilities, particularly plantation areas in national parks. I am thinking that does not make sense.

The Hon. LUKE FOLEY: That is a philosophical point, as you put it.

Mr CONLEY: Correct.

The Hon. LUKE FOLEY: But your submission is not philosophical. Your written submission is about the resource security for the industry. I am putting to you that the wood supply agreements that the States entered into till 2023 can be met, that there is resource security for your industry until 2023. So what you are putting to us here about resource insecurity must then pertain to what happens post-2023. Would you accept that?

Mr CONLEY: No, I do not accept that because many, many have expressed—indeed the Forest Products Association's submission expressed doubts about that being the case. The precautionary principle should apply to the industry as well as to national parks and wildlife values.

The Hon. LUKE FOLEY: What do you mean by the "precautionary"?

Mr CONLEY: As I said earlier, every forestry assessment has confidence limits around them, our security assessment. How much free board have you got? How reliable are those assessments within it? Over

my career I have assessed many, many private property blocks and what have you. I know the vagaries of assessment and statistics, so you need a little bit of free board, and I would suggest to you by locking up these areas—various administrations in government have in fact invested in roads, in treatment, in replanting, enormous investments that are now virtually not being used at all. To me, it is a waste of the Government's resources to do so. You provide the free board and give the commission the flexibility and the need to fulfil its contract. At the moment they are working under extreme difficulty.

The Hon. RICK COLLESS: Thank you, gentlemen, for coming before us. Earlier on, I think you, Mr Sergeant, spoke about the need to embrace carbon trading within the forest system. Are you aware of a paper that has been presented in the past few weeks in the *Forests* 2012 journal entitled "Greenhouse Gas Balance of Native Forests in New South Wales, Australia"? Have either of you seen that article or heard about it?

Mr CONLEY: No, Trevor and I have not come across it.

The Hon. RICK COLLESS: It looks at:

> ... two case studies show that forests managed for production provide the greatest ongoing greenhouse gas benefits, with long-term carbon storage in products ... Thus native forests could play a significant part in climate change mitigation, particularly when sustainably managed for production of wood and non-wood products including biomass for bioenergy.

Do you have any comments on that? Would you like to see the paper; that is probably the question?

Mr SARGEANT: Yes, I would. What you read out probably just exemplifies the sorts of environmental services opportunity in front of this industry if, once again, the right environment could be put in place to encourage people to invest within those opportunities. Nobody is going to invest—I suggest respectfully—in an opportunity that is part of a paper written by somebody else. They will all want to invest in something that is based upon the company's own research. That takes time and money. There are long lead times and that is why this whole issue of the investment environment is really important.

The Hon. RICK COLLESS: Mr Conley, you did work for State forests?

Mr CONLEY: No, not at any stage.

The Hon. RICK COLLESS: You have been in the timber industry for many years, obviously. You were involved in plantation forestry at some stage?

Mr CONLEY: Yes, very definitely.

The Hon. RICK COLLESS: In round figures, how many trees would you have planted over the years?

Mr CONLEY: Thank you for the question. I sat down one quiet afternoon and actually worked that out. The figure is in the order of 14,000 that I have physically planted with my own hands. Interesting enough, one of the areas in particular—I was out the other day taking one of the junior foresters from the company around—was an area planted in 1976. That area is scheduled for harvesting this year. It is close to where you had looked around yesterday; one of the old company plantations now owned by the forestry industry. It is a magnificent high-value forest. It was something we did. We got that one absolutely right. In my working life, going from planting to harvesting is very, very satisfying. I make the point.

The Hon. RICK COLLESS: Is that forest that you were just talking about still in a harvestable forest, or has it been locked up in a reserve?

Mr CONLEY: No, it is close to the national park boundary but it is still owned by the Forestry Commission.

The Hon. RICK COLLESS: Do you believe that there are areas that have been inappropriately reserved for national parks?

Mr CONLEY: Yes. The Queens Lake area and the Long Point area are parts of our old forestry property which does include some plantation areas that we planted. There is certainly the Pine Creek area, certainly the eastern end of Kiwarrak State Forest, all areas that we have logged, harvested many times and have been regenerated again long before I came on the scene in the early 1970s. Yes, there are many areas that would

be better off managed as a working forest. Not only plantation, I might say, regrowth forest as well. Middle Brother is another example. You look at the map and think, "Why is that reserved?" For the life of me, from a working forester's point of view, it does not make sense.

The Hon. RICK COLLESS: The forest agreements on the North Coast originally determined 269,000 cubic metres—

Mr CONLEY: From memory, that is correct, yes.

The Hon. RICK COLLESS: —of large saw logs would be available. That might have been confirmed in the review in 2003, but Forests NSW have only been able to produce about 170,000 cubic metres, making up allocations with smaller saw logs and intensive plantation harvesting. What is the problem with harvesting those smaller saw logs if we are looking at a truly sustainable industry?

Mr CONLEY: The commission's reasons surprised me at the time. I was surprised the commission actually went that road, but it did, and chose to do so to supply small saw logs. The things we learned in primary school is if you take a 30 centimetre diameter log and a 60 centimetre diameter log, you have only doubled the diameter, but as we all learned in primary school, you actually quadruple the volume, so you have to cut four more trees for every larger log that you take out. The commission was actually getting a lesser value—because they are lesser value—to the industry out of a smaller log than you are out of a larger log. Your unit cost is going down, the materials handling and cost of harvesting is going up. To me, it was a strange decision to make. The supply of that material, even now, is predicated on the availability of a small log, which means plantation areas and regrowth forest. They have to be available in sufficient quantities to match the yield they have contracted out.

The Hon. RICK COLLESS: We could end up in a downward spiral in the industry? The logs are getting smaller and smaller and you have to cut more and more of them to get the contract and supply. It puts a lot of pressure on the whole industry, doesn't it?

Mr CONLEY: It certainly creates a materials handling cost for both the commission and the loggers involved and the industry itself and materials handling. A downward spiral, I wouldn't say, because forests will come back, it is just within the timeframe that is required.

CHAIR: We are just about out of time. We will eat into our morning tea time and I will allow Dr Phelps one final question.

The Hon. Dr PETER PHELPS: A question which was raised by logging contractors yesterday was the consistency of rules in relation to logging over various tenures, for example, the rules in relation to logging in a State forest as opposed to the selective logging in national park as opposed to private forestry as opposed to even private forestry which is administered by Forests NSW. Does the inconsistency of rules over the various land tenures pose problems for the industry?

Mr CONLEY: As I answered earlier, the Integrated Forest Operations Approval [IOFA] is an extremely constraining document on the Forestry Commission. I know that the code of practice is in draft form and it is going to be revised. I am not sure where that is up to. I have expressed in other forums that we are not regenerating our forest, even under the code of practice, for private property. As a forester, and one who has logged private property, it is certainly not the ideal for my way of logging. It would be nice to be consistent, so long as the rules are clear. I do not think it matters where there is a variation between the different tenures, but for ease of administration, it would be nice if they were. The IOFA document is such a constraint. I really do not see its applicability on private property. It would be best to take out every bit of private forest and be left with a downgraded forest over time, but I do not think that is helpful.

CHAIR: Thank you. We are now out of time. Mr Conley and Mr Sargeant, thank you very much for agreeing to see us today. If there are any questions on notice, will you be happy to take those questions?

Mr CONLEY: Certainly, Mr Chairman.

CHAIR: Would you be able to give us a response within 21 days of receiving them?

Mr CONLEY: Yes. Thank you, Mr Chairman. Thank you, members of the Committee.

(Short adjournment)

LAWRENCE ASHLEY LOVE, President, National Parks Association of New South Wales, Coffs Harbour-Bellingen Branch, and

SUSIE WENDY RUSSELL, President, North Coast Environment Council Inc., affirmed and examined:

CHAIR: Before we proceed to questions from Committee members would either or both of you like to make an opening statement?

Ms RUSSELL: Yes, I think we both would. Thank you for the opportunity to appear. I have spent about 20 years working in the field of forest conservation. About 10 of those were spent full time with the North East Forest Alliance and my local conservation groups. The main aim was to see an end to the old growth logging that was happening in New South Wales, particularly northern New South Wales, and the protection of areas that were identified as high conservation value. They were identified by a very expensive process that the Commonwealth and the State Government went through, which had its problems but nonetheless it was the best science available. As a result of that the timber industry received $120 million to assist them to restructure and some millers have done very well from that process.

I have been shocked reading some of the submissions that have been made to this inquiry firstly by how loose they are with the truth and secondly that they are prepared to re-open the battles. For those of you who do not know, for a long time northern New South Wales forestry operations were dogged by protest precisely because they were logging areas that were found by the science to be irreplaceable and special in many ways. But since 2003 there have been virtually no forests protests in northern New South Wales. The North East Forest Alliance and the North Coast Environment Council have basically focused our efforts on trying to get Forests NSW to abide by the rules and on trying to get the Environment Protection Authority [EPA] or the Office of Environment and Heritage [OEH] or the Department of Energy and Climate Change [DECC] or whatever it happens to be called to enforce those rules.

If the game changes significantly—and what I am hearing here today and what I have seen in the submissions is that there is a preference to open up areas of State forest that are protected as special management zones, which are areas of rainforest and old growth—then there will be people like me who will once again go out there and believe that those areas are worth being arrested for and putting our lives on hold for. Those trees are hundreds of years old and for all the talk of sustainability they cannot be replaced and they are not being regrown.

One of the statements that has been made that I just want to quickly touch on is the one that says in one of the key submissions from the industry that 10,000 hectares of plantation was included in the International Union for the Conservation of Nature [IUCN] decision. I can assure you that my colleagues and I did not go out there and protest to have 10,000 hectares of plantation preserved in national park; we did it because they are important areas of old growth and high biodiversity and conservation significance. I think someone fell asleep on the keyboard there and left the 0 button down.

There has been a suggestion that no additional supplies from forestry management zone [FMZ] 8 were identified. One of the industry submissions says that their figures show that there are some 30,000 hectares of FMZ 8 that have gone into FMZ 4, which is the general harvesting zone, and that those areas are being logged regularly. I look at harvesting plans. Every month or so I see a harvesting plan and I see areas that were mapped FMZ 8 that have gone into the general harvesting zone.

There has been a suggestion that the IUCN areas have been protected because they were all old growth. I do not know who is saying that apart from the industry and those who want to whip up trouble because we never said that. It was not in the *Hansard*. If you look at the records of the speeches that were made at the time in 2003 it was clear that some of those areas like Pine Creek were iconic because it is the home to the largest koala population on the North Coast. That is why Pine Creek was there. That is why it is iconic. And, yes, there were some areas of plantation included in the Pine Creek area. The industry submission says that on the North Coast there are a lot of plantations of flooded gum of seriously flawed wood quality. They were established primarily for pulp wood so they do not produce sawlogs to meet specifications.

That is what some of those plantations in Pine Creek are. They are those ones that basically were never going to be good sawlogs. They were planted by Australian Pulp and Paper, they were there for pulp. So it is no

loss really to the industry that they were included in a national park that was created to protect the most iconic koala population that we have near to one of the major regional growth centres on the North Coast. So the idea that it is to be opened up for logging I find is one that is really quite extraordinary and is clearly something that underestimates the extent of popular sentiment around the issue.

I would just like to say that it is important when you are talking about the North Coast forest to realise that of all the forestry areas the North Coast are the steepest and they are the most inaccessible. As we have changed to mechanisation where people now cut down trees by sitting in a machine harvester it is very difficult to access areas where previously if you had your chainsaw or whatever it was and you had donkeys to pull out your logs or whatever you might be able to bring logs up from the bottom of some steep gully. But these days with the kind of equipment that is being used, yes, there are some areas that are now inaccessible. That is not going to change regardless of anything that anybody does. Thank you. That is my opening statement.

Mr LOVE: I would like to make brief comments on three issues and then make a reference to the JANIS conservation criteria. The first issue I would like to briefly comment on is the recognition of the outstanding conservation value of North Coast forests. The second issue I would like to comment on is the history and nature of the exploitation of North Coast forests. The third issue is recent trends in the timber industry and the likely future for the timber industry as we see it. I will then offer to do some extra presentation on the JANIS criteria.

Firstly the recognition of the outstanding conservation value of the North Coast forest is a fairly recent event. In 1986, less than 30 years ago, the rainforests were formally accepted as being of outstanding universal value and listed on the World Heritage. Moving forward to 1997 a national expert panel recommended the North Coast eucalypt forest, as the most diverse eucalypt forest in the world, also be subject to assessment for World Heritage listing. The governments have not proceeded with that. In 2011 an international conservation group recognised north-east forests as part of the 39th global biodiversity hotspot.

In 2012 the National Parks Association [NPA], the group I am representing, produced a report on north-east eucalypt which identified 140 separate eucalypt species on the North Coast including 40 endemics. That report was part of the general NPA submission to the inquiry here. Alternatively Tasmania, which has many areas of eucalypt forest already under World Heritage listing and another 500-odd thousand hectares up for further consideration, has 30 eucalypts. The New South Wales Government nominated successfully the Blue Mountains for World Heritage listing on eucalypt diversity, described then as the most diverse areas of eucalypts in the world. The nomination had 90 species. The NPA reports list 140 species for north-east New South Wales. This has all happened in the past maximum 30 years.

But moving to exploitation of the North Coast forest, it has been going on for almost 200 years. Firstly we all know the stories about the exploitation of the red cedar which sort of led the opening up of the North Coast initially along the river flats then up into the steeper country and then the even more steep country. That was followed by white beech, which was totally cut out, and hoop pine, which was almost totally cut out. It was the only species that was attempted to be grown in plantations. That was last century but those efforts unfortunately have stopped. That was followed by chasing turpentine for piles and tallowwood for its special purpose values.

Post-1945 we were struck with the post-war mechanisation—tractors and chain saws—and the logging quotas were increased and handed out to cope with the increasing capacity to harvest native forests. The allocations went up until fortunately, in 1995, the incoming Labor Government put the first halt to the gradual increase in harvest licences to deal with mechanisation. Unfortunately, we have now had the 20-year wood supply agreement at a time of mechanised harvesting and as we have heard today it is clearly an over-allocation of the timber resource for the 20-year period we are about halfway through.

The problem with that over-allocation due to industrial harvesting of timber resource is that all the forests are being degraded by over-harvesting. The most commonly applied silvicultural technique is called Australian single-tree selection under which up to 80 per cent of the trees in any particular area can be removed. That is close to clear-felling. You can clear-fell under single-tree selection on the North Coast and they are doing it to meet the timber shortfall. Unfortunately the forests are left in a pretty dire state but recently they have done that in Boambee State Forest.

It had a cycle of at least five previous logging operations spaced 20 to 30 years apart, which were genuine single-tree selection. The forest was mixed age and quite healthy and there were big trees, small trees

and regeneration. Now it is a clear-fall, with seed trees left as part of the 20 per cent. They are all blackbutt trees for seedling. If the blackbutt seedlings do not germinate they go in and plant blackbutt, so they are converting it to a young, even-aged plantation of blackbutt. It was a beautiful multi-aged forest.

That is the effect of single-tree selection. The forests are being degraded by over-harvesting and future sustainability yields will be dramatically reduced. Timber is currently being taken that should be available for future generations. This over-harvesting is bringing things forward; it is pinching timber from our kids and our grandkids. It is also creating a carbon debt which our kids and grandkids will have to square off. There is virtual clear-felling and the burning of those forests and the loss of timber through sawdust production means there is a carbon debt for future generations. The health of the forest is being threatened by increasing the fire risk. As the logs are so intensively cut they dry out and become more prone to fire risk. There is also the invasion of weeds and diseases such as dieback, which 2.5 million hectares of our North Coast forests are prone to. Wildlife conservation is being threatened with localised and broader extinction. They are all impacts of this over-harvesting.

We heard a little about recent trends in the timber industry and the likely future. North Coast hardwood has almost disappeared from the housing market. I talk to project builders in Coffs Harbour where I live and they say, "We don't touch it; we can't afford it. We can't afford to put it in flooring. Our buyers are not in that market. It is too expensive." I have seen building sites of five or six units or flats and I cannot find a piece of hardwood on those sites. That is how much hardwood has gone out of the building industry. The North Coast hardwood woodchip market has collapsed. We understand—we do not have very good information sources on this—that the last export of woodchips from the North Coast could not be sold to any paper mills in Japan and ended up being tipped into an electricity generating plant. The market has collapsed for native hardwood woodchips.

