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The Woodchip Licensing Issue
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Major Issues

Australia presently supplies Japan with approximately 30% of its hardwood woodchip imports, amounting to 4.65 million tonnes worth $387 million in 1993-94. A total of twelve Commonwealth export licences were granted to nine woodchip companies for 1995 to export 6.024 million tonnes of hardwood woodchips. Woodchip exports volumes permitted by licence have increased rather than decreased since the 1991 statement by Prime Minister Hawke that hardwood woodchip exports would be phased out by the year 2000.

In 1991-1992 there approximately 35,000 people employed in the logging, sawmilling and pulp and paper manufacturing sectors, with half of these employed in harvesting and processing wood from native forests. At the time, 613 people were employed in the woodchip plants.

The 1992 National Forest Policy Statement included the so-called moratorium clause under which forest management agencies should avoid activities that may significantly affect areas of old-growth forest or wilderness that are likely to have high conservation value. The Statement also stated that old-growth forests not required for the nature conservation reserve system can be logged. This was interpreted by conservationists to mean that a moratorium on logging of all old-growth forests and wilderness was necessary.

The Resource Assessment Commission found that there is no agreed definition about what constitutes an old-growth forest. There have yet to be criteria for assessment of old-growth forests agreed to by the Commonwealth and the States. This has meant that efforts to identify such forests for the purpose of protection have met with controversy. The Intergovernmental Working Group established to develop such criteria has failed to have several drafts accepted by two Ministerial Councils over the past years.

The controversy surrounding the issuing of these licences relates to the Resources Minister's rejection of most of the Environment Minister's advice to prevent the export of woodchips obtained from areas of old-growth forests and forested wilderness that may be of high conservation value as stated in the National Forest Policy Statement. The Minister for Resources decided that only 85 of the 1309 areas proposed by the Environment Minister should not be logged in 1995. He signed export licences which are legally binding and subject to possible compensation claims if revoked or changed.

Following public outcry in late December 1994 the Prime Minister announced the phasing down of export woodchip licences by 20% per year starting in 1996 as a means of encouraging the States to invite the Commonwealth to participate in comprehensive regional assessments and regional forest agreements.
In January 1995, the Minister for Resources was found by Justice Sackville to have erred in law in issuing an woodchip licence to Gunns Ltd in 1994 when he "did not turn his mind" to whether the proposal would have significant impact on the environment. Leaked advice from the Attorney-General’s Department suggests that Department of Primary Industries and Energy advice to the Resources Minister that an environmental assessment was unnecessary for eight of the 1995 export licences was wrong and therefore an "error in law" like the Gunn's case. The Commonwealth Government has decided to take the first steps to appeal the Gunn's decision.

The Prime Minister has more recently announced that 509 coupes have been identified by the Commonwealth as areas of high conservation values and will be protected until they can be assessed as a part of a national reserve system through the Regional Forest Agreement process. However since only 222 coupes are on the Register of the National Estate it is unclear how the Commonwealth will be able to ensure the other coupes are not logged since the Commonwealth ruled out the use of the corporations powers. The Government has invited the woodchip companies to give up their licences and apply for new ones, to be issued in conformance with the Federal Court decision. However, the time for a national reserve system protecting old-growth and wilderness values to be in place has been delayed from 1995 to 2000.

Removal of these coupes from woodchipping affects not only woodchip volumes, in spite of the fact that other coupes of lower conservation value may be able to logged in their place for 1995, but sawlog production as well. The Government has announced that it would be assessing the need for industry assistance and social and economic adjustment packages for regions adversely affected by the decision.

The Cabinet decided, on 2 February, to establish an assessment process, lasting eight weeks, to determine the conservation value of most of the coupes. Those coupes presently being logged, in areas where licences were issued prior to 1994 and not on the Register of the National Estate, will be assessed within a week to determine whether they are worthy of a full assessment. The Commonwealth appears to have shown some leadership in this issue after a disastrous two months. However there is no indication what criteria will be used to assess old-growth and wilderness values or whether the States will cooperate in the assessment process.
Introduction

The issue addressed in this paper is the proposed protection of old-growth forests and forested wilderness (likely to be) of high conservation value through the use of the Commonwealth’s export powers and the processes by which this was to have occurred. There are a number of other conservation and resource issues associated with the present debate over the export woodchip industry, such as plantations and logging in native forests. These other issues will be the subject of a future paper.