North Coast hardwood is going into flooring. Some of the gentlemen said that this morning and some of their submissions say it even more strongly. Flooring is a product that has an almost infinite range of options these days. If you go into any flooring shop you can see the range of veneered, compressed pine planks, surface veneered flooring, all sorts of options. The dearest one, the top of the price range and quite a bit above anything else, is North Coast hardwood. It is even about $20 a metre above bamboo flooring, which is increasing market share considerably and is reputed to be tougher and longer lasting.

Hardwood is a very expensive product. The real market for North Coast hardwood flooring is overseas as a niche market to the wealthy people in Asia and Europe, hence the example recently of flooring from Tasmanian high conservation value forests going into the basketball stadium for the Olympic Games for the Americans, which was pulled up rather rapidly. We are producing niche products from our North Coast hardwood forests for the expensive markets of Asia and Europe and we are doing that at the expense of high conservation value native forests, which are being cut down.

Other specialised hardwood products such as structural beams are being strongly challenged by engineering developments for other species, mainly softwood, and perhaps more importantly than any of those, consumers are less inclined to purchase timber products from high conservation value native forests because of programs like the Forest Stewardship Council certification and other community interests in protecting high conservation value native forests. In summary, the community will not continue to countenance support for logging of high conservation value native forests on the North Coast for niche products primarily for the Asian and European high-end markets.

In reading the transcripts of previous hearings I notice that on at least one or two occasions there appeared to be some confusion over the JANIS conservation criteria. I was involved in that as a participant in a number of workshops developing the criteria. I did make up a PowerPoint of about eight slides which I have made copies of and brought today. I am happy to go through that if the Committee is interested. I can simplify JANIS pretty much.

The Hon. CATE FAEHRMANN: Point of order: We received a briefing from the National Parks and Wildlife Service that included JANIS. Considering their PowerPoint presentations I wonder whether you can table that document so that we can get on with questions as we have only 20 minutes left? I would prefer to ask questions.

Mr LOVE: I am happy to submit the hard copy.

CHAIR: Thank you for tabling that document. We will have a deliberative and take it on board. We will proceed to questions.

The Hon. CATE FAEHRMANN: Thank you both very much for your ongoing commitment to conservation and to protecting the forests in this area. Some of us very much appreciate it. We have heard a lot from timber operators about their frustration with lack of access to resources. Yesterday we heard about what was going to happen in 2023 and I think you have heard some of the questioning in relation to the wood supply agreements. What recommendations would you make to the Committee about these wood supply agreements if they are so problematic?

Ms RUSSELL: Good question. I think you would be aware that the Nature Conservation Council, with assistance from the North Coast Environment Council has recently been given access to the wood supply agreements. The Administrative Decisions Tribunal has ruled that they should be made available for public inspection. It is a bit tricky because we do not know yet what they say. A lot of the information is not going to be available for another 20 days or whatever until they are released. There are clearly problems of not having adequate review clauses. We have a major problem in that the industry is clearly insatiable. If you are talking about providing wood to global markets, you could cut as much as you can get. It is like coalmining or fishing; you take whatever you can and leave the worry about what is left to future generations.

We do not worry about it; that is someone else's problem. The Government needs to offer a buyback scheme so that any operators that are prepared to hand back their quota are given an incentive to do so. Boral Timber, for example, is making a loss on its timber operation. Given they are now under new management they may be interested in such an offer. There are obviously problems and there is no easy answer, but going backwards and saying, "We will give you more resource to prolong your life support" is not going to be a solution because it will generate a lot of hostility and public unrest and it is not going to be very marketable to say, "Come and get your floorboards from these amazing old forests. We are opening up old growth forests and rainforest so you can sell floorboards to Asia."

Mr LOVE: My submission includes a recommendation, No. 5:

> The Committee recommend that the State Government initiate and support a further restructure of the native forest industry utilising the Northern Hardwood forests to take account of reduced and changing demand and availability of native forest hardwood timber.

We understand from a number of sources—and ours are not necessarily the most reliable in this context—that Boral has its timber division up for sale. The latest reference I saw on that was in the print media earlier in the week when they were talking about who might be prospective purchasers of Gunns hardwood sawmills, and the commentator in the *Sydney Morning Herald*, I believe, said Gunns had their hardwood timber up for sale. You asked the question, "What have they got to sell?" They have got an outstanding legal action against the Government for undersupply of the contract for the past four to five years, I believe. They are also only getting supplied a little over 50 per cent of the current wood supply allocation. They are not very good marketable resources if you are trying to sell a business on the open market. I think there is just not enough timber there. The Government has to address that issue. It cannot keep not supplying the long-term wood supply agreement but paying for its non-supply. It cannot continue that.

The Hon. CATE FAEHRMANN: We are hearing quite a bit from witnesses, and indeed some questions from members to witnesses, about the fact that a lot of the conversions to national parks originally have been from State forests, and because State forests were converted to national parks does that not mean that State forests have a very good record in protecting and conserving biodiversity because national parks wanted to get their hands on State forests because of that record. There are two points to this question. Firstly, the biodiversity improvements or otherwise of converting from State forests to national parks, I know that is a very general question, but we are also being told about a swap. Why can we not give the national parks back to State forests and have the State forests turned into national parks? That has been bandied about. Is that problematic for biodiversity outcomes?

Ms RUSSELL: Yes, that is really just a joke. The State forests had a policy which was called liquidating the old growth. That was their actual policy, that they were going forth, and they were basically focusing on old growth forest in order to liquidate it, and then they were going to come back and deal with the regrowth. A significant area of the reserves that were created have been those remaining patches of old growth that they have not get to yet, and they did not get there not because they did not want to but because they were stopped by protest action, injunction and legal actions brought by conservationists in the 1990s that a court and

law recognised and protected. The environmental impact assessment had not been done and if it was done, it would show that these areas were of national significance and there were good reasons why they should not be logged, which of course has led to the process where we are now.

Firstly, you are looking at a lot of areas that are old growth forest. Many of the other areas were areas where they had the history of some selective logging, but they still had significant large old trees as part of it, so although there was some logging, if you went into the forest, you would still have the key habitat components that would provide habitat for a range of species which are now threatened with extinction. That is another reason why they are important. As the figures that Ashley has got show, there are also the issues of comprehensive, adequate and representativeness where you try and reserve a system to have adequate and representative samples of each of the different types of forest ecosystem habitat that we know of so that you have a reserve system where, hopefully, it has some resilience against fire, climate change, all of the other problems that will be thrown against it: pests, weeds.

You look at a reserve system which is basically in relatively good condition and you look in State forests which are becoming increasingly young. Because of the rules relating to coastal forests, they are increasingly like sticks. There are very few habitat trees left. There was a policy of in fact removing all of the old trees from those forests. There is no ongoing habitat—I would not say no; that is not so, there is habitat value in those forests but certainly it is extremely limited compared to most of the forests that were reserved which were chosen scientifically for their values.

Mr LOVE: The native hardwood forests of the North Coast are both very robust and very vulnerable. Some recent scientific evidence coming out of South America shows that they discovered eucalypt fossils in South America that are aged between 50 million years and 60 million years. Those eucalypt fossils apparently bear a very close similarity to the current species of tallowwood, which was quite common on the North Coast. That brings in scientific interpretation to some new directions that eucalypts are now Gondwanan, as rainforests were, and the tall eucalypt forest, including species like tallowwood, have apparently co-evolved with rainforests in Australia for the last 50 to 60 million years. Eucalypts are insensitive to light. They will not grow up through rainforests, so the 50 million years or 60 million years has had a third factor and that is occasional fire which has had to turn those forests over, regenerate the eucalypts to allow the rainforest to come up underneath it.

Those perturbations have gone on for millions and millions of years, but there are some other ones. The forests are very prone to weed invasion from exotic species and dieback diseases and pests and other threats. When they are harvested and their canopies are substantially removed, they are made much more vulnerable to those threats. In some cases, the eucalypts are tough nuts and have been around, it appears, almost forever. In many other cases it is a very vulnerable species, and 2.5 million hectares is at risk from bell miner associated dieback and it just wipes out everything.

The Hon. RICK COLLESS: Thank you for coming along. Ms Russell, you talk about old growth forest. How do you define an "old growth forest"?

Ms RUSSELL: It is not how I define it; old growth—

The Hon. RICK COLLESS: I am asking you how you define it.

Ms RUSSELL: I define it depending on whether or not I am actually in an old growth forest. It is a forest that is dominated by older trees which are hollow-bearing, so basically they have been around for long enough—it takes about 100, 150, 200, 250 years, depending on the species of trees. It can be 300 years, say, for the brushbox before they start to form hollows. Once they start to form hollows, they provide habitat. We are talking about a forest where there are still significant numbers of hollow-bearing trees. An old growth forest is a multi-aged forest because it is dynamic. The trees fall over, you get more growth in gaps where the old free trees fall. It is an area where basically a significant part of the canopy is made up of large old trees that have hollows.

The Hon. RICK COLLESS: From the way you have described it, it could easily have been logged 50 years ago and you would still call it an old growth forest?

Ms RUSSELL: It would certainly have old growth elements. It would depend on how they logged it. Fifty years ago when they were probably being far more selective, then, yes, there would be elements of old growth in that forest. But when the mapping process was being done in 1997-1998, there were two categories of

old growth forest: one was old growth and one was disturbed old growth. Disturbed old growth was basically where there was evidence of logging, tracks, et cetera. That was largely put into the four available for harvest. All the calculations about old growth that have been done have been done on old growth that was undisturbed. The disturbed old growth was not counted as old growth even though, yes, it had many components of it that were old growth, and those areas of disturbed old growth have been available to the industry and it is one of the reasons why they have been able to get the volumes that they have. It is because they have been logging disturbed old growth since then and obviously you do not get those trees growing back so quickly.

The Hon. RICK COLLESS: The North Coast Environment Council is part of the Nature Conservation Council. Is that correct?

Ms RUSSELL: Yes.

The Hon. RICK COLLESS: Is it also correct that the Nature Conservation Council have a policy to end timber production from native forests on the North Coast?

Ms RUSSELL: Look, it is a long policy statement. It was made at the last Nature Conversation Council annual conference. I was not there. They have certainly moved in that direction, yes, but I do not believe—

The Hon. RICK COLLESS: The organisation you are representing here today, the North Coast Environment Council, does that council also have a policy of ending timber production on the North Coast?

Ms RUSSELL: No, we don't; we are unusual in that sense.

The Hon. RICK COLLESS: If that is the case, what do you believe is the sustainable log yield for large saw logs from this area, given that the North Coast forest agreement set it at 269,000 cubic metres? They are currently able to deliver 170,000 cubic metres with the balance coming from increasingly smaller logs, which is another problem. Do you think that 170,000 metres is sustainable, or would you like to see it reduced?

Ms RUSSELL: No, I do not think it is sustainable and I think it will inevitably be reduced, regardless of what anyone wants or thinks. The small logs are not such a big problem because part of the $120 million that was provided to the industry was used to basically change the mill setting so that they could more effectively and efficiently process small saw logs. Mills, like the one at Mount George, which was a large saw log processing mill, have closed down because the trees just are not that big any more. I do not think the fact that they cannot access large saw logs is such a big problem for a large part of the industry.

The Hon. RICK COLLESS: What do you think is the sustainable yield should be? If you say it is less, you must have some ideas about what it should be?

Ms RUSSELL: I think it is significantly less, but without having—

The Hon. RICK COLLESS: One hundred thousand?

Ms RUSSELL: I cannot give you a figure because—

The Hon. RICK COLLESS: Fifty thousand?

Ms RUSSELL: —I have not had access to the yield information from Forestry. We have been trying for about 15 years, under both governments, to get access to the yield information about what is actually harvested versus what is predicted harvesting and updates to the frames modelling system. We have tried, and we have only recently got an Administrative Decisions Tribunal decision which will give us access to some of that information which will enable us to have an informed opinion, and when we do have that informed opinion then we will certainly be able to make—

The Hon. RICK COLLESS: Why do you think it should be less if you do not have access to the data now?

Ms RUSSELL: Because of the impact that is happening in the forest. Forests, in order to supply the volumes, for example, have had to put no protection on what is called a drainage line.

The Hon. RICK COLLESS: They are overcutting the forests that they have got access to now; is that correct?

Mr LOVE: Absolutely.

The Hon. CATE FAEHRMANN: We heard that a lot yesterday.

Mr LOVE: Absolutely.

Ms RUSSELL: Forestry has always operated on an unsustainable basis in this State. It has always had over-allocations. If you go to the management plans that were created in the 1960s, 1970s, 1980s about how much timber they thought they were going to get out, they have always overestimated. They have always had rose-coloured glasses on when it looked at how much wood that they thought they were going to have available to them. It is nothing new. It is like most extractive industries. The people who are involved overestimate the size of the resource because it generates investment possibilities and jobs, but sooner or later you hit the wall.

The Hon. LUKE FOLEY: In many ways this inquiry is visiting a classic conservation versus industry conflict but with a twist. As we have travelled the State the contention of the conservation movement that placing forests into the national park estate, into the reserve system, will be good for biodiversity has been repeatedly challenged by witnesses who have appeared before this inquiry. Certainly in the red gum hearings, also in the Pilliga and with respect to cypress forests it has been repeatedly put to us that logging can deliver better biodiversity outcomes than reservations. What is your response to that argument that has been put to us by many people who have presented to our Committee?

Ms RUSSELL: I would just like to quote from the New South Wales Government's submission, which basically says:

> Recent Australian peer-reviewed research has found that protected areas are one of the most effective tools for threatened species management. Compared to other initiatives, threatened species whose distributions overlapped with strictly protected areas had proportionately more populations that were increasing or stable.

It is common sense that if you are managing a range of species that depend on, for example, the kind of characteristics I was discussing before that an old growth forest provides, and much of our endangered fauna does, areas where those elements are protected and are undisturbed are going to provide better protection for the species in question. There is no evidence—and this is a huge fault of governments—that those species are persisting under current logging regimes. There are a number of rules about how logging should go in order to supposedly maintain populations of threatened species. We do not know whether they are being maintained. There has been no research done to go back to a logging area 15 years later and see whether the same animals that were there prior to logging are there afterwards. We do not know.

The Hon. LUKE FOLEY: Ms Russell, did you have any involvement in the Pilliga negotiations?

Ms RUSSELL: No, not in the Pilliga negotiations. I had an interest, I had colleagues who were involved but I was not personally involved, no.

The Hon. LUKE FOLEY: It was put to us last week by more than one witness that environmentalists acknowledged that biodiversity outcomes in the Pilliga were better in those forests that were logged. Have you heard that argument before?

Ms RUSSELL: Well, certainly not from any environmentalist. Some people think that logging is good for threatened species, as we know.

The Hon. LUKE FOLEY: The environment Minister says logging protects koalas.

Ms RUSSELL: That is not our view. We are actually of the view that logging degrades habitat. When you look at the listings that the scientific community makes about what affects species that drives them towards extinction, the degrading and fragmentation of habitat is something which occurs in most of those listings. That is what logging is doing: it is degrading and fragmenting habitat.

The Hon. LUKE FOLEY: Mr Love, you have a background in the forestry industry in the deep dark past. It has been put to us that in many forests locking them up, which is the term that is often used when describing additions to the reserve system, creates a monoculture and is a backwards step for biodiversity. What are your views on that?

Mr LOVE: Yes, I do have a background in forestry. I graduated from the Australian National University in 1970 and worked for 10 years with the State forest agency before working for another 30 years with the conservation agency. I see no evidence anywhere of a lock-up effect that might be damaging to biodiversity conservation and forests. I just cannot think offhand where that could be.

Alternatively what I am seeing on the North Coast, and I am surprised the conservation agency has not made more of this, we are now getting quite an established pattern and history of rehabilitation of degraded lands that were brought into the reserve system in a highly degraded state that have been rehabilitated and recovered by the conservation agency often with volunteer assistants. The nearest and one of the best examples is in Crowdy Bay National Park where the National Parks Association has been working for over 30 years with the department to rehabilitate the headlands there. That rehabilitation is a magnificent story and that story is repeated right along the coast.

The Iluka peninsula has had amazing rehabilitation of degraded lands. It is more difficult where heavily logged forests have been taken over and put into the reserve system because they are in a fire prone and a weed prone and a disease prone state for many years and you cannot introduce burning if they are in a regeneration stage as a weed control measure. You are really lost as to what you can do until those trees recover to a sufficient size where they can take light intensity burning. Yes, there are problems in the national parks but it is mainly in response to the challenge of trying to rehabilitate heavy industrial logging that has occurred in some areas that have come into the reserve system.

The Hon. Dr PETER PHELPS: Mr Love, for the North Coast of New South Wales to meet the JANIS criteria how much more land would need to be placed into the reserve system?