Background

The woodchips referred to in this paper are hardwood chips obtained primarily from species of eucalypts and primarily from native forests. Small but increasing quantities of softwood woodchips produced from pine plantations are also exported. Woodchips are used to make pulp and are produced from pulps and sawmill residues. The pulps may be taken from integrated harvesting of native forests (felling of trees for both sawlogs and for pulps), from thinning of regrowth forests and from eucalypt and pine plantations. These logs are sent to large woodchip plants which are adjacent to ports for export. Sawmill residues, i.e., the wood in sawlogs which is not able to be used to produce sawn timber, are processed at small chipping plants attached to the sawmills and the woodchips are then sent to the large chip mills for export.

The export hardwood woodchip industry started in 1970 with shipments of 777 000 green tonnes of woodchips in 1971-72 rising to 4.21 million tonnes in 1980-81 and to 5.079 million tonnes in 1990-91, with over 90% of these exports going to Japan. In 1993-94, 4.65 million tonnes were exported, worth $387 million or, on average, approximately $79/tonne.

At present Australia supplies about one third of Japan’s imports of hardwood pulpwood, a little more than 20% of the total hardwood pulpwood used by Japanese pulp mills. Since 1987, the Japanese have almost doubled their imports of hardwood pulpwood while their imports of Australian woodchip have declined slightly. This increase in imports has come principally from the USA and Chile as well as a number of small producer countries increasing from a small base. In 1987 Australia supplied Japan with 63% of its imported hardwood pulpwood while in 1993 this had dropped to 30.5%.

Hardwood woodchips are exported from Eden and Newcastle in NSW; Brisbane in Queensland; Bell Bay, Burnie and Triabunna in Tasmania; Geelong in Victoria; and Bunbury in Western Australia. Nine companies have Commonwealth Government licences to export hardwood woodchips in 1995. Figure 1 shows the general location of the native forests and plantations which supply these companies.
Figure 1: Woodchip Source Areas
The export hardwood woodchip industry has enabled the production of sawlogs from native forests which were previously uneconomic on the basis of sawlog-only logging operations and therefore has increased the overall supply of sawlogs to industry. Integrated logging operations have reduced the unit cost of harvesting sawlogs and the market for woodchips has enabled sawmillers to process lower grade sawlogs since the residues can be sold for export. The Resource Assessment Commission (RAC) in its 1992 Forest and Timber Inquiry stated that the sale of sawmill residues is a very important source of funds for those Australian hardwood sawmills that have access to the export market.

The number of persons employed in the forest industry is of some debate, with estimates of up to 80 000 having been made by sections of the industry. However, according to 1991-1992 ABS Manufacturing Establishments data and 1991 Census data (the latest available figures), employment in the logging, sawmilling and pulp and paper manufacturing sectors is approximately 35 000. Of this, 613 people were employed in woodchip plants though this may have expanded with new plants opening since then. Approximately half of the people working in the industry are employed in harvesting and processing wood from native forests, with the rest producing and utilising softwood from pine plantations.

The RAC Inquiry found that the production of export woodchips using integrated harvesting has a greater impact on the environment - in terms of soil compaction, impacts on biodiversity and ecological impacts of large scale clear-felling - than the selective logging of native forests for sawlogs. However, it also found that the long term impacts of clear-felling on the ecological values of the forests cannot be assessed. Since the cumulative effects of large-scale clear-felling remain unknown, the approach to wood production needs to be precautionary with monitoring being essential so that detrimental changes can be identified and management practices modified.

According to the RAC Forest and Timber Inquiry there is no agreed definition about what constitutes an old-growth forest. There were a number of definitions submitted to the Inquiry as shown in Attachment B. It found that:

the concept of 'old-growth forest' encompasses a complex mixture of measurable biological attributes of forest ecosystems and a range of intangible personal values associated with the experience (direct or indirect) of the forest environment.

The Inquiry described two concepts which relate to definitions of old-growth; 'unlogged forests' and 'ecologically mature forests'. Unlogged forests are those which have remained relatively free of European disturbance within a region and may include areas lightly logged as well as relatively young regrowth resulting from natural disturbances such as wildfires. Ecologically mature forests are stands of trees approaching the limit of their life span, which are often not increasing in biomass and support a high diversity of plant and
animal species, the animal diversity associated with increasing availability of
nesting hollows in old and large trees.

The Inquiry has limited its use of the term 'old-growth forest' to those forests
that are negligibly disturbed and ecologically mature and have high
conservation and intangible values.

In the Building a Competitive Australia Statement of March 1991, Prime
Minister Hawke announced that, in association with the introduction of
Resource Security Legislation, it would be the Commonwealth Government's
objective "to phase out export woodchip industry by the year 2000 or soon
after, and replace them with value-added products". The States agreed with the
Commonwealth to a similar objective at the July 1991 Special Premiers
Conference. In December 1991 the Minister for Resources, Alan Griffiths,
significantly modified this statement in his second reading speech on the Forest
Conservation Bill 1991 by allowing exports after the year 2000 where a
Regional Agreement between the Commonwealth and the relevant State had
been signed:

To the extent that the Commonwealth is involved in (woodchip) export licensing in the
region concerned, it will offer a longer term export licence up to the year 2000 and
thereafter on a case-by-case basis, on the understanding that if the woodchips are required
for domestic use then, subject to market conditions, they should be directed to that end.

Subsequent to this statement the Commonwealth has approved additional
export licences to increase the allowable quantity for export to 6.024 million
tonnes in 1995.

Prior to 1993 the annual woodchip licence renewal was a low key affair with
the Minister for Resources announcing his decision in late December or early
January with conservation groups making some criticisms of these renewals but
the issue was normally lost in the holiday news. The conservation groups had
concentrated on the granting or renewal of in principle approval for long term
woodchip exports, which normally involved the production of Environmental
Impact Statements (EIS). Such was the case with the 1985 Tasmanian
Woodchip EIS and the 1988 EIS for the Eden Woodchip area. During the
latter half of 1993 the Minister for Environment, Sport and Territories, Mrs
Kelly, raised the issue of forest protection in relation to the annual woodchip
licence renewal for 1994 and worked to get Cabinet to allow her to recommend
areas of old-growth and wilderness forest for protection under the National
Forest Policy Statement. This raised expectations of the conservation
movement regarding the annual licences and made this a major issue in the
media.

In December 1993 the Cabinet decided that the Minister for Resources should
be required to consider environmental advice from the Minister for
Environment, Sport and Territories before making a decision about the renewal
of the 1994 and future woodchip export licences. It is the Resources Minister's
consideration of the Environment Minister’s advice relating to the decision to issue the 1995 licences which has created the present controversy.

**Role of the States in the forest industry**

The States, rather than the Commonwealth, regulate the forest industry on public and private land. The Commonwealth can only get involved in those sections of the forest industry where its constitutional powers allows. For example it can get involved in forest areas from which pulpwood is harvested and exported as woodchips. If this pulpwood is sent to a local pulp mill the Commonwealth is not involved.

The State forest management agencies (FMAs) sell pulpwood from State Forests to the woodchip export companies and the sawlogs to sawmillers and they decide which areas of forests are to be logged in a given year. They normally have contracts to supply specific quantities of both sawlogs and pulpwood and, since forests vary in the proportion and amount of each product, the State FMA has to plan several years ahead. They tend to base their plans on where the sawlogs are because the problem in supplying the sawmills with sawlogs is more difficult than supplying pulpwood to woodchip mills. This is because of overcutting for sawlogs in the past and the fact that sawlogs represent a small percentage of the timber in a forest, varying from less than 5% in poor quality forests up to almost 50% in the highest quality forests. Unfortunately the forests with the highest percentages of sawlogs are often those which are of the highest conservation value.