Mr LOVE: That is a bit like how much timber supply is an appropriate supply. One of the reasons I did this document was because there appeared to be an opinion that it will only put 15 per cent of the landscape or some other figure into the reserve system. But, quite clearly, to fully implement the JANIS conservation criteria a much higher percentage of the landscape is required to go into the reserve system. The place that gets nearest to meeting the JANIS conservation criteria to my knowledge in New South Wales is the Eden woodchip area where I believe it meets all the targets for common ecosystems bar one. It does not meet a lot of the rare and threatened targets but it is up around 36 to 38 per cent of the landscape. There is a strongly held opinion among international conservation scientists that somewhere between 30 and 50 per cent of the landscape has to be strictly protected to protect in the long term ecological integrity. It is a figure certainly much bigger than 15.

The Hon. Dr PETER PHELPS: So 38 to 50 per cent of each individual biosphere or bioregion?

Mr LOVE: No, there are lots of scientists who are using the figures in the range of 30 to 50 per cent. There is established scientific literature around that. It is quite demanding. We are seeing areas like the Great Barrier Reef not being protected.

The Hon. Dr PETER PHELPS: For example, I think 44 per cent of Tasmania is currently under a reserve system. Is that the sort of levels you would be looking at for the North Coast?

Mr LOVE: No, I will not put a figure other than say possibly somewhere between 30 and 50 per cent. In the JANIS one of the principles is flexibility in the criteria and we accept flexibility. We accept that not all the targets will be met. But we accept that most of the targets should be met. When we feel we get to that stage we will say we think we are prepared to apply the flexibility criteria of the JANIS reserve system and say that is reasonable, that is as far as we can get.

The Hon. Dr PETER PHELPS: Ms Russell, just getting back to the future, if any, of the hardwood timber industry on the North Coast. The situation with Pilliga was that 30 years ago there were approximately 16 sawmills being serviced by the Pilliga scrub. That is currently reduced to two. Would you like to see something comparable happen on the North Coast?

Ms RUSSELL: It has happened on the North Coast. I mean, I live in a village where there used to be two sawmills, now there are none.

The Hon. Dr PETER PHELPS: Do you consider that to be a good outcome?

Ms RUSSELL: It happened a long time ago because they had cut out all of the trees that were suitable for those sawmills and because there was a process of consolidation where a number of the smaller sawmills have basically been sucked into the larger sawmills. That is happening in every industry. We are seeing that happen in the timber industry. The fact that you go from five to one does not necessarily mean anything if the one is taking a similar volume of timber to what the five were taking. It is not really about the number.

The Hon. Dr PETER PHELPS: But the one might have fewer jobs than the five aggregated firms would.

Ms RUSSELL: Indeed. We have tried for a long time to lobby all sorts of people about a different future for the timber industry which was not about huge corporations that were dealing in commodity products but were more looking at the idea of portable sawmills and logging that rehabilitates. You have to remember that the values of forests on just about every scale are amplified as they get older. You get more biodiversity values. You get more water into your reservoirs as a result because of their water-holding capacity. You get more resilience to fire. You get more tourists and more aesthetic improvement. You also get more wood. We should be managing our forests for oldness, for making them older. If we were doing that there would be an industry possible dealing with the smaller trees that were part of promoting that oldness. But, like with so many industries, we are focusing on knocking off the big ones.

The Hon. Dr PETER PHELPS: I am not sure I understand. You said that you recognise that economies of scale will require larger firms but your own preference is to have smaller operations travelling around. Does that not mean smaller, less economic firms that are more vulnerable in that instance?

Ms RUSSELL: The reality is that we are watching the consolidation. That is not my preference. I do not think that huge monopolies are the ideal way for business to run. I can see that it has advantages to the corporation and to the shareholders but I do not think it has advantages to the local communities or to the environment.

The Hon. Dr PETER PHELPS: Just put it hypothetically: If, as looks like happening in the Pilliga, the timber industry were to just disappear entirely would you be upset with that?

Ms RUSSELL: No, I would not be upset if the timber industry disappeared entirely in the Pilliga because the trees—

The Hon. Dr PETER PHELPS: What do you think should happen to the State forests?

Ms RUSSELL: The trees will continue to grow, you see. This is the thing. You do not have to log it all now. The good thing about trees is they keep on growing.

The Hon. Dr PETER PHELPS: But what is the point of maintaining State forests? Would they not be better off just placed under a reserve system in that instance?

Ms RUSSELL: As I said, we should be managing our forests for the multiple values that they give us. The most important value that we get from our forests on the coast is their water conservation value. The more we log our forests the less water we have available to downstream users. For some of us who actually think that a drying climate is a scientific reality and that is way of the future we should be asking what is the most important value that our forests give us? It is water. How do we maximise the water yield? We let the forests grow. That is actually the highest economic use that our forests can provide us.

The Hon. SCOT MacDONALD: Mr Love, can you give me a little story about Crowdy Bay. How many people were involved? Was it is a big area? Is that a model for the future?

Mr LOVE: It is an example of what is going on all along the coast. It was the oldest one. It had an anniversary recently. It was either the thirtieth or fortieth year—I am sorry I do not know—that people have

been working on that headland. There are community groups working up and down the coast on similar programs.

The Hon. SCOT MacDONALD: This is a reserve of 50 or 100 acres or something?

Mr LOVE: It is a couple of hundred acres at least.

Ms RUSSELL: It would be more than that.

Mr LOVE: The headland complex?

Ms RUSSELL: No, I meant Crowdy Bay National Park.

Mr LOVE: They have cleaned the headland, pretty well rehabilitated it and they are starting to work out along the beaches now. It is hundreds of hectares.

The Hon. SCOT MacDONALD: If Susie had a magic wand and could double the size of the reserve but we could not give you a single extra National Parks and Wildlife Service officer or a single extra vehicle or fax machine or whatever, how would we manage that? Have National Parks or Susie had any thoughts about that as the CAR system comes to fruition and the acreage gets bigger and bigger? Is there an overseas model or any other model where government is not drawn on to service that? It is beyond the capacity of the Government, even though everybody in this room may agree it has some environmental value.

Mr LOVE: I was on the management committee of EnviTE, an organisation based in Lismore. It is a not-for-profit group run on a voluntary basis with a budget of about $5 million and is involved in social and economic programs relating to the environment and restoring the environment for its values. It engages people—

The Hon. SCOT MacDONALD: Did they raise that money themselves?

Mr LOVE: Yes, mostly through government grants and private contracting work. We engaged in talks for a possible amalgamation with another community organisation in Coffs Harbour that deals purely with people with social welfare issues.

The Hon. SCOT MacDONALD: A green army sort of thing.

Mr LOVE: Yes. It has two farms and green gardens and an environmental restoration team. The health benefits of being involved in restoration of native vegetation are immense. The funding that can potentially be tapped is immense. I also think the potential for the forest to generate income from carbon sequestration would provide at least a few more rangers, if not quite a few.

The Hon. Dr PETER PHELPS: Except the international standard will not allow that.

Mr LOVE: You may know more about that than I do.

Ms RUSSELL: There are a number of private conservation agencies in Australia—the Australian Nature Conservancy, the Bush Heritage Fund, and a few others.

The Hon. SCOT MacDONALD: Do you see a bigger role for those?

Ms RUSSELL: They have a kind of nature-based tourism, if you like, because they are now buying extensive areas.

The Hon. SCOT MacDONALD: In the Kimberley.

Ms RUSSELL: Yes. They have reserve networks all around the country. People pay to go and work hard for periods, for weeks, in very difficult conditions.

The Hon. SCOT MacDONALD: This is problematic. We spend roughly $200 million-plus in the State Government budget, which does not have a lot of wriggle room, and you are looking at maybe doubling

the size of reserves. I am interested to hear from environmental groups that have put their mind to how we can manage it and finance it.

Ms RUSSELL: The point Ashley made is really important. The emotional, health and wellbeing benefits for people being involved in restoration and regeneration work are phenomenal. It is an organisational question. Obviously managing volunteers is not a cheap process either; you have to put significant resources into it. But where it is possible to deal with those organisational issues there are advantages that come back to society for the number of people who are not then filling the prisons and accessing health services and so on. If we had the figures I am sure you would see that those involved in that kind of work are then not a cost to society in some of those other fields.

CHAIR: Thank you for appearing before the Committee. Are you prepared to accept questions on notice from the Committee and send the replies to us within 21 days of receipt?

Ms RUSSELL: Sure.

(The witnesses withdrew)

JANE WATSON, The Oxygen Farm, affirmed and examined:

CHAIR: Before we proceed to questions would you like to make an opening statement?

Ms WATSON: Yes. I am representing the Oxygen Farm, an incorporated association that purchased in 1989 and has managed since 375 hectares of high biodiversity wet and dry sclerophyll escarpment country about 80 kilometres south-west of here. We are a group of people who have always, it sometimes seems, been active in forest conservation and back in 1989 we decided to put our money where our mouths were. We signed a conservation agreement with the National Parks and Wildlife Service and we have developed management plans that include pest animals, pest plants and fire. At the beginning we had great plans for building an educational environment centre in the Oxygen Farm, building walking tracks all over the place and generally making our mark on the land. Thank goodness we are all volunteers and our other lives made it impossible for us to achieve these aims quickly because over the years we have seen that the best thing that humans can do to some areas of land is just to leave them alone.

We mitigate against fire as best we can by having fire breaks. With our limited resources we try to control the weeds, which occur mainly along the edges of our land that border farm and residential land, and the rest of the land just lives and is. Sure, we worry about fire; there is absolutely nothing scarier than watching a lightning storm over a forest and knowing there is no accompanying rain. These things happen and there is a lot that humans cannot control. Allowing shooting, mining, logging or high-impact human recreational activities in national parks is very short-sighted and sort of unforgiveable considering how much science we know about preserving biodiversity; the value of keeping catchment areas as pristine as possible; the value of old growth forests in particular and large tracts of forest in general in attracting and generating moist air flows; regulating water flows and water condition; and providing habitat for many species of animals, plants, both macro and micro, fungi, bacteria, et cetera—all of life really.

The Oxygen Farm is against the expansion of the conservation shooting program into further areas of State forest and totally against the introduction of shooting in national parks. There is a lot of literature and research available that shows that conservation shooting is an ineffective way of controlling feral animals. Shoot one fox and 20 feral cats can move into the area. That is from Landcare literature. The Oxygen Farm is situated on the edge of the old Wingham management area of State Forests. About a third of this area was declared national park in the 1998 Regional Forest Agreements [RFA] process. A lot of our national parks, like many declared at this time, were in areas inaccessible or economically unviable to forestry. No local woodcutters lost their jobs at this time because they had already been pushed out of the forests by the wood supply agreement made between Boral and the State Government in the 1980s.

We feel that because this inquiry did not insist on canvassing the opinions of communities that experienced the working forest to national parks process during the RFA program, an inherent bias is being expressed against the idea of land set aside solely for conservation purposes. If you had canvassed these areas you would have discovered that communities can adapt, that old forestry workers can evolve into good national park rangers and workers, that visitor numbers to these parks are increasing and that money is put into the local economy by these visitors.

On my way here I came through Wauchope, which is the home of Timbertown. In the early 1990s we were all told that if Wauchope lost its mills and its logging industry it would be a dead town. That is simply not true. It is a vibrant place that has adapted and evolved into different sorts of economies. The same applies to Wingham and Mount George. Our local parks, which are now about 14 years old, are well managed. The addition of forestry knowhow to traditional park knowledge has resulted in great experience in feral animal control and weed and fire management.

From reading the transcript of this inquiry's public hearings it appears the forestry industry people are pushing for access to plantations within national parks as well as the relaxation of existing environmental conditions within State forests. In our area the plantations that ended up in national parks were plantations in name only, a group of trees planted in straight lines and then basically left. No further silvicultural practices have been done to them. I note that Mr Johnson of the Australian Forest Products Association is worried about the fire threat coming from national parks but other evidence in this inquiry showed that only 5 per cent of fires in the State are in national parks. Most of these are contained within the parks and more fires enter parks than leave them.

The Oxygen Farm has a boundary with the Bulga State Forest and is very concerned about the mismanagement that is occurring with this and other forests in the area. There is breaching of environmental licence conditions all the time, ever-shortening logging cycles—10 years compared to the previous 20 to 25 or 30 years—and practically clear-felling of the areas they log. Even the loggers of our district, who have never been sympathetic to the conservation cause, expressed their disgust and disbelief at the logging practices last year on some areas that were being logged. The current logging practices are known locally and probably further afield as "flogging".

I used to believe it was possible for the State forest agency to be responsible for managing areas for conservation values. I no longer believe that this is possible because there is too much pressure for product when there is a profit factor involved. Sustainability has been the catchword of many submissions made to this inquiry by the forest industry and the State forest agency. There appears to be no vision of sustainability in any of our extractive resource industries—mining, logging, fishing et cetera. It is "get it out now" and leave nothing for the future generations.

The Oxygen Farm believes there are certain areas of land that humans have no business interfering with. They are there for their conservation values and their water catchment enhancement properties—all positive, but maybe not obvious, outcomes for humans. Protecting land can also be seen, dare we say it, as a mark of respect for the environment that has enabled us to become human. We believe such respect may well evolve into our being able to treat each other, both locally and globally, in a far more equitable manner. We are after all just part of and as reliant on our environment as any other living thing.

CHAIR: What sort of title is the Oxygen Farm land?

Ms WATSON: We are an incorporated association that owns the land.

CHAIR: Do you have any plans to expand or duplicate the success you have had at the Oxygen Farm?

Ms WATSON: We had great plans in the beginning to buy up more oxygen farms but, like I said, we all have other lives and we are volunteers, and we also realised that if you buy areas of land you have to have locals who are prepared to monitor them, work in them and generally look after them.

CHAIR: Do you have any Indigenous persons in your group at all?

Ms WATSON: Not at the moment, no. We have had in the past.

CHAIR: We have had evidence in the Southern Riverina from a number of Indigenous groups who appear to want to have a greater management role in the management of some of these public lands, and there are different types of mechanisms to do that statutory or memorandum of understanding. In one particular case, the Werai people would like to have control of the Werai Forest in the Southern Riverina. Do you think there is any benefit in organisations like yours that have had certainly a long history of experience with managing private conservation lands to take trainees on board if the funding was provided for you?

Ms WATSON: Maybe. We have managed our area of land a lot, not by trial and error. But we are not experts by any manner of means.

CHAIR: Is the purpose of the Oxygen Farm more or less to present a demonstration model and say this is how it could be done?

Ms WATSON: No, the purpose of the Oxygen Farm is to preserve this area of forest to start off, because it—

CHAIR: All 375 hectares of it?

Ms WATSON: Yes. It had a lot of timber in it and was owned originally by Duncan's and when they were selling it off, there were a lot of timber interests involved and interested in it. It is very steep country. We decided we would just preserve it.

CHAIR: It has always been forestry, not farmland?

Ms WATSON: The top of it was dairy farm, about maybe 100 metres off the road down the hill. It was clear felled. The rest of it had been logged, but there were very good stands of tallowwood, coachwood left in it.

CHAIR: Does the Oxygen Farm have broader scale views? We heard earlier from the witnesses—I think you were in the room—that the conservation movement sees that perhaps the CAR system could be expanded somewhere between 38 per cent and 50 per cent of each representative area. Given your experience with having to manage 375 hectares, do you believe that is a realistic goal for publicly funded public land?

Ms WATSON: It is if the government of the day is prepared to staff it.

CHAIR: To fund it?

Ms WATSON: To fund it. Like I said, in our area, a lot of forestry workers ended up working in national parks. I cannot see why this cannot continue in other areas.

CHAIR: All of your labourers are volunteers?

Ms WATSON: Most are. We do get grants occasionally for some large-scale weed control.

CHAIR: Have you put anything together to give an idea, if that was costed out, what sort of money it would take to maintain the Oxygen Farm in the condition that you wish it?

Ms WATSON: I cannot say that now, but I would be willing to go and research it for you, if you wanted.

CHAIR: If we can put that on notice, that would be great.

Ms WATSON: These questions on notice, do you send them to us?

CHAIR: We do.

Ms WATSON: Thank you very much.

CHAIR: I apologise for the Committee taking up such amount of time, but this is interesting stuff.

The Hon. CATE FAEHRMANN: Thank you for appearing today, Ms Watson. In the Oxygen Farm's submission you talk about the relationship between the National Parks and Wildlife Service, which you mentioned in your opening statement as well. Will you expand on your working relationship with those staff? Do they have anything to do with the management of your land in any way or do you get advice?