The 1992 National Forest Policy Statement agreed to by the Commonwealth and all the States, except Tasmania, outlines the responsibility of the States in relation to forestry:

> The State Governments will determine the amount of wood resources available from public forests for sale to industry, taking into account of the following:

- decisions on the nature conservation and wilderness reserve systems;

- protection of ecological processes;

- requirements for other forest uses, such as water catchment protection, flora and fauna conservation, recreation and tourism development;

- codes of forest practice.

In the case of the annual renewal of woodchip export licences, the State FMAs supply the Commonwealth Department of Primary Industries and Energy (DPIE) with details of the forest areas to be harvested in the coming year from which pulpwood destined for the woodchip mills will be sourced.
Commonwealth involvement in the woodchip industry

The Commonwealth is able to regulate the export of woodchips through its powers over exports. Most woodchip export companies are given in-principle Commonwealth approval to export a specified tonnage annually over periods of varying length, up to twenty years. These long term approvals are normally, but not always, subject to the environmental impact assessment provisions of the Environment Protection (Impact of Proposals) Act 1974 (EP(IP) Act). The Minister for Resources makes the decision whether or not to grant the in-principle approval for such exports. It is the Minister for Resources who decides whether to invoke the provisions of the EP(IP) Act and not the Minister for Environment, Sport and Territories. The object of this Act is to ensure that matters affecting the environment to a significant extent are fully examined and taken into account in relation to the Minister’s decision.

Licences for the export of woodchips are issued on an annual basis by the Minister for Resources under the Export Control (Unprocessed Wood) Regulations 1986 of the Export Control Act 1982. Section 7 requires the woodchip exporters to apply for a licence to export prescribed goods (unprocessed wood) and to supply any information requested by the Minister. Under Section 8 the Minister may grant or refuse the licence and, if the Minister decides to grant the licence, may attach conditions or restrictions on the licence. The Minister takes into account social and economic factors as well as environmental factors into consideration when he decides whether to issue the licence.

Once the licence is granted the Minister may, under Section 14, suspend or amend the licence if the exporter has not complied with conditions of the licence, thus resulting in damage or threatened damage to the environment.

If woodchips are to be harvested under a Commonwealth licence from areas of forest listed on the Register of the National Estate, or if the forest activities outside the National Estate have the potential to impact upon the National Estate, the Minister of Resources is required under Section 30 of the Australian Heritage Commission Act 1974 to contact the Australian Heritage Commission and give the Commission a reasonable opportunity to comment on it. Under Section 30 the Minister shall not take any decision that adversely affects a place on the Register unless the Minister is satisfied that there are no feasible and prudent alternatives to taking that action and that all measures have been taken to minimise adverse effects.

The Commonwealth must also ensure that the provisions of the Endangered Species Protection Act 1992 are adhered to, as well as the relevant international treaty obligations such as the World Heritage Convention and the Biodiversity Convention. Under the Endangered Species Protection Act 1992, the Minister for Resources must consider whether the export of woodchips could threaten with extinction, or significantly impede the recovery, of a listed threatened or endangered native species or ecological community. The
Commonwealth intervened in Tasmanian forestry by establishing the Lemonthyme and Southern Forests Inquiry in 1987 to assess the World Heritage qualities of the areas. A substantial area of tall forests was subsequently nominated as additional to the existing World Heritage area in Tasmania.

If the Minister for Resources refuses permission to export woodchips obtained from specific areas, this does not necessarily prevent logging of the area. The State FMA may approve sawlog-only operations in these areas and provide the pulpwood for woodchips from other forest areas in which case the forest area to be protected by the Commonwealth would still be logged. The issue of whether such sawlog-only logging would be economic will depend upon the quantity of sawlogs in a particular area. For example, during the 1980s the minimum sawlog volume necessary for sawlog-only logging to proceed in forest areas in East Gippsland in Victoria was approximately 40 cubic metres per hectare (40 m$^3$/ha). At the same time across the border in NSW in the Eden Woodchip Concession area, the average quantity of sawlogs produced from the integrated forestry operations in the Eden Working Circle in 1981/82 was 10 m$^3$/ha. Clearly, large areas of forests presently being harvested to produce both sawlogs and woodchips will not be economic to log for sawlogs alone.

However, as mentioned earlier, areas of old-growth forest of high conservation value also tend to have substantial volumes of sawlogs which would be economic to log. For example Coupe 502.02 in Brodribb Block in East Gippsland, Victoria was logged in 1990 and it yielded 237 m$^3$/ha of sawlogs (C grade or better). This was a sawlog-only operation so no pulplogs were taken from this coupe; all were cut down and burned in the regeneration burn. This coupe is adjacent to a coupe now being assessed for its old-growth and wilderness values.

**Terms of the National Forest Policy Statement**

In December 1992, the National Forest Policy Statement (NFPS) was endorsed by the Commonwealth and all States and Territories except Tasmania. This document agreed to a number of programs including a strategy to conserve and manage areas of old growth forest and wilderness as part of the reserve system because of their very high aesthetic, cultural and nature conservation values and their freedom from disturbance. Attachment A is a copy of this section of the NFPS titled Strategy to Protect Old-Growth Forests and Wilderness. It was intended that this strategy would continue the transition from use of old-growth forests to regrowth native forests and plantations. The Governments agreed to develop accepted criteria for old-growth forests and forested wilderness which would be used by the States to undertake assessment of conservation values. Until these assessments were completed the FMAs would avoid activities that
would significantly affect areas likely to have high conservation values. The Governments also agreed that:

conditional on satisfactory agreement on criteria by the Commonwealth and the States, a comprehensive, adequate and representative reserve system to protect old-growth forest and wilderness values will be in place by the end of 1995.

They qualified this by saying that the 1995 time frame would apply to forest on public lands and that, to the extent feasible, any private forested land would be included in the reservation network by 1998.

The Governments agreed to establish a working group of experts under a steering committee of the Australian and New Zealand Environment and Conservation Council (ANZECC) and the Ministerial Council on Forests, Fisheries and Aquaculture, formerly the Australian Forestry Council, to make recommendations on broad criteria for wilderness and old-growth to Governments. The NFPS went on to state:

in progressively developing the nature conservation reserve system and reserves to protect wilderness areas, the Governments will give priority to reserving those forested areas that best meet the criteria adopted jointly by the ministerial councils and endorsed by the Governments.

The crux of the debate is whether areas of old-growth and wilderness forest should be protected while assessment of their conservation values are assessed.

The following is the relevant section of the NFPS:

until the assessments are completed forest management agencies will avoid activities that may significantly affect those areas of old-growth forests or wilderness that are likely to have high conservation values.

The Minister for Environment, Sport and Territories, Senator Faulkner, argued that this statement means that a moratorium on logging should be placed on such areas saying on 28 June 1994 that, "Old-growth forests and wilderness should not be logged until assessments are complete." The Minister for Resources, Mr David Beddall, disagreed saying on 7 July 1994 that the relevant clause of the NFPS "does not imply a moratorium on logging of all old-growth forests." He felt that it is possible to permit logging in such areas under special conditions to ensure that the conservation values could be protected. Logging of such areas has been permitted in the period 1993-1994 but it is not clear whether the conservation values have been protected by the conditions imposed by the State Forest authorities who regulate the logging.

The NFPS also states that:

Australia will continue to use old-growth timber for many years. It will come from disturbed forests containing some old-growth trees and from old-growth forest not required for the nature conservation reserve system...
Other forests not required for the reserve system will also continue to be available to meet a range of ecologically sustainable uses, including wood production.

This means that, once the assessment of conservation values has been carried out, not all old-growth forests and wilderness forested areas will be placed in nature conservation reserves, only those assessed to have high conservation values.

The following are the definition of old-growth forest and wilderness given in the NFPS:

Old-growth forest  forest that is ecologically mature and has been subject to negligible unnatural disturbance such as logging, roading and clearing. The definition focuses on forest in which the upper stratum or overstorey is in the late mature to overmature growth phases.