Ms WATSON: We get advice; we get information. We have had physical help from them insofar as they have provided us with gates and stuff like that in the past. We signed a conservation agreement with them in about 1992-93. They help us develop our management plans; we revisit them every so often with them. They are generally quite supportive of us. They know who we are. We have even had thoughts of trying to sell the Oxygen Farm to National Parks because now it abuts another national park. It would be a good corridor flow-through. We have not had much to do with them lately because we are pretty much self-sufficient so far as managing goes, and we micromanage.

The Hon. CATE FAEHRMANN: You say one of your neighbours now is National Parks and, in your submission, you mention you also border with State forests?

Ms WATSON: We do.

The Hon. CATE FAEHRMANN: Will you explain to the committee whether there are any differences the way the land is managed in State forests and how National Parks manage land and whether you notice any differences as a land owner?

Ms WATSON: Well, yes, we do.

The Hon. CATE FAEHRMANN: What are they?

Ms WATSON: You just have to travel through them. Our boundary with State forests was logged maybe 21 years ago—20 years ago when they came into the O Farm because they did not know where their boundaries were and took some products from us. That is all right. There have been no incursions since then, but, you know, we had to travel through the State forest to get to our western gate, and it is sort of horrifying that there is no buffer zone between us and then they log right up to our boundary. Clear felling, the single tree selection which is really every tree selection, happens all the time through there. They take every loggable mill tree that they can. It probably heightens our biodiversity values, because everything will move into the Oxygen Farm. Does that sort of answer your question?

The Hon. CATE FAEHRMANN: What about weed incursion, things like that?

Ms WATSON: Yes, when they log, there is always Crofton weed and—not lantana; we do not have lantana as yet too badly because it has been cool enough up there to suppress that. We do, but because most of our land has not been burnt—it has not been logged for probably 30 years now—you get edge incursion. We get edge incursion from our residential neighbours and our farm neighbours, and that is what we try to manage. A lot of weeds will not go down further into the forest because there is not enough light for them. It makes it easier for us to manage our weeds.

The Hon. Dr PETER PHELPS: You mentioned part of your area which was State forest was turned into national parks. Is that correct?

Ms WATSON: Our area?

The Hon. Dr PETER PHELPS: Yes.

Ms WATSON: No. Our area now abuts former State forest that is now a national park. Is that what you mean?

The Hon. Dr PETER PHELPS: Yes. You said foresters who worked in that area had found work in some instances with the National Parks and Wildlife Service.

Ms WATSON: Yes.

The Hon. Dr PETER PHELPS: Did that include all the foresters who were formerly working in that former State forest?

Ms WATSON: Of course not. There would be work for them. There would be plenty of work for them managing national parks, but the governments of the day do not see fit to fund those areas.

The Hon. Dr PETER PHELPS: There is a difference, though, is there not, in that national parks as opposed to State forests do not actually produce a marketable product, other than, perhaps, enviro-tourism?

Ms WATSON: I would actually say that "marketable" is probably what is wrong with a whole lot of concepts how we manage our landscape. We do not have to have a marketable product.

The Hon. Dr PETER PHELPS: But a State forest produces logs which can be turned into timber which provide trucking companies, which provide logging contractors, which provide carpenters all downstream. National parks do not produce any of that, do they?

Ms WATSON: No, they do not, but does that matter?

The Hon. Dr PETER PHELPS: Well, I suppose it depends on whether you want an economy or whether you want a welfare State.

Ms WATSON: We will not have an economy if we do not have an environment.

The Hon. Dr PETER PHELPS: That is true. Are you saying that the existence of a logging industry precludes the ability to have good environmental outcomes?

Ms WATSON: No. I have never been against or been for shutting down native forestry, but the way it is managed at the moment, it will be shutting itself down.

The Hon. Dr PETER PHELPS: It is not really shutting itself down if you have a situation where more and more of the compartments which they expected to log 20 years ago have been suddenly locked up because of political decisions in Macquarie Street?

Ms WATSON: That might be true, but I know—now, I am just trying to think how to frame this reply. That is true to a degree but, as I have said, you can turn an employment loss into another sort of employment opportunity.

The Hon. Dr PETER PHELPS: But only for a limited number of people unless you want to substantially expand National Parks and Wildlife Service, which is a net drain on the economy rather than a net producer?

Ms WATSON: I think part of our trouble is there is too much emphasis on the economy. We subsidise Forests NSW to an incredible degree. The local ratepayers do because the log trucks chew up their roads. I am not sure that Forests ever contribute any money to local road maintenance. Do you know that?

The Hon. Dr PETER PHELPS: Again, as we found out this morning, it depends on whether they have a memorandum of understanding with the local councils, which is certainly one thing we will look at, but those trucking companies will pay fuel taxes, they will pay—

Ms WATSON: They get subsidised by the Government for their trips, I think you will find.

The Hon. LUKE FOLEY: Ms Watson, as our Committee travels the State, it has been put to us by a number of witnesses that additions to the national park estate, the reserve estate, have had negative impacts on biodiversity. It has been put to us that logging is better for biodiversity than "logging up" forests into a protected estate. What is your view on that?

Ms WATSON: I actually think that is baloney. I think that is justification for continued practices that don't evolve with changing climate, with changing social-economic needs. I do not see how you can say that a logged forest, and a constantly logged forest, provides more biodiversity opportunities than protecting an area of land and just leaving it. By the very nature of logging you are turning forests into more and more monocultures. Because it is burnt, there is no understorey, there is no possibility of microflora and fauna biodiversity in soils. Anything else?

The Hon. LUKE FOLEY: What is the experience of the Oxygen Farm with respect to biodiversity on the 375 hectares of land that you now own and manage?

Ms WATSON: Unfortunately, at the very beginning or before, there had never been any research done on our particular area of land. About three or four years ago we were approached by the Catchment Management Authority for vegetation plans and we were assessed and we scored nine out of 10 for our biodiversity limit factors. We also scored in the water, because we have a creek that runs through us and that is probably the head waters of the creek. We scored very highly on that and no doubt, though it was not stated, we probably scored very high on carbon sequestration and carbon credit opportunities.

It would be interesting to do some more study. About 15 years ago, some German PhD students came over and spent eight months on the Oxygen Farm researching fuel loads, different forestry communities, et cetera, and we are now thinking of applying to the University of New England to see if there is anybody else who would like to replicate this research 15, 16, 17 years down the track to see how things have changed.

CHAIR: Have you still got the data or the records or the references from that work that was done 15 years ago?

Ms WATSON: Yes.

CHAIR: Would you be able to supply that to the Committee on notice?

Ms WATSON: A lot of it is in large-scale maps, but we probably could.

CHAIR: If it is publicly available, perhaps if you gave us the references—

Ms WATSON: I am not sure if it is publicly available. I do not know if there would be any copyright on it as far as Dagmar and Volker are concerned, but the maps we have we displayed all the time, so we could either small scale them or just send you a whole set of large ones.

CHAIR: The Committee could take them and copy them and then return the originals to you?

Ms WATSON: Yes, that is probably possible.

The Hon. RICK COLLESS: Ms Watson, I think you said your organisation was an incorporated association?

Ms WATSON: Yes.

The Hon. RICK COLLESS: Can you tell us how many shareholders or partners—

Ms WATSON: Members.

The Hon. RICK COLLESS: How many members do you have?

Ms WATSON: No individual owns the land; the association owns the land. We vary from year to year, but we probably have about 40 to 50 financial members every year and probably 15 to 20 per cent of them actively work on the Oxygen Farm during the year in some capacity.

The Hon. RICK COLLESS: I am just a bit confused as to the ownership. It is all very well for the association to own the land but when you say that the financial members vary there is a bit of a floating population of who actually owns that land. Is that right?

Ms WATSON: No. There are floating numbers of members of the association that owns the land.

The Hon. RICK COLLESS: What I am getting at is the number of people varies—the number of owners—as the association varies. I am just trying to get an understanding of how the activities that you do on that 375 hectares of land are funded? Do you generate any income from the land itself?

Ms WATSON: No.

The Hon. RICK COLLESS: So how are you funded?

Ms WATSON: We are funded by our memberships. We are funded by donations. If we have big weeding programs we try to get grants. Most of the rest of the work is just done by volunteers as we can manage it.

The Hon. RICK COLLESS: When you look at that land you would say that there is no need to have an industry across the wider landscape. Can I ask first does the association have freehold title?

Ms WATSON: Yes.

The Hon. RICK COLLESS: If we were to apply that model to all freehold land on the North Coast from where would the North Coast generate its income?

Ms WATSON: Why would we do that?

The Hon. RICK COLLESS: I do not know why you would do that to be quite honest. It would cost a fortune.

Ms WATSON: Why would you do that? I am not saying that is what the model for everything should be. This is just one particular example of how land is being conserved.

The Hon. RICK COLLESS: Okay. I am still at a loss to understand why you would do it other than as a demonstration. I acknowledge the sniggering that is going on over there. We need to allow members to get to the bottom of some of these things. Why would you continue to have that approach if you did not want to see it expand? I think you say in your submission that you are going to look at purchasing other land.

Ms WATSON: No, I did not say that in the submission at all. I said in response to a question over here that at the beginning we did think about expanding and buying other areas of land. We do not have the finances for it. We have helped other groups establish similar conservation areas or get areas that they were interested in into sort of multiple use residential conservation areas. I think we did help some people in Port Stephens. We helped the Bundagen community and a few others. But, like we say, we realise now that unless you have people on the ground locally who have got their hearts and souls into preserving and maintaining areas of land it is really almost irresponsible to buy land way out in Woop Woop that nobody can manage.

CHAIR: You are familiar with the nature conservancy model where the land is bought, the covenants are then put on it and then it is onsold. Do you see that as probably a more valuable model for larger scale private conservation than the way you are doing it?

Ms WATSON: Yes, assuming that you onsell it with covenants. If somebody is going to buy a piece of land with a lot of covenants on it they obviously have the philosophy and the intellectual agreement that this is a good way to go with that piece of land.

CHAIR: Do you have any congress with other organisations that do similar things to you? There is a Parapark organisation in the Gippsland Lakes area that does that with an island. I was previously involved with a private property enterprise in Queensland that did exactly that. There are a number of different variations to the model. Have you met with any of these other people to talk about what they do?

Ms WATSON: Not really. We are in regular communication with members of Australian Bush Heritage so we sort of cross-reference, but we are just a group of local people really who have been preserving local land.

CHAIR: Have you considered developing any sort of income streams on the land to help with the preservation? Is it suitable for that or not?

Ms WATSON: It is not really suitable. Like I said, it is very steep. You could put walking tracks all the way through it. We have one little nature trail along that top edge that gets used.

CHAIR: It is not suitable for tourism and that sort of thing, or "glamping" as they call it?

Ms WATSON: No, we decided that it was actually better just to leave it. We decided that there are areas of land that do not need humans in them.

CHAIR: Thank you very much for agreeing to come to see us. I apologise for the late start. I notice that there are at least two questions on notice. Are you happy to take those?

Ms WATSON: Yes.

CHAIR: If you could give us answers within 21 days of receiving them we would appreciate it.

Ms WATSON: That is fine.

CHAIR: Thank you.

(The witnesses withdrew)

(Luncheon adjournment)

DOUGLAS HEAD, Principal, Australian Solar Timbers, sworn and examined:

CHAIR: We note that you have made submission No. 427. Would you like to make an opening statement?

Mr HEAD: Yes. It will be very short. Thank you for allowing me to attend today. To put things in context for your questions, I am the principal of Australian Solar Timbers, which is a timber company that has been at Kempsey for 20 years although it was formed elsewhere in 1919. We employ 60 people and at normal business times we employ 100 people and we have the capacity to do more. The company basically is involved with flooring. It is probably the most modern flooring line in the Southern Hemisphere. As you can see, we were engaging with solar technologies two decades ago.

I want to point out two things in my career. I was involved with a lot of associations on the way through as I learnt about the industry. For the last decade or more I was a director of the National Association of Forest Industries [NAFI]. The association is based in Canberra and for two years around 2006-07 I was the president. That gave me a lot of insight into policy formation in the Australian context. The second thing I thought might be of relevance to the Committee is to highlight that I have had a lot of experience in the science of the industry in the sense that I was on the Forest Wood Products Research and Development Corporation for six years, followed by 5½ years as deputy chair of the Co-operative Research Centre Wood Innovations, giving me 11½ years involved in virtually the research of the forest and timber industries. I estimate that over time I was involved in the expenditure of roughly $100 million on research and several hundred doctorates and things like that. We had partnerships with the CSIRO and Melbourne University.

The point of mentioning that is that in being involved in those things I got tremendous exposure, probably unique, in looking at the big picture. I am a specialist in nothing in the area but I had the privilege of having on boards ex-heads of the Australian Conservation Foundation and chairing panel sessions with David Suzuki. I was asked to address the Australian Bureau of Agricultural Research Economics and Sciences in Canberra last year on "The Future of the Australian Hardwood Industry" and shared the stage with Bjorn Lomborg. It gives you a big overall picture and that is probably where the opportunity for me to be grilled lies. It is not specifically detailed in all cases.

I want to reflect on a couple of aspects during that period. When I joined the industry in 1986 the rainforest decision had just been made, which I think was a rational decision that was badly implemented, but with good intent. After that I came into a war and the war is persisting. I think you are seeing evidence of it in some of the submissions today. For me, on reflection, I think this industry has been under an unprecedented siege and we have all lost out because of it, on all sides of the debate. We have not been able to resolve it satisfactorily within the community.

In my experience of being exposed to this I have not seen industry or science prevailing on any specific issue. It is basically being decided by political interventions and media campaigns. This is not good, but that is the way it is at the moment. It is part of our problem that ladies and gentlemen in politics are on a three-year cycle. There are probably 18 months of finding out and doing things and 18 months of getting ready for their next election. This is an industry that works in centuries. You can do anything with it but you cannot do it quickly. That is a lesson that the political process must understand.

Thirdly, there is some discussion about whether the industry is about to collapse. No, it is not; it is actually collapsing now. You have only to go back to when my submission or that of anyone else was written and then look at what happened last week with Gunns. It used to be the biggest sawmilling company in the Southern Hemisphere. It is now in administration. That is not entirely due to things we are discussing today but partly so. None of the 650 jobs are pulp mill jobs; these are jobs in forestry, plantations and sawmills. We are in the process of collapse now; it has started—not with Gunns, but they were the first really big cab off the rank. The industry is losing money all over the place at the moment. Some people will rejoice in that but the fact is there are temporary situations in some cases—the dollar, for example. It is a period of great vulnerability to other aspects coming onto the industry.

My fourth point is that national park declarations have been totally politicised in this process. Not only has this damaged the industry but in my view it has damaged the title and the credibility of the national parks estate. They have become political pieces rather than the fine tradition that they were intended to serve. I think we will regret that eventually. We have devalued our estate by the way we have done it. Does this really matter?

I will make a couple of points. I do not think the environmental movement started out with this as its intention, but it is about to become the reality. Sometimes you have to pull your head out of the scrum and ask whether we are pushing in the direction we want to go. I think we are at one of those points now and this inquiry is a good opportunity to re-examine. There are several ways you can do it. Some people are ready to click on the bayonets and do the final clean-up. That is one outcome. Society has the right to choose what it wants to do here, but it should also know the consequences because some of the things that are about to be broken down will not be replaced if we decide we have made a mistake.

We have an entire continent at our disposal. No other country has that. We are the home of the eucalypt species, which is the most widespread hardwood species being planted in the world at the moment in all other continents with the exception of Antarctica. We have the best forestry agencies in the world but we do not know it. Go to the United Nations, go to international forestry meets, which I have done, and it is Canada, Australia and the United States that are rated as the top three. You will get a bit of argument over which one is first. We have great forestry here, not tree-hating people but people who can do whatever their political masters encourage them to do. We are about to become the only continent that can produce hardwoods that does not do so. Then what will we do? We will import it from less well-managed forests, less certified forests, and use fuel to ship it all over here. Or we will not use timber. I think both of those are ridiculous environmental outcomes. We are about to experience going down that path without being able to go back.

My questions that we should be considering today are: Is this wise? Why has it happened? We should recognise what the loss of forest agencies will mean to the community. These individuals can be dispersed through the bureaucracy but there is corporate knowledge there on bushfires and other management systems that this society desperately needs.

The Hon. LUKE FOLEY: Thank you for your thoughtful submission. We have heard from many industry representatives about security of resource or alleged insecurity of resource. I want to examine the other side of the coin, which is demand for timber. Is it not the case that there has been quite a significant fall in demand for North Coast hardwood timber in Australian housing stock?