Wilderness  land that, together with its plant and animal communities, is in a state that has not been substantially modified by, and is remote from, the influences of European settlement or is capable of being restored to such a state; is of sufficient size to make its maintenance in such a state feasible; and is capable of providing opportunities for solitude and self-reliant recreation.

As can be seen the NFPS definition of old-growth forests is derived from the RAC Inquiry definition. However these definitions are not detailed enough to serve as the criteria for State and Commonwealth agencies to assess forest areas for their old-growth and wilderness values.

Assessment of old-growth forest and wilderness

An assessment of old-growth forests is presently being undertaken in the north-east of Victoria, with the East Gippsland and Central Highlands assessment already finished. Assessments in north-east NSW and south-east Queensland have started but no Commonwealth funding is going into the north-east NSW assessment. The Eden Woodchip area in south-east NSW was assessed by the NSW Authorities but it was not acceptable to the Commonwealth.

The National Wilderness Inventory (NWI) is very near to completion with only sections of the south-west of Western Australian to be finalised. There is also a need to update some of the older data, such as that for Tasmania which was provided in 1987. The NWI is the responsibility of the Australian Heritage Commission (AHC) and will be used as the basis for wilderness assessment under the NFPS process once defining criteria are agreed to by the States and the Commonwealth. The Intergovernmental Working Group responsible for developing criteria for old-growth and wilderness assessment has prepared a number of drafts over the past two years but none of these have been approved by the Australian and New Zealand Environment and Conservation Council
and the Agriculture and Resource Management Council of Australia and New Zealand. The existing data in the NWI is adequate for assessing wilderness at the national level but it needs some additional data, much of which may be presently available to the local FMAs, before it can be applied to the coupe level. If such information and criteria are forthcoming then the assessment of wilderness forested areas should only take a few months.

**Comprehensive regional assessments**

The NFPS allows for regional assessments which will involve the collection and evaluation of information on environmental and heritage aspects of forests in a region and which will provide a basis for the Commonwealth and the State concerned to reach a single agreement relating to their obligations for forests in a region. The resulting Commonwealth-State regional agreement will cover guidelines for all aspects of ecologically sustainable management of the forests including management of sustainable yield. Information that is already available will be used wherever possible for the regional assessments unless it is agreed that existing information is insufficient for the purpose. The annual renewal of woodchip licences from areas under a regional forest agreement can be extended to several years according to the NFPS:

> Approval for the export of woodchips from public and private native forests for terms longer than the current annual renewal period will be considered where these forests are covered as part of a comprehensive regional assessment and a Commonwealth-State regional agreement.

The Australian Heritage Commission (AHC) and the Conservation and Land Management Department of WA (CALM) have carried out a heritage assessment of the Southern Forest Region in south-west WA. This is not considered to be a comprehensive regional assessment because this would involve an assessment of all Commonwealth obligations, including world heritage values, aboriginal heritage, environmental impacts and international obligations such as endangered species and biological diversity, in addition to national estate values. The old growth assessment and heritage assessment of East Gippsland and the Central Highlands also do not make up a comprehensive regional assessment. There is a proposal for a comprehensive regional assessment of the forests of south-east Queensland put forward by the Queensland Government. The NSW Government approached the Commonwealth to accredit the State assessment procedures to carry out a regional assessment of north-east NSW on its own. This was not acceptable to the Commonwealth, which wanted a joint process.

The Commonwealth is preparing a Regional Forest Agreement Position Paper which will outline the procedures for the comprehensive regional assessments and Commonwealth-State regional forest agreements. This is nearing completion and should be ready for release in the next few weeks. It needs to be asked why such a document was not prepared earlier so that comprehensive
regional assessments could be started throughout the country and the reserve system for old-growth and wilderness could be in place by the end of 1995.