Mr HEAD: Yes. We left that market a long time ago. You need to understand that the timber industry, like any other industry that is going to survive, is constantly reinventing itself. What we did a century ago, 50 years ago, 30 years ago, 20 years ago, and will do 20 years into the future will be different at every level. The North Coast timber industry when I entered it in 1986 was in the last stages of hardwood frames.

You have not got carpenters with the skills these days who can build in green hardwood. It is almost a lost art. As Ian Conley said earlier, Radiata pine is a better product. It is cheaper, better to produce, easier to work it, and instead of having something that is 15 times as strong as you need to hold up the roof, you have got something five times, but it still does the job. Yes, in framing markets, just about dead. Flooring markets are still very, very strong, contrary to some of the evidence you have heard today, but they are under siege at the moment because of the dollar, which will not stay there forever, but it will stay there for a bit more, and it is putting enormous pressure on the market. There are furniture markets. There are a whole bunch of different markets that we are looking at. I do not know if my competitors will read this, but we are moving into pre-finished floors. The building systems will change. Just look at Grand Designs and you will see that they are changing in the world and they will change here, and we will have to be adaptive.

I am not concerned about that. The problem the industry has got is it has got to have some certainty of what type of log it is turning out. Logs ain't logs. There are different types, different sizes and different species. One of the problems you have got in Australia—opportunities, depends how it is said—is we have a lot of species and we have no control over what species comes to us.

CHAIR: Species of timber?

Mr HEAD: Timber: blackbutt, tallowwood, blue gum. We cannot say we want all blue gum or tallowwood. We get the mix of the bush. That means we have lots of different little groups of different timbers that often need to go to different markets for different purposes.

The Hon. LUKE FOLEY: Would it be fair to say that the future for the industry in this country is based around high value-adding and the reality of less volume because of a range of reasons, including less resource being provided to the industry, but also falling demand for many of your traditional markets. The future is less volume of timber but high value-adding. Would that be a fair statement or not?

Mr HEAD: Depends on the politicians. There is a critical mass issue that you won't have an industry on. One of the big issues with logs is how far you draw them. It is no good saying we will have a timber industry of 10,000 cubic metres for New South Wales and we will take it from over the State. You have made it unviable straightaway, whereas you could have a company surviving on 10,000 cubic metres if it was all within 50 kilometres. It is an issue of where are the trees, what are the trees, and how far you have got to draw them, and what species. We are in an endless contracting mode at the moment. It is very unhealthy for any industry to be in.

To survive the industry has to have a growth pattern, which could be through us doing it in different ways. At the moment, we are in an unsustainable pattern—depending on your definition of "sustainability"—in the longer term. We will not be able to do in 2024 what we are doing now, and nor should we. I have been arguing that we should have done some things differently 10 years ago to counteract that, but it is up to the political process to say, "What size of industry do you want? What type of industry do you want? We will supply those types of trees to the industry." You have an agency that can do that. They will tell you the constraints, but you can grow this industry if you want to grow the industry—not in my lifetime, but that can be the legacy you have. You have great expertise, but they are not being listened to, and you have got to give them long-term patterns, because the decisions they make are for 30, 40, 50 years and centuries in some parts.

The Hon. LUKE FOLEY: When you and colleagues from the industry put to us that you need access to more forests, if I can put it that way, a greater resource from the State, is that to meet the needs of the industry post the expiration of the current wood supply agreements in 2023, in that long-term horizon?

Mr HEAD: That is the industry talking five, 10, 15 years. That is how people in corporations have got to think, but you do not have the option of closing it down and then reinvigorating it in 15 years time. There are a lot of skill bases there that if they are not held together in some sustainable and reasonable format, you will not be able to grow them in the future. You do not have to shrink the industry. You can make much better uses of existing resources there, but society's got to really say, "This is what we want to do and we understand why we are doing it."

The Hon. Dr PETER PHELPS: We have heard earlier about potential loss of the industry. Are you aware of instances where towns have suffered severe economic consequences because of the loss of mills?

Mr HEAD: Well, Wauchope would be one.

The Hon. Dr PETER PHELPS: What happened in Wauchope?

Mr HEAD: It had 59 mills and now it has got zero.

The Hon. Dr PETER PHELPS: It has got zero?

Mr HEAD: Yes.

The Hon. Dr PETER PHELPS: It went from 59 to zero?

Mr HEAD: Yes.

The Hon. CATE FAEHRMANN: When did it have 59 mills?

Mr HEAD: Probably a century ago.

The Hon. CATE FAEHRMANN: Thank you.

Mr HEAD: Yes, it is a long time. We were in Wauchope in 1991, and we were the second-last or third-last one to leave. I am talking about the valley. We heard some evidence earlier about Wauchope being a vibrant town. It is; I live in Wauchope. It is more the potential of what was, because you live near Port Macquarie. I mean, Wauchope was the centre; Port Macquarie was the little fishing village. The council was in Wauchope. The electricity system was in Wauchope. That was the vibrant centre. They used to do 24-hour a day logging in the bush. I am just saying how vibrant it was. They used to load the trains seven days a week. That industry has effectively died out there. It still services Boral and things like that. There has not been a new motel

room built in Wauchope in my lifetime. We have just had our first restaurant open in the last year or two. Yet Barrie Unsworth, when he closed down the 600 jobs in the veneer industry that was still going there, was talking about regeneration of tourism. It has not happened.

The Hon. Dr PETER PHELPS: It is the same line which is peddled everywhere.

Mr HEAD: There is a promise given. Timbertown was created. Timbertown has gone bankrupt twice. It has cost the council, local investors. It has been a disaster. Now, is it recovering? Yes, 30 years later it is beginning to pull itself out, but it has not been a rational outcome. The expectations and the promises have not been delivered.

The Hon. Dr PETER PHELPS: I suppose those 600 jobs, to use the Walter Duranty defence, you have got to break a few eggs to make an omelette so far as The Greens were concerned.

Mr HEAD: Yes, sometimes we all have to do that. The answer, I guess, from The Greens point of view would be, yes. If you have got a good outcome from that, that can be a reasonable decision for a society to make. What we are making at the moment is uninformed decisions as to consequences. The Regional Forest Agreement that was signed off for our area, The Greens have brought in the line we should have triple bottom line. I think that is a good idea. That was to get rid of the economic line being the only one. Problem is, when the agreement was signed, the draft socio-economic report had not even been drawn up. The decision was made before the economic side was even considered. You can imagine if the environmental report was not ready to go, and rightly so from the environmental point of view. It has not been administered in a reasonable and rational way.

The Hon. Dr PETER PHELPS: We have heard evidence today that to meet the reserve criteria for the North Coast would require locking up 30 to 50 per cent of the land area. Given that most of that would have to come from State forests, short of acquisition of private property, what would that do to the timber industry on the North Coast of New South Wales if that were to be implemented?

Mr HEAD: I do not think it would close it down, but I do not think that is the issue. I think you have got more immediate problems that it will close down before that, depending on the timeframe of that. The industry is in absolutely dire straits temporarily at the moment. The cost of being at siege for 30 years and management diversion has been appalling for the industry. It has also been bad that we are getting really bad environmental outcomes, because you have got two sides throwing grenades at each other: one attacking and one trying to defend itself. There is almost no trust in sitting down and saying, "How can we have win-win situations here?" The do-nothing situation is collapsing, which is happening now.

The Hon. CATE FAEHRMANN: You have mentioned, Mr Head, that there are bad environmental outcomes as a result of this whole process. Could you expand on that?

Mr HEAD: I think you have an absolute patchwork of national parks that were created without purpose. They were created as blocking pieces to prevent native forests. It was to grab bits now and be strategically placed to say, "Shouldn't we bring these together", et cetera. The answer is sometimes, "Yes, we should." It was never coherent. It has been a plan developed by activists who are uninformed—well intentioned, perhaps—but unskilled in these areas and they have been presenting plans to politicians who make decisions usually just pre-elections and that is how we have created our national park estate. We have not got a plan for it. My belief is that our national park estate should be certified with demand for other products. You will get a better system if you certify your national parks, then you know what you are doing. You are saying, "We are trying to do this, that or the other" with a national park. It will be different things for different regions but, at the moment, they are unmanaged. They are made, but they are unfunded and they are without purpose.

The Hon. CATE FAEHRMANN: There were comprehensive regional assessments that were undertaken that did consider the environmental and scientific benefits of those areas. You are saying that that whole process was—

Mr HEAD: Political. What I am saying is—

The Hon. CATE FAEHRMANN: How is it political?

Mr HEAD: Basically it was go out and do this massive amount of research that no-one possibly can comprehend. Then we will get it in and say we have done all this research—environmental, social and economic—and, as I say, in our case, the socioeconomic was not even in draft form when the decision was made. It came down to—I do not want to be too crude about this—marginal seats, things like that.

The Hon. CATE FAEHRMANN: You are saying that because there was a massive amount of research with a lot of data behind it that people could not comprehend that. That is probably a subjective statement. You could not comprehend it, but I am sure some of the scientists and people behind it could comprehend the data.

Mr HEAD: No. It is massive. You have got no idea. They spent—

The Hon. CATE FAEHRMANN: That is quite comprehensive, is it not?

Mr HEAD: You have still got to be able to digest it. Someone, some process has got to be able to make a meaningful outcome from it. Having more and more and more information does not always help you. The other thing you have got is a bureaucracy versus a bureaucracy. They were put at war by the way the system was set up. National parks and State forests, in that period, were at war. They are not now. Various groups, you could stay, industry with State forests, and you could say The Greens, pick their allies with the national parks, and these bureaucrats are under enormous pressure to fight. The political process at the time was to make declarations of national parks. Then the agreement was signed by Prime Minister Howard and Bob Carr and broken within about 18 months because a new wave of national parks came out which made the whole thing ridiculous. If it was sustainable in the first place, pulling out 70,000 hectares-plus made it unsustainable by that act, which was political. It was nothing to do with science. There was science in it but it was all over the place.

The Hon. CATE FAEHRMANN: You have not quite explained your answer in response to why there is no environmental outcomes as a result of the decision to put a fair chunk of this area into protected areas. There are many submissions from people in this area that there are environmental outcomes as a result of that. Is there evidence that there are no environmental outcomes as a result of national parks and nature reserves in this area?

Mr HEAD: No, I did not say that.

The Hon. CATE FAEHRMANN: Could you clarify what you said?

Mr HEAD: I said we have got a very bad national parks system. I did not say there are no outcomes. Whatever you do, you will get outcomes. With any forest whatever activity you do—including not going into it—brings outcomes.

The Hon. CATE FAEHRMANN: You mentioned environmental outcomes. We have had a lot of people present before this Committee on behalf of foresters who tell us that there are no biodiversity outcomes or environmental outcomes for national parks. Sorry to labour the point but I am pretty sure you did say that and I want to be clear now that if you—

Mr HEAD: I am saying that the environmental outcome could be much more rational if the process was rational. I think I might have said we are getting poor environmental outcomes, and I agree with that. Poor compared to the opportunity that is there.

The Hon. CATE FAEHRMANN: Compared to logging, do you mean?

Mr HEAD: No.

The Hon. CATE FAEHRMANN: What is the opportunity?

Mr HEAD: We are making national parks without a purpose. Basically it is to name it, bang in a sign and say you have got a national park. There is no funding, there is no purpose to that except if you take the purpose that if you remove man entirely, including management systems, that is good.

The Hon. CATE FAEHRMANN: That is not what happens with national parks, Mr Head, with respect. We have heard that they are actively managed, they have high visitation numbers particularly in this area and they are funded. I am sorry but that is not what is happening with our national parks.

Mr HEAD: State forests have just won several NSW Environment awards for their work. More people I think you will find go to State forest parks for a variety of reasons. They are allowed to do things in there and State forests are now making an active role there. There is absolutely a role for national parks. There is no doubt. I walk in national parks. I wake up every morning and I look at a national park that used to be a State forest. No-one goes there. It is burnt out. People throw lit cars off the cliff at Bago Bluff. It has just become a degraded area. Now not all national parks are that way and there is national park management but the new national parks did not come with budgets or purposes other than to block the forestry industry or make them unavailable for people to go into. I mean you can, but jeez.

The Hon. LUKE FOLEY: Mr Head, you are a former president of the National Association of Forest Industries so you are no babe in the woods. You complain about the political decision-making but can I put to you that these are inevitably political decisions for governments of the day. I would love nothing more than for the timber industry and the environment movement to sit down and agree on a future for both conservation and timber and the role and place of the industry and to present that to politicians. I think most of us would love nothing more than that but the truth is there is a political battle that has waged for several decades. The concept of nature conservation has gained increasing community support over those decades. You are now asking for political decisions for the new State Government to take some decisions to give your industry access to more resource. Is it not inevitable that these decisions will always be political?

Mr HEAD: You are absolutely correct. They are political and they are rightfully in the political arena. Society has every right to close it down. You can either leave it as it is and you will get a chaotic unfolding of the industry and a great deal of hurt on a randomised basis going through, you can intervene and have an official organised close down, or you can rethink and ask do we have to go down this route? I think we are getting bad environmental outcomes. We are going to get bad social outcomes and we are going to turn round and our legacy is going to be that with an entire continent—I am speaking beyond New South Wales although I realise the constraints of this Committee. It is happening across Australia. We are about to be without a hardwood industry. We are walking away from our renewable resource to replace it with either imports or non-renewable products.

I was involved in the first green ban at Kelly's Bush with Jack Mundey and Rodney Cavalier so with my green credentials are that I am saying this is crazy. We need to pull our head out of the scrum, have a look around and say where are we trying to go? I am all for environmental issues but we are not getting them at the moment. You are bashing out the timber industry—not you, the process is. It is political, it is very hard and we are losing the rational debate here and society will end up with a consequence. As long as they understand the consequence and say they want to go down there, fantastic, we do it.

CHAIR: Thank you. One final question: Whereabouts did you go to primary school? You mentioned Rodney Cavalier.

Mr HEAD: Hunters Hill.

CHAIR: I went to Putney, as did Rodney Cavalier. Thank you very much for giving us your time. I notice a couple of members have some questions they would like to put on notice. Are you happy to receive those questions?

Mr HEAD: I am.

CHAIR: Could you give us answers within 21 days of receiving the questions?

Mr HEAD: I will do my best.

CHAIR: Thank you very much for agreeing to see us.

(The witnesses withdrew)

BRONWYN BERNADETTE PETRIE, Local Landholder, sworn and examined:

CHAIR: Do you appear as an individual or representing an organisation?

Ms PETRIE: As an individual but I am involved with the NSW Farmers Association.

CHAIR: Before we begin, are you the Mrs Bronwyn Petrie that had a farming, logging and mining operation somewhere around Tenterfield?

Ms PETRIE: Yes, that is me.

CHAIR: We have met before then I think. Before we proceed to questions from the Committee would you like to make an opening statement?

Ms PETRIE: Certainly, thank you. I am originally from western Queensland and I moved to Tenterfield in 1985. My husband's family have been in Tenterfield since about 1858 or something like that. They first took up land there in 1860. Our son, who is 25, is sixth generation. So we have had a long-standing association through that family and many of the Tenterfield families are like that out in the properties. We have seen firsthand—and my father-in-law was 89 when he died five years ago—the changes that have happened very rapidly in the past 20 years.

From my perspective I am on the NSW Farmers executive council and a member of the Conservation Resource Management Committee and have been for a number of years. I was also the Farmers representative on the Great Eastern Ranges or the Alps to Atherton committee. I was on the Private Native Forestry Committee on behalf of Farmers negotiating a code of practice, et cetera. Prior to that I was Tenterfield Regional Vegetation Committee chairman. I was also the NSW Farmers representative on the regional forest agreement negotiation process which Ms Faehrmann was talking to Douglas Head about just before. So I have had involvement on that side of things as well as on our own farms.

We have got 25,000 acres at Tenterfield. We live just a couple of kilometres out of town but most of the land is to the east and south-east on the Timbarra Plateau and then south of there in the Rocky River or Timbarra River area. When I first came on the scene in 1983 the Washpool decision made the Washpool the original Washpool National Park. In 1995, 1998, 1999, 2000 and 2003 there were extensions to that. So we had some State forest to the west of us and we are now in a big U-shaped thing completely surrounded by public lands, most of which is now national park or hardwood State forest which is no longer able to be logged other than a handful of compartments. Some of those State forests are dedicated over our perpetual leases. Timbarra Plateau had a State forest around it; now most of that is national park as well.

We have a lot of birdwatchers come to our country and to Tenterfield and they go invariably to the farms. They do not want to go to the national parks because there is more birdlife on the managed farms than there is in the national parks sadly. I think it is sad because national parks are supposed to be there for a purpose. I think their first purpose is to look after what is inside them instead of spending most of their time looking over the fence at what everyone else is doing and saying, "That's nice but you can no longer be trusted with it, we must have it." We have got weed problems. That is a problem with the public lands. To a certain extent it happens with State forests as well as national parks because State forests in that area now spend all of their time over with the plantation estate and do not have the time, money or manpower to look after their hardwood estate in most of the Tenterfield area.

Since the massive expansion of national park estate since 1995 there was never a pig on our place ever for generations—and I am talking about generations—until about 2003. Now they are running past our hut on the river. They are the same in the Cataract. One of the people we know there—my husband was talking to him yesterday in Tenterfield—never had a pig on their family place. Now the place in the last two years is just riddled with them. There might be an opportunity for me to give you some names.

We are very proud of what we have done with our property. We have got a lot of timbered country which we use for grazing as well as we used to use it for timber harvesting. Minister Craig Knowles came and visited part of it. He said on the floor of Parliament how wonderful our management was and he praised that we were a model for farmers. Since the private native forestry code came in we have not cut a single tree down because the rules that have gone into that are so wrong. My point there is that the same thing happened with

State forest. The regulations that have been put in State forest as a result of the Regional Forestry Agreement [RFA] process are having a similar effect with them.

We have suffered a double income whammy from this massive increase in wild dog predation. We used to actually only ever aerial bait every second year. We now bait every year with the aerial baiting program. We shoot. We bait off horseback. We bait out of the car. We have traps because we have got packs of dogs up to 17 in a pack. The year before last we lost 82 calves and some of them were very big grown calves. Some of our neighbours have seen them eating the calves as they are coming out of the cows. Since the problem with the private native forestry code and we have gone from being this model of harvesting timber to never cutting any I now drive trucks in a coalmine in central Queensland. You just might have to excuse me because I have driven from there yesterday afternoon. I have come from central Queensland to here and I just got here half an hour ago because I think this is a very vital thing.

We have this massive loss of income through dog predation as well as our loss of access to the timber that we have looked after and managed for many generations and are proud to have done so. Unfortunately we apparently did it too well. Jeff Angel said to the other Farmers representative that I was collateral damage because we have so many threatened and endangered species. We have got just over 30 on one property. We have been proud to have that and show that we can actually have production and conservation hand in hand. That is what we should all be about. There is not a choice between the two; you can have both and we have proved that. Sometimes I am a bit sorry that we ever did, but we are fundamentally proud of what we have done and what we have achieved and what we would like to continue to be achieving if it was not for nonsense government regulations that have very perverse environmental outcomes.

What has happened with the national park estate, and unfortunately it has also happened with a lot of the State forests because of lack of manpower and lack of interest because they are not allowed to log there anymore, is they lost the mosaic pattern of burns. For instance on our estate we do patches, anything from a few acres up to 300 acres in a patch. They range from two years to 11 years in timing. It depends on conditions and what type of ecosystem it is. All that sort of thing comes into account. When a wildfire hits those areas—we have a lot of lightning strikes in Tenterfield; it is the lightning capital of Australia so Telecom tell us—it either goes out or it drops to an extent where it can then be controlled. We have lost that as far as fire goes, so we have seen massive fires. That never happened before.

We have also seen the kangaroos move out of the parks; they are not silly, they want to eat nice fresh grass. They have moved into private country and the dogs and pigs have followed them. It is not rocket science, it is just plain common sense. We have to get that back. Unfortunately there is a scientific aspect and National Parks have been told they cannot burn for up to 50-something years. Lightning does not read those books, so the fires happen. We had a big fire in the State forest estate in 1994. We thought that was a huge fire; it was 30,000 acres. But in 2004, after the changes and no fire and removing graziers from the area, there was a massive fire than went from Ballandean all the way to Grafton. That fire should never have gone as far as it did but there was a lot of mismanagement and a lot of pre-mismanagement because of the state of some of the country.

There are all sorts of issues. Our communities are suffering through loss of jobs and loss of businesses. Not only have the mills have shut down but the ancillary business services have shut down and therefore farmers have to go further. No rates are being paid so all the farmers have to pay more. Roads have been blocked in the national parks and when there is a fire you cannot get anywhere. They filled in dams but when there is a fire they take water from our dams. We have had wilderness declarations and there was a fair suspicion that they are mostly determined as wilderness so people cannot get in there to see the amount of weeds.

We were very involved in the Regional Forest Agreement and the Comprehensive Regional Assessment. The aerial photography work was flawed because it was tenure blind, so it went over private property as well. On one property of ours it showed we had 95 per cent old growth. We had that ground truthed by departmental people and the figure came back as 15 per cent. We also had a private inquiry done through the Federal Government on the Murwillumbah photo shoots, which gave a 17 per cent accuracy rating. That is how good the RFA, the Comprehensive Regional Assessment and the CAR reserve system are. It is window dressing and it is nonsense.

I think it went against the forestry Act, which clearly said that sufficient timber had to remain in New South Wales to meet contractual arrangements. Whether it was because forestry negotiators were too weak or National Parks was too strong or political decisions were made I do not know but from what we can see and

what other farmers are telling me, the little area that is now left to forestry has far too great an intensity of logging, the cycles are too short and you get perverse environmental outcomes.

I heard Mr Head talk about environmental outcomes. We had beautiful areas in the State forest system that were protected and were not allowed to be logged. It did not matter whether they were called a national park or not. What mattered was what happened in that country. It is not the name on the front gate; it is what is done with land management that is important. Part of that is multiple use. The more people who can go in, treading lightly of course, the more who can come back and report if something is wrong.

As I said, we have a problem with fires. State Forests cannot come when there are fires in their estate because they are too busy looking after plantation areas or other areas on the coast. Where they have to log intensively, if it is on a lease, if affects graziers who used to be able to continue grazing even if a logging episode took place. Now they cannot because everything is basically churned up. There is also an income loss to graziers through the royalty system.

Finally, our stock routes are vital to us. They are imperative to a lot of people in the area. The RFA system was so flawed when they dedicated some of the national parks they took a State forest, which is now the Demon Nature Reserve, and drew the outline on a topographic map. If you look at the shape of it you will see a tiny part juts out. Because they used a topographic map instead of a proper cadastral map they took and still have the travelling stock reserve, which is excised out of our portion which is across the road, so there is still this no man's land of whether it is still a stock reserve or part of a national park. The park is saying, "No, it is definitely ours", but it should never have been included. It was supposed to be State forest but because someone was too lazy to get a proper map we have this little bit of country. If this inquiry can do anything I would like it to get that piece of land taken out of the national park and put back where it should be so people can put their cattle on it when they have to walk them for miles without water. That gives you an idea of just how flawed that whole process was.

CHAIR: Thank you for coming all that way. I hope you did not drive the Haulpak down.

Ms PETRIE: No.

The Hon. SCOT MacDONALD: I thought the big fire that went through east of Tenterfield was in 2002 or 2003.

Ms PETRIE: Whatever it was.

The Hon. SCOT MacDONALD: Correct me if I am wrong. NSW Farmers reported at the time 1,300 Celsius temperature. It was one of the hottest fires ever reported. Do you have that recollection?

Ms PETRIE: We fought that fire in the valley for six or seven weeks, bouncing it back out of our country. It burnt into a lot of our country and my father-in-law's country. It was extremely hot at times. Earlier on it was actually going out at night because there were still frosts. The parkies would say to us, "How did you get the fire to go out?" We said it just burnt out during the night when it came onto clear country or country we had previously burnt. Part of the drama was they had put in a dozer line and then drove away and abandoned it. A fire is not going to come up to a six-metre wide dozer line and not jump it if you are not there or leave your burn back into it too late.

We said it was going to jump the river and the parkies said, "No, it won't", and they sent some men into the southern part of Washpool. We said, "Don't send those fellows in there; you're going to fry them." They said, "No, if it does jump the river it will take three days to burn through there." It took three-quarters of an hour to burn through there from Newsomes all the way to the Glen Innes-Grafton road and that is when it jumped the highway. That was that particular fire. It just did not listen to local knowledge. I travelled down to Glen Innes every second day to fire headquarters to explain what was happening on the ground and they would say, "No, it's not burning there." I would take photos and say, "It is burning there." They said, "No, we flew it this morning." I said, "You are flying it too early because it is too cold at night."

The Hon. SCOT MacDONALD: It would get going at about 10 o'clock in the morning.

Ms PETRIE: Absolutely. On the other hand, the poor fellows from the Rural Fire Service would come down at six o'clock in the morning ready to go and they were not allowed to fight the fire until the helicopter

had pinpointed it. By nine o'clock when they were allowed to get off their backsides and fight the fires, which had been this high, the fires were much higher. The whole thing was a mish-mash of mismanagement. The other thing that is important is that we had National Parks fellows dropped into the area without any of the local firefighters being told, and they walked up through the bush. Our guys were about to set a back-burn which would have killed those three or four men. Luckily one of the local landowners had driven past as our guys were about to light the back-burn and said, "No, some fellows were just dropped in by a chopper and walked up in there."

The Hon. SCOT MacDONALD: My recollection of that fire is that the recorded temperature was 1,300 degrees. What did that do to the landscape and biodiversity and the condition of the park? Do you know what it did to the waterways?

Ms PETRIE: There was no biodiversity; there was nothing left. They were crown fires. If you look through our country you will not see crown fires. We have trees that are eight feet wide. That is how long those trees have been there. If you go through all that country you will not see crown fire. There was a most incredible loss of wildlife. It was at this time of year. A lot of it should not have happened. We also saw a similar loss of wildlife only a little before that in Boonoo Boonoo National Park where they lit a hazard reduction burn after 46 consecutive frosts in August.

They did not light it in the afternoon like we all do and let it burn through the late afternoon so that it goes out naturally late at night. No, they have to go home by five o'clock so they light things at 10 in the morning. They turned to each other and said, "The landowner next door must be burning off too", and someone said, "No, you silly idiot, that is our fire spotting." There were trees 30 or more metres high that were blackened. We have the photographic evidence. The only wildlife in there later was a couple of crows and some blowflies. That was from a hazard reduction burn.

Funnily enough—it is not funny really—when that big fire hit that area it had nothing to burn through, so that stopped a little bit of it. There is nothing left. It is just dead. There is no noise. My husband said to National Parks a few years ago about Demon Nature Reserve, "You have to do some burning-off there." It had not been done since he did it in '92. They said, "Don't worry if it goes up." This is sheer escarpment. If it burns from the bottom it will go whoosh and burn straight through everything. They said, "Don't worry. Your land is so well managed we will just recolonise from that." That is not the point. You have to look after what is in there.

The Hon. SCOT MacDONALD: How long was it before the park got back to remotely resembling what it was like?

Ms PETRIE: It still is not.

The Hon. SCOT MacDONALD: Roughly 10 years later.

Ms PETRIE: It still is not. Nor is it on the private land where the fire swept across the river, over one man and his car and under one of the huts and straight up the escarpment into Washpool and the rainforest. There are still dead areas that were rainforest. That will not recover for hundreds of years. Neither has it recovered to the south where that fire swept through rainforest in three-quarters of an hour. That rainforest has now turned into eucalypts. That is what mismanagement does.

The Hon. CATE FAEHRMANN: I think I saw a presentation of yours about your farm. I agree you manage it productively and for conservation. They were impressive slides and you run a good property. Going back to the RFA negotiations, I want to get your sense of why the New South Wales Government committed the State to unsustainable logging in the first place.

Ms PETRIE: I am not sure about the unsustainable logging. I am sure the New South Wales Government committed the State to a far reduced State forest area as political payment. That is my understanding. It was very clear it was a political decision and the Aboriginal people. NSW Farmers and timber communities' representatives were exited from the process towards the end. It then became a negotiation between NSW Forest Products, the environment movement and the government department. They took the community people out of that process; they refused us entry.

That was a bit disgusting. I think it was purely for political purposes and at the time it was a short-term decision because the people in power thought they had enough timber to meet requirements for the next little bit

and they would not worry about the future because they would probably not be in politics then. It is an appalling state of affairs because I do not think that is any politician's job. You quite often hear that people are just there for the short term but they should be looking at the good of the State and the nation for generations to come.

There is a double loss to the environment. One is that there are now vast areas locked up and, as we say, managed by neglect. There are other areas being utilised and from what we are seeing they are over-utilised because of the regulations. You know, logging operations are never pretty, let's be honest, but within a very short time they come back, and you get all that suite of animals—koalas, et cetera—that then move into what become vibrant growing areas. You end up with the multi-aged forest. As I said, they were never pretty, but because they have been confined into such small areas, it is just so visually different to what it was 15 years ago, because instead of logging a bit here and here and here and here, now they are hammering one area here and all the rest of it is left to nothing.

The Hon. CATE FAEHRMANN: That increased mechanisation as well?

Ms PETRIE: No, not at all. I used to be involved with Timber Communities Australia as well. For six years I was New South Wales coordinator, so I saw a multitude of logging operations right across Australia. This was a very short-sighted political decision, and it was also because—as you would be well aware, the environment movement had a very strong sway over government at the time, which is all well and good, but it is not good for the environment. It has been a very perverse environmental outcome. I have had National Parks people even say to me, "We think we have done the wrong thing." They can see themselves that the intensity in small areas is so much greater. It used to be less intensity over a wider area.

The Hon. LUKE FOLEY: Ms Petrie, you spoke of the benefits of the travelling stock groups.

Ms PETRIE: Yes.

The Hon. LUKE FOLEY: Are you aware that the New South Wales Government has just announced that the Livestock Health and Pest Authority will be merged into the Catchment Management Authorities?

Ms PETRIE: No. I knew it was one of the proposals.

The Hon. LUKE FOLEY: What is your view of that?

The Hon. RICK COLLESS: She has not seen it yet.

Ms PETRIE: Well, from a previous presentation we did have at NSW Farmers some months ago and from being in the local area, I think it would depend very much on which catchment management authority you are involved with, and it also would depend on how that would be funded, and what will be done with those funds. The Rural Lands Board—LHPA, since it is now called the Livestock Health and Pest Authority—is already under pressure with reduced ratepayers, and a lot of that is due to a lot of public land now taking over where there used to be cattlemen and sheep graziers, but even some of our own stock routes are not being managed the way they used to for lack of funds, no weed control, not controlling a lot of the regrowth, et cetera. Yes, it will be a wait and see. I would hope that they have very key performance guidelines as to how they will be managed. As I said, it would very much depend which catchment authority you are involved with.

The Hon. LUKE FOLEY: The catchment management authorities have a hell of a lot on their plate. Is there the risk that there may be a downgrading of the management of the travelling stock routes with them going over to the catchment management authorities?

Ms PETRIE: Most certainly.

The Hon. LUKE FOLEY: Do you fear that?

Ms PETRIE: Most certainly. Let's face it, the catchment management authorities do not have a lot of work to do with vegetation permits, since most of the people are not allowed to do anything now with it, so maybe they have got a bit of free time to do it that way. Sorry, I am just being facetious. It is definitely a problem because when you think about it, they are outside all our properties and if they are not managed properly, you will have weed incursions and you will have disease, et cetera, and it is a fire risk. You might as

well have a gunpowder trail. As I said, we are already seeing a reduction in management in the past 10 years or so, and it will be interesting to see whether that management improves or whether it gets even worse.

The Hon. LUKE FOLEY: Our Committee will be making a series of recommendations to Mr O'Farrell's Government about the management of public lands in New South Wales. What would you like us to recommend about the future management of the travelling stock routes in this State?

Ms PETRIE: Well, there are a couple of issues. One is that in some areas it is seen that some people—they are supposed to be there to allow stock to travel from point A to point B or in times of drought, et cetera, to allow people to put them in what we call the long paddock. In some areas, those stock routes were being constantly grazed because certain people constantly had permits and so when there was a drought, there was no feed. So that should be better managed. Because they are stock routes, they need to maintain the vegetation on them. In some places, the trees are just growing up like hairs on a cat's back. Also, that they control weeds. Weeds are very important, because if you allow weeds to proliferate, as cattle move through them or sheep move through them, they will spread those weeds further and further. Also, on the stock route side, that they maintain the boundary fence clearing so that farm infrastructure remains intact.

The Hon. LUKE FOLEY: Thank you.

The Hon. Dr PETER PHELPS: Thank you for coming along, Ms Petrie. I want to get back to the issue of feral animals, pigs and dogs. We have had evidence before that there are some people who believe that national parks are not the problem, that the problem comes from neglected private properties which might adjoin the parks and that national parks get the blame for it when it is simply absentee property owners who have let their parks run wild with feral animals and invasive weeds. How can you be sure that the problem in your area originated from national parks and not poor management practices by your neighbours?

Ms PETRIE: There are no absentee landlords in our valley, so that is the first—not just our valley but I suppose what we would call, the Quigman, Demon and Timbarra, and the Timbarra River comes from south to north and then it loops around the Timbarra Plateau until it gets up and joins the Clarence. It is really called the Upper Clarence. Within that area, I think there is only one place that was split up into small blocks. That is the only country that did class as an absentee land owner. As I said, there is generational history there. So, from 1860 onwards, for instance, there were never pigs on any of those properties in the river, in the valley—

The Hon. Dr PETER PHELPS: Until it became a national park?

Ms PETRIE: Until a few years after it became a national park and the graziers were removed from the area that is now national park.

The Hon. Dr PETER PHELPS: That area was previously State forest?

Ms PETRIE: Partly State forest, partly freehold and partly lease. What happened was where the State forest moved to national park, some large land owners there felt pressured to sell their perpetual leases and freehold to national parks while they could still get a decent dollar for it before it ran down and became worthless because of the change of management next door. That is what they did. That took a very large area of land to the west of—on the eastern side, Washpool still remains; that has not changed. We were always getting dogs out at Washpool. We run along Washpool for a whole heap of the valley.

In all that time, we would only ever bait once every two years. We liked having a few dogs about, because they keep the roos under control, plus they are part of the natural environment. Whilst we had the odd stock loss—bites on a calf, whatever it happened to be—there was not enough stock loss to be baiting every year for us in that area. On the western side and to the south of us, those areas increased dramatically and then to the north-east of us, more and more of those State forests became national parks, through the mid 1995 to early 2000, the change in the fire regime, the fact that the graziers were not in the country any more, shooting dogs or baiting—

The Hon. Dr PETER PHELPS: Essentially uncontrolled undergrowth regrowth has basically provided a great environment for dogs and pigs?

Ms PETRIE: Well, no. The roos moved out and so the dogs followed them. So we ended up with a heap more roos, and a heap more dogs and a heap more pigs. As well, there are grassy swamps through there

that the pigs love up in the high country, and then as that was not being burnt and made palatable for them, they started moving down on the river flats. You cannot look at something and say, "This is so wonderful we have got to protect it", and have it in the reserve system and then instead of sitting down with the land owner and saying, "What has your family done with this for generations? What is your land management so we can keep it the same", it is, "Now we are going to change it to this." It does not work that way.

It is like the Hastings River mice. It is an iconic species. We had the highest known population of it, so now we have all these things saying, "In this area you cannot graze, you cannot burn, you cannot whatever", and they were found on open tracks where we had been logging, burning, grazing and had heaps of mining protesters there. The mice loved company. Instead of rewriting the book, some scientists decided, no, they would inflict their opinion on to the environment to the degradation of the environment.

CHAIR: Unfortunately, we are out of time. You have come such a long way. Your evidence has been valuable because of your background, because of your knowledge of what has happened over a number of years. Thank you very much. I am sure some of the Committee members would have questions they would like to put to you. Because of your work, are you able to answer questions on notice?

Ms PETRIE: Yes. I have lost my computer in the last week, but it will be back up and running. I will be happy to.

CHAIR: We would need the answers back in about three weeks, 21 days.

Ms PETRIE: That would be fine. I am actually off work at the moment from a shoulder op.

CHAIR: Thank you very much for coming to see us.

Ms PETRIE: Thank you for having me.

(The witness withdrew)

DANIEL WILLIAM CLISSOLD, Pilliga Natural Timbers, sworn and examined:

CHAIR: Mr Clissold, we do not have a submission from you yet.

Mr CLISSOLD: Sorry, I have come from a very humble background. I do not have a doctor or any MDs or flash letters after my name; I barely completed high school. But I have a great passion, love and understanding of the forest, so that has got to be a fair start, I believe.

CHAIR: You have brought a document along that you wish to table?

Mr CLISSOLD: Yes. I do not know how it all works, but you are going to soon tell me.

CHAIR: Give it to the man here and he will distribute it.

Mr CLISSOLD: One for each, please.

CHAIR: Before we proceed with questions from the Committee, would you like to make an opening statement?

Mr CLISSOLD: Yes, I would, please. Bear with me. I have learnt more in the last fortnight about computers and different things. I have done a lot of research. It is amazing. Right to go?

CHAIR: Yes, proceed.

Mr CLISSOLD: I have held a relationship with our State forest for as long as I can remember. My earliest memories are in the Putty State Forest north-west of Sydney, keeping the camp fire tended to or carrying about my father's axe and wedges. I was around the age of six years old. The mid 1980s brought lock-up to most of our Putty Forest, our livelihood, our lifestyle and the region.

Thirty-two years on, I am director of my company called Pilliga Natural Timbers. We employ 17 staff; we are the second biggest employer of the west area of the Pilliga area. We hold licences to harvest ironbark in the Pilliga region. Nothing is wasted. We utilise every part of the tree that is harvested, leaving head and branches and leaf structure to feed our future trees. In our sawmill, our by-products—scantlings—are not shipped but docked to length. We sell them to National Parks and Wildlife, State Parks and the general public as fire from a sustainable resource.

An important issue that we are faced with in the Pilliga is the health of our forests. The forests support our wildlife, flora and fauna, a natural renewable resource, and non-renewable resource, recreation and Indigenous heritage. I am very in touch with my forests. I spend two to three nights a week living under its canopy, which I do not think anybody else probably does in this day and era, but I do.

The compartment that our bush camp is built in was built over five years ago when we started to harvest it, which took approximately one year. There was no grass structure. It was overgrown with lock-up pine and bull oak. The overall aspect of the forest was choked thick and wildlife was seldom seen, though we used to have a currawong come in quite often. Through the use of mechanical harvesting and walkover techniques, then followed by Forests NSW thinning program, it has bounced back and has a now healthy outlook which is evident. Natural grasses are now thick where they were once barren. I have a colony of Pilliga mice that raid my Weetbix quite often around the campfire at night. I can also see them quite often dashing across the backlit areas tackling a moth and scampering off with it. I tell you there is nowhere else to be in the world. I love my forest.

Most of us know that the forest was once open woodland but since European settlement it has been changed. There have been various factors that have brought it to where it is to today. One thing that I am certain about is the forest needs active management. When moratorium was put in place, which I think was around 2002 or 2003, in the areas that were being harvested they had been closer to sawmills for quite some time and forestry was constrained to stay in these areas until things had been assessed. Forestry's obligations were still at that point up to 72,000 cubic metres and supplying 14 sawmills. This lead to areas that were too frequently logged. When the decision came through there were no surprises when we heard that most or all of our compartments that held our next areas of resource ready for harvest had been land grabbed and locked up

The Hon. Dr PETER PHELPS: Is that the West Pilliga areas?

Mr CLISSOLD: Mainly the West Pilliga, yes, that is right. There were other areas as well but, yes, very much so. They were basically some of the healthiest areas that we managed to keep on top of through thinning programs, et cetera. The lock up left us with a lot of forest that holds small log diameter. This is proving to be detrimental to my forest and devastating to my company. Next time you are in Baradine take a walk down the forestry depot on one side of the fence and the national parks depot on the other. There are V8 Land Cruisers and every resource at the fingertips of the parks employees, while the forest depot is a much more humble, realistic use of government money. This is only observations of my own.

I believe there are approximately 58 National Parks staff in the Pilliga region and they only manage a portion of forest compared to Forests NSW which had 36 employees when they held the total area. Keeping in mind other than some roadworks, noxious weeds and animal control there is definitely no evidence of practising forest management systems. Forests NSW in my belief—and this my own personal belief—are using best practices with a new tool that we do hold of the Integrated Forestry Operations Approval [IFOA], which I have here.

It was developed by management at forestry and environment in 2010 and it has rules and prescriptions in place to protect flora and fauna and good silviculture practices which means a healthier forest as long as we are allowed to control our regrowth by thinning, et cetera, while a compartment is being harvested. There is no cost to the State. It can help generate employment and revenue and all from a sustainable and managed natural resource. My company pays me $22.50 an hour. That is what I get. Simple as that. A friend of mine just the other day has taken up a job in Boggabri coalmine, which is Leard State Forest. There are some photos there somewhere.

The Hon. LUKE FOLEY: It was Leard State Forest.

Mr CLISSOLD: That is correct. This friend of mine has just secured a job there for $160,000 to $170,000 a year. I have got a six-year-old boy and an eight-year-old girl. I am away two or three night of the week because I travel 220 kilometres to bring timber back to my sawmill. Earlier Mr Head was talking 50 kilometres. I am four to five times that distance and trying to make a living out of it. I am away from my family because I believe what I am doing is right. It is as simple as that. I know the forests. I have been in the forests for 30-odd years. I know what they are like and they do vary so much from forest to forest. You could not buy me with a million dollars a year in a coalmine. Simple as that.

The photos in that book of Leard, there is one area it shows that has been totally cleared. That is ready for the next coalmine to go in from what I understand. The gentleman that I took the licence over from, when I went and saw him before he had his stroke and unfortunately went by the wayside he was in there harvesting ironbark strainers. He had been cutting all his life and that was his second time round. We are a low rainfall area in the Pilliga, sure, but it still grows in our lifetime. Nothing is going to grow there now. I jumped the security fence and bolted up the side of that Leard State Forest mine the other day to try to take some photographs. It did not go as well as I thought.

But to cut a long story short, where there is a ruddy great pile of rubble and snot now that is the only place that I have seen a brush-tailed phascogale and also I am not quite sure if it was a mallee fowl or a brush turkey but they were in that area right where that is. I was there in 1994 or 1995 harvesting regrowth cypress pine for the vineyard industries. Now they are using treated pine. Now they are pulling out treated pine because of the chemicals going into our grapes. It is just bloody madness. Anyway, where I had seen the two endangered species quite visibly and quite active there is a bloody great hole there now. How does this work? How?

That is about it I think. I would like to explain a few photos that I have there if I could just briefly. I tried to keep this short so you could ask me questions. The first one is probably a bit comical because I am standing up a tree on a set of boards. All these photos were taken last Sunday. I was unaware that I was going to get the opportunity to be here but I am most grateful. The idea of that was I am an avid woodchopper. I am travelling to New Zealand next month, which I am looking forward to. I was working my way up that dead cypress to take some photos on top of what used to be a canopy but my wife's camera went flat at that point. You can see those two photos there. That was what happened in 1983 in Brandons Road. There is no regrowth. There is no nothing. There is scrub. There is not a tree left. And that is not a bad area. I could have shown some bad areas where bushfire had been through. This was while State Forests were at the reins.

The Hon. Dr PETER PHELPS: Is that because of cypress intolerance to fire?

Mr CLISSOLD: It is totally intolerant. It becomes that thick when it is unmanaged. Either way there is nothing left. There are areas that I could have showed you but people would have accused me that they were broom brush flats but they were not. They were more areas down where the community conservation area or national park was, whatever you want to call it, and things have been cooked to a crisp. There are not strands of dead sticks standing up. There is nothing left.

On the next page I have just got written, "Gas exploration". I am not here to badger other industries at all but I am here to promote my industry, which I believe is the best and the only sustainable option we have. Actually I had a look on The Greens website. For a person who cannot use a computer I have learnt a lot in the last fortnight. They have got a very similar photo with Cate Faehrmann standing at a gas site. It is actually coincidental. I know the forest quite well, especially the eastern Pilliga. These two photos here are taken beside the point where Cate stood. It just kills everything in its path, the water that comes out. They probably fixed all the problems. Whatever. You will not find anywhere that I have done anything like that to my forest.

The next one has got National Parks wildlife strategy, the lock the gate method I call it. Call it what you want but it is the case. Different forests are different. There may be forests on the coast that need to be treated differently. The Pilliga needs to be thinned. You can go to the wildlife Habitat Advocate, which I am presuming is more of a green movement than a timber harvesting movement, and it tells you there how the forest evolved from European settlement to now. The problem is now that this is not getting thinned. Nothing is happening to it at all. We are going to end up with a sick forest.

We can protect all the warbler birds that we have out there. We have our rufous bettong or our rat-kangaroo if you want to call it that. We have our Pilliga mouse. We have all these things but they are no good without a forest. They need the forest to live. But the way these forests are choked up—they have been choked up a lot in the forestry's time too obviously before it became a community conservation area. However, the areas that were grabbed into community conservation were areas that they have managed and been able to manage and they are a lot better. They are a lot healthier. They are a lot cleaner.

So there are just a couple of brief photos there of quite often what I am looking at when I am harvesting timber every day. It is just a wall of regrowth. We have got Leard forest there. Obviously I have already briefed that so I will not repeat that. We have got two more examples here with my hat. I had to take the photo quickly, the top of my bald head cannot handle the sun. The next photo was taken in the current compartment that I am logging. By using a walkover technique roughly over 30 metres, reaching out in a herringbone pattern with mechanical machines we can limit this regrowth for free, plus get a revenue from the timber that I am harvesting. It is just not rocket science. I have got my Bible sitting here beside me for the forestry. It protects our animals, wildlife, flora and fauna.

The next page we have got from the IFOA management implementation. This is something that my wife and I finished at one o'clock this morning trying to put this together. I had no help or assistance. I have just done what I think is right in my heart. Here it shows some forest that has been logged and gone through and brush cut thin by Forests NSW. It is just a bundle of health. That is where the animals are. That is where everything is. There is nothing in where I am harvesting at the moment. It is lifeless. It is not until after I harvest that these animals actually do move in. You can clearly see it. There is no hiding it. Come out and spend a night with me out in the forest. It is a bloody great place to be.

There is one more last thing I wanted to show you. If you have a look somewhere on the back of your page there will be The Habitat Advocate. I just coincidentally came across this on the internet with my wife helping me. It has got, "Pilliga Forests under ongoing attack". There is a nice picture of the sun setting with some trees there. That picture was taken on the Dog Fence Road. Do you know how I know that? Because I know my forest. It was taken in 2010. The person who takes the picture says it. It says, "The early morning sun illuminates fresh forest grasses beneath a stand of young native White Cypress Pine".

If I was part of the Habitat Advocate and had no freaking idea and lived in the city I would be absolutely horrified if someone was cutting trees down in my forest. The truth be known, that very picture there coincidentally—I could not believe it when I saw it—is an area that I integrated harvested for ironbark and cypress pine and the forestry have come through and brush cut it. Have a look at the photo carefully and you can see the bull oak and the pine lying on the ground in that very photograph. So here they are admitting a picture of

what it really looks like after I have changed the forest to what it should be. It just amazes me. It is a false pretence or false whatever the big word I should be using. It frustrates the bejesus out of me.

Last one, "At home with the Pilliga mouse". That is my residence there. It is pretty humble but it is a great place to be. We spent about six months not camping out there while the wet weather was on recently because we have got rules through our IFOA that do not let us enter the forest for the benefit of the forest. In that time the Pilliga mouse decided to come and have a bit of a game with us. He made a nest in one of our camp beds and chewed a hole through it. I know what it is like to live with these animals. There is a couple of photos here of recruitment habitat trees. We are doing the right thing by the forest. I really do genuinely believe that. If I did not I would change my occupation. I am not money driven. I am passionate about it.

There is a photo here of me standing beside what looks like four trees growing together. I chopped that tree down, cut it down, slaughtered it, whatever you want to call it, five years ago. Now look at it. It had two extra epicormic shoots on it. I broke them off two years ago because I am a lover of the forest. I broke them off, leaving four main spindles. I then stripped the limbs away from it and look at it now. It has grown to six metres in height in under five years off a tree that I harvested in the middle of one of my log landings. My wife's car is parked there and there is a pile of bark just to the left of that regrowth tree in the corner. How good is this timber? Let me see the gas sites do this. Let me see the coalmines do this. I am not here to badger them but what we do is not harsh on the environment, especially compared to other industries. Thank you.

CHAIR: Thank you very much for doing all that work.

The Hon. CATE FAEHRMANN: Thank you for appearing and for all the effort that you put into these photographs to present to us. It is very much appreciated and very useful. I am just wondering whether you were part of the negotiations when—you are shaking your head. You had no involvement during the period when the timber operators and others were consulted about—

Mr CLISSOLD: No, sorry, I was not. I have been in the forest all my life. My father held a timber licence in Putty which he got removed out of. Then Trinky State Forest, which is south of Gunnedah, which is now a community conservation area, he got moved out of there. He held the licence and then he moved to Queensland, bought a property up there with large amounts of natural resource. So he went his way, I went mine. I then was unable to personally hold a licence in the State forest. At the time there was a moratorium. However, a chap Ian Mackay was critically ill, he had had a stroke, and I was legally able to take over his licence at the time. That is how I managed to become involved and still hold a current licence with it. At the time there were 13 ironbark licences. I am the last one left. So I came in at the end of this as far as the rules, the changes, the reviews.

The Hon. CATE FAEHRMANN: You are the last one left. We know that in some community conservation areas, national parks and State forests there are areas for harvesting. Are you telling the Committee today that there is not enough area allocated to State forests for you to make a decent living out of it?

Mr CLISSOLD: No, you are saying that, Cate.

The Hon. CATE FAEHRMANN: No, that is what I am asking.

Mr CLISSOLD: Sorry. The Pilliga forest is growing at a rapid rate where it can, where it is not congested and choked up. It is evident and you can see that quite clearly. I am not up to date with technical terms but I know it is growing at around 0.25 to the hectare and ironbark is outgrowing it hands down, possibly 0.4 to the hectare. There are about 200,000 hectares that we are allowed to harvest. Let us be realistic and say I have got only 70,000 that are prominent ironbark areas. That is around 30,000 cubic metres a year of regrowth quite comfortably. It is growing faster than I am allowed to harvest. I am allowed to harvest no more than 2,050 cubic metres per year of sawlog, and there are residues from that. We are unable to fall a tree for any other reason unless it holds a sawlog component. We bring everything in and use the rest as residue or whatever to maximise the use of the forest and our dollars.

There is plenty of resource out there but in earlier days the forest changed. The sleeper cutters and everybody else went through and picked out the dominant class one trees of the one species, *Eucalpytus crebra*. I am not talking from a cypress pine perspective, I am a eucalypt person. Doing that is the same as going to a farm and shooting all the stud bulls. Our forest now has beautiful regrowth stands of virile trees coming through. However, there are old rogue trees that are stunted and that will give young regrowth a poor chance to come

through. They are not overly suited to habitat because they are quite often short-stunted and twisted and bent although they hold quite a reasonable crown. They are poor quality and we are not going to breed a future forest of any quality.

We are in a situation where realistically we have rules about what we are allowed to harvest and what we are not allowed to harvest. We should be allowed to harvest some of these other trees. I do not care to a certain extent if you fall them and leave them on the ground for habitat or whatever. It would make a lot more sense to use them as a natural resource. However, leaving these trees there over the years is not helping the health of our forests. Does that make sense?

The Hon. CATE FAEHRMANN: Yes, it does.

Mr CLISSOLD: That is the honest state of the forest. At the moment we are not allowed to fall trees for firewood and Forestry are not going to let us fall trees for any other reason than sawlogs. There are trees in the forest that need to be removed and that will not affect anything other than the health of the forest. It will help the quality of our forests, regardless of whether we are going to sawmill them or not. It is for the future of our forests. That is what we are here for—our forests; not my back pocket, not my sawmill. I can change occupations but I love this one.

We are struggling terribly with log size with the ironbark I am harvesting. Some of the trees that we are legally allowed to remove sadden me because it is like taking out a lot of teenagers in the field. We should be leaving those. We should be looking at our next line of cut. Unfortunately a lot of that timber was locked up in western Pilliga. It is simple as that. It looked the best. It had the strongest stands. Whether it was a political decision to crush the timber industry I cannot say, but it will. That is what is going to happen, unfortunately. A portion of the forest that was going to be healthy will be choked over the years and a portion is sick already. I do not see any method there.

We need to get to the west Pilliga and give a lot of areas a break. There is plenty of timber and it is growing faster than I cut legally cut it per year, even if I cut five years in one year, if that makes sense. There is no problem, but let us rest it. If you have cell grazing paddocks of 1,000 acres and you have 20 cattle rotating through the cells and you leave 18 head of cattle but take half the property away you will be going round in circles so much quicker. You are harvesting timber that has not fully reached its potential. We need to revisit those areas to give other areas a spell. The forest will benefit from it.

The Hon. RICK COLLESS: What do you do with the *Eucalyptus crebra* sawlog product once you get it into your mill? What is your market?

Mr CLISSOLD: We are only a very small sawmill. At the moment what we harvest is probably not to the full potential of 2,050 cubic metres. The log size and volume restrict us terribly. Mr Head talked about there being a flat market and timber not being popular. I could comfortably sell every last piece of Pilliga ironbark into products. It is unique. It grows in a lower rainfall environment and it is a beautiful timber. It is magnificent; it is the best timber in Australia as far as I am concerned.

The Hon. RICK COLLESS: Where do you sell the majority of it?

Mr CLISSOLD: We only produce a small volume. My sawmill cuts approximately 4,000 cubic metres a year and out of that we probably mill 600 cubic metres of Pilliga ironbark. I am struggling at times. I am bringing timber from as far away as Bulahdelah to Port Macquarie and back to my sawmill to keep my doors open. We got some funding assistance to get the mill started. We were promised a lot; we were promised quality large size stands of timber. It never came through. We were told that legislation would be changed. I was told by Forestry at the time about west Pilliga, which we know has sound stands of this diameter of timber to work with.

I have had to scavenge and salvage and buy from Boral as on-sell and different things to keep my doors open because I have been pushed into having to borrow money to build this mill. I was given some funding to get the ball rolling. Now I am in a really shitty situation because I do not want to slaughter the forest. We need to access other areas. Getting to the point of what we are cutting, we are held back from what I would like to cut. I would like to cut a lot of different things. We cut everything from first-grade window timbers that meet BAL [Bushfire Attack Level] standards for western ironbark. We cut everything right down to a tomato stake. We do not waste anything in our sawmill.

The fencing industry is probably our greatest customer. I supply most of the horse studs in the Hunter Valley. The beautiful thing about a Pilliga post is that I can say to my customer I will guarantee the product for my lifetime because it will last my lifetime. It will also grow back in my lifetime. There are so many more different things we could do with it but the log diameter I have access to at the moment is not giving my sawmill or the product the best chance to be value-added.

The Hon. RICK COLLESS: What is the total area of the compartments you have access to?

Mr CLISSOLD: I could not honestly answer that. I just take it two or three compartments at a time. We do not cover huge amounts of country. We do not cut huge volumes of timber. They would cut 2,050 cubic metres in a heartbeat on the coast. We harvest that in no time at all. The compartment at the moment is around 700 acres. That is about as much as I can tell you.

The Hon. RICK COLLESS: What extra area do you need to have an increase in log size rather than a decrease?

Mr CLISSOLD: It is not about being greedy and wanting more area; it is about trying to look after my forest. It is about going to areas that Forestry had set to one side for the next lot of harvest and going through and harvesting. It is as simple as that. Instead we are left with area we have already harvested. We do not want to go and shoot our grandchildren. We have to go forward in the way it was designed. We have to go forward to where it was decided to lock it up. In the community conservation area there are zones 1, 2, 3 and 4. It is an absolute circus that I am not in zone 3. There are other people who are in zone 3 and should be in zone 4.

I am heartbroken by it. We are there to benefit the forest. We are not there to hurt it. The western areas hold sound resources that would do for my operation, which is only small. Insultimbers, I believe, used to take something like 16,000 cubic metres or tonnes to put through their mill. We are allowed 2,050 and I am content with 2,050. We have to make a lot better use of the sub-dominant quality trees in the forest, whether for firewood or however else we use it.

The Hon. Dr PETER PHELPS: Would it be fair to say that a preferred outcome for you would be to have access to more compartments so you can log less per compartment but take higher quality wood from the compartments?

Mr CLISSOLD: That is called forestry. That is the whole idea. Am I missing something? Part of the reason I grew away from private property in the west, which I was harvesting at one stage, was the simple fact that some landholders genuinely do the right thing, like the lady who gave evidence earlier. There are a lot of us. I have agricultural interests—not 25,000 acres but a few thousand acres. Some on the Liverpool Plains is being threatened by other industries at the moment, which is also incredibly interesting. The point you make about forest area is what we are trying to achieve. We need to go forward and go into the areas that are ready for harvest. That is why they were grabbed, perhaps to stop us from being sustainable, which is what we are all about. We are there for the forest. The forest is our god as such. Without it I do not have a business. We do not have anything.

The Hon. Dr PETER PHELPS: Effectively the reservation means that to meet quota it has to be logged unsustainably, but more importantly it is logged uneconomically because the quality of the timber you are getting out of it is far less than what you could have if the compartments were unreserved and part of the regular rotation through New South Wales forests.

Mr CLISSOLD: Hands down. It is that important. I have 17 staff, one main mill which is only a small mill, and another small mill which handles our residues. We have vertically integrated our contract fencing. I have staff employed on contract fencing using our timber. We have agricultural interests as well. I could easily put an employee in the machine but I personally harvest the timber. That is how passionate I am about what I do. Forestry go through and they mark each tree individually that I am to harvest. To start with we had arguments about some of those trees because I was leaving them. I could see they had good strong potential to grow into something. Forestry were doing the right thing; they were living by their bible but that tree had a lot more virile use than if I had harvested it at that point. It would have had huge sap content and given me a poor outcome as a product. I spend my time in the field doing these things.

The Hon. Dr PETER PHELPS: We have heard from other harvesters of cypress and blackbutt that the problem with the smaller logs is not merely that they are less economically productive when milled but they

also produce percentage-wise a higher degree of waste. In other words, you lose far more waste by milling smaller logs than you do by milling the larger ones.

Mr CLISSOLD: Hands down.

The Hon. Dr PETER PHELPS: Can you quantify that?

Mr CLISSOLD: It is quite easy. At the moment I am getting log delivered by Forests NSW from on-sell that I bought from another sawmill. They are grey ironbark logs approximately up to 60 girth, so they are around the size of a 44-gallon drum. We cut bigger piece section timber from that. At the moment we are cutting some timber for Hill End National Parks and Wildlife, a customer of mine. We are also cutting some big beam timbers for the snowfields. We cannot do that with the Pilliga timber but out of the bigger timber we can get close to or better than 50 per cent with the way we mill. We have only a small mill and we do not run twin edges.

We run probably older technology, however we get a lot better recovery out of our log. I get around 25 per cent from the Pilliga timber. It is just heartache. If the timber jumped up by 75mm, which is still comfortably inside our IFOA, our percentages would go up hands down. If frustrates the billyo out of me. That is why we did not put a chipper in our sawmill. I sell it as firewood. It is a far better way of value-adding to a product than wasting it.

The Hon. PETER PRIMROSE: I was looking at the photos you have provided relating to gas exploration.

Mr CLISSOLD: I am not here to badger other industries.

The Hon. PETER PRIMROSE: You handed in the photos so I would like to ask you a question about them. One of the issues we are confronting is the alternate uses of land. There is competition about land use and how it is qualified. Do you think there is a legitimate place for mining and drilling in forests?

Mr CLISSOLD: When you look at the fact that we are fighting to have a timber industry to start with, no, there is no possible way in bloody hell you can have an industry if you cannot have timber. We are here to benefit the forest. How is that benefitting the forest, whether it is harming it or not? It does not. I can take you to 20 different sites like those in the photos. I have bitten my lip for a long time about seeing these things. This happened years ago from what I understand. Water must have been pumped out of these to start with until things were corrected. It kills everything in sight other than Tiger Pear. You do not see tiger hair anywhere else in the Pilliga but somehow it turns up on these areas that are dead.

Coalmining as such, is a hard one. I am a very humble person. I do not know much about politics and big stuff, but obviously it is a huge injection into our economy, so we must have to have it—a dirty fuel compared to my timber. My timber replenishes itself in my lifetime, coal does not. I am a little bit torn, the fact that we have got a coalmine right in the middle of Laird Forest where I used to harvest timber; I used to eat, sleep, view animals that I had not seen for a long time, which now is a great bloody hole. However, somewhere has to be compromised between that and the Liverpool Plains. I own country in the Liverpool Plains, right at the head waters. I have grown up there. I have spent my life hunting, fishing in the mountains; I am very passionate about it.

I am one of few people who still are privately professionally paid to aerial cull from helicopters. The lady before me, I know what it is like. I know where the pigs are coming from. I view them from the air. I have shot 4,500 pigs so far this year. I know I am getting away from the point. The Liverpool Plains, to have that touched is absolute sacrilege. There are water aquifers. Even I can see that myself. I am a contract fencer. I know of areas where it is so close to the surface. You know, that is where I am torn, the fact that if we have to have them, do we have to put them on prime land that is going to sustain and feed our people, or do we have to put it in a forest and attack and hurt and kill my forest, plus everything that lives inside it? I struggle there; I really do. I do not really want to give an answer to that.

The Hon. SCOT MacDONALD: Thank you for putting it all together so quickly. I think you said in your opening statement the forests need active management. When we were in Pilliga, I asked a similar question and I was rubbished, "Of course there is active management." You are implying that a lot more active management is needed?

Mr CLISSOLD: My word there is. You can clearly see—I wish—I do not know who took you on this tour. I hope they were—

The Hon. SCOT MacDONALD: Parks and Forests.

Mr CLISSOLD: I hope they used some commonsense to show, regardless of political interests, what side of the fence, if it is national park or forestry, and show where the healthy forests are, how they became healthy and where the unhealthy forests are and what needs to be done. Okay, I hope they did do that. Now, brushcutting is not a favoured sport for a lot of employees I see out there. However, it is by far the best thing we can do for that forest.

The Hon. SCOT MacDONALD: Thinning.

Mr CLISSOLD: Hands down. It is commonsense. You have a humble vegetable patch inside our table system here. If you let it become overgrown with weeds, how can you produce anything? You cannot produce anything, whether it is our future forest for our habitat or whether it is future forest for our habitat or my business.

The Hon. SCOT MacDONALD: We had a Parks officer there who queried that, his words were something like, "I am not convinced in my mind"—

The Hon. Dr PETER PHELPS: The jury is still out, about lockouts.

The Hon. SCOT MacDONALD: About thinning, in particular, I think it was, ecological thinning, and he did not think the density was a problem. Have you got a view on that?

Mr CLISSOLD: I cannot believe it. I cannot fathom it. It is commonsense. Why do agricultural people plant their sorghum rows at 18 inch increments? Why? Why, when rain becomes more marginal they do skip row ploughing? I am a cattle grazier more so than a cropper, but I know enough. Why do they do that? For sustainability, for growth. It is commonsense. If you plant them an inch apart, you are going to end up with a stunted, lifeless area.

The Hon. SCOT MacDONALD: Finally, what do you think the implications could be for the Pilliga if a serious attempt—

Mr CLISSOLD: It is sick and dying now, in areas.

The Hon. SCOT MacDONALD: Just death, not—

Mr CLISSOLD: It is always going to amount to something, but it is going to be a scene like running out of Charters Towers in North Queensland. You go along for kilometres to a low scrubby-looking forest with poor—it has atopic ironbark in it and they are bent and barely yielding three metres. That is what inevitably will have to happen because everything is competing. One good thing about eucalypt, if you have got all eucalypt they will show how tough each other—they will flex each other's muscles until someone dies and the other guy will go forward. Cyprus pine, they are great mates, they are. They all live together in harmony. They all grow to a point whereabouts they say, "Shit, we can't sustain this, we'll stop," and that is what they do. They stop and form lock-up. It is so clear. Look at the photos I am showing you. Go back and look at areas where I have harvested: it is not the case.

The Hon. SCOT MacDONALD: What grows in there fauna-wise?

Mr CLISSOLD: Unfortunately, nothing in that area. I am on the ground. I see it. To start with, some people say that we are damaging the environment. Cate shot a question across at Coonabarabran to Ted Hayman in regards to saying that you are not damaging the wildlife or habitat as such by logging. Unfortunately, the Newell Highway going through there is the biggest killer of the black-striped wallaby. It is not me, it is the highway. Do we get rid of the highway? No, we bloody don't; we can't.

CHAIR: Thank you for coming to see us, Daniel. You had quite a trip. It must have been a lot of work to put that together. Thank you to you and to your wife.

Mr CLISSOLD: Thank you all for having me here. I appreciate it very much.

CHAIR: We are short of time today. Some of the Committee members would like to send you questions on notice. Are you happy to answer them?

Mr CLISSOLD: Most definitely. There are a few other little things here that are not from me. I found them on the internet. One from the habitat advocate that goes on about the Pilliga and how it was formed and whatnot.

CHAIR: Would you like to table those as part of your submission?

Mr CLISSOLD: They are in there. Thank you.

CHAIR: Thank you very much for coming all that distance. I will now call this session of the hearing to a close. We will be reconvening tomorrow in Grafton. Thank you very much to everybody who has come along and given evidence.

(The witness withdrew.)

(The Committee adjourned at 2.35 p.m.)