Environmental input into the issuing of 1995 woodchip export licences

In December 1994, Senator Faulkner (Minister for Environment, Sport and Territories) provided Mr Beddall (Minister for Resources) with advice on the applicability of the NFPS to the export of woodchips during 1995, specifically relating to the so-called moratorium clause. He gave an outline of methodology of selection of relevant areas due for logging in relation to old-growth forest and wilderness likely to be of high conservation value (Attachment C). This document does not give an indication of the criteria that were used to assess old-growth and wilderness values. Logging coupes and compartments were included on the high conservation value list and recommended for moratorium if the Department of Environment, Sport and Territories (DEST) agreed they were old-growth or wilderness or if the areas contained endangered species, were on the National Estate or logging operations were likely to impact on World Heritage values. He also stated that recent legal advice obtained by DEST indicated that contrary to past practice, export licence conditions can be applied to sawmill residues from timber taken from high conservation value forest. He suggested that the comprehensive regional assessments and regional forest agreements under the NFPS needed to be progressed.

Senator Faulkner had hired conservation bodies to prepare lists of forest areas likely to be of high conservation values. It appeared that DEST officials did not verify any of these areas by visiting them. The Tasmanian and New South Wales forest management agencies chose not to assist DEST by providing information on the forest areas in these states.

The criteria used by the Department of Environment, Sport and Territories to assess the old-growth forests varied depending upon the State and region but has not been released publicly.

There were 1308 forest areas (1297 coupes or compartments) recommended for moratorium, which according to Senator Faulkner represented about 40% of the areas due to be logged in 1995. Most of these areas were coupes, which are areas logged in one continuous operation. However those forest areas referred to in NSW were compartments which may contain several coupes and therefore may include only one coupe that is due for logging and which may have other coupes which have been logged. Senator Faulkner stated in a 7 December 1994 letter that he would be proposing actions to mitigate the social and economic impacts of implementing his advice, including identifying alternative resources and promoting the adoption of new technologies and practices.
The Australian Heritage Commission gave written advice to Mr Beddall in response to his letters relating to logging of National Estate forests which supply wood to the various export woodchip operations pursuant to Section 30 of the Australian Heritage Act 1974. The AHC stated that it was not supplied with a full set of information relating to coupes proposed for logging in 1995. However the AHC did indicate that those National Estate properties that would be adversely affected by logging. The Commission had noted that coupes, not on the Register of the National Estate, within catchments affecting the National Estate, or in some instances some distance away from the National Estate, can affect a range of National Estate values, including wilderness. The Attorney-General's Department confirmed that the AHC's advice should extend to activities outside the National Estate which have the potential to impact upon the National Estate.

The decision

Mr Beddall responded to Senator Faulkner on 19 December 1994 by saying that his advice of 7, 12 and 14 December 1994 was not timely and left no further time for consultation. He incorporated much of Senator Faulkner's advice on incorporating strengthened, new or revised, licence conditions into the new licences. He revised some of the licence conditions relating to monitoring and reporting responsibilities of exporters and stated that the question of cost recovery (from the woodchip exporters) for licence issue and monitoring was under consideration. However, he disagreed with much of the advice provided relating to coupes which should be excluded from logging during 1995 to protect old-growth and wilderness values as well as endangered species, National Estate or World Heritage. He decided that where these referred only to old-growth and wilderness he "took the view that the other high conservation value areas suggested by you could be protected through other means (existing licence conditions, State processes and prescriptions)". He did decide that some coupes should be set aside, withdrawn or deferred in Western Australia (16), New South Wales (29) and Tasmania (28) where insufficient information was available to make the assessment. He also agreed to the exclusion of 12 other coupes in NSW where logging was not scheduled for 1995.

Under the conditions of the licences that the Minister for Resources issued, the woodchip operators must receive written permission from the Minister before they can export woodchips extracted from areas of forest listed on the Register of the National Estate. This permission has not been given to date.

On 19 December 1994, Mr Beddall signed ten export licences for hardwood woodchips for 1995. He had already signed export licences permitting Midway Forest Products to export 96 000 tonnes of woodchips in the 12 months 1 July 1994 to 30 June 1995; and Sawmillers Exports to export 500 000 tonnes in the period 1 October 1994 to 31 December 1995. These twelve licences permit the export of 6.024 million tonnes of woodchips (see attached table).
One of the ten licences signed by Mr Beddall was issued to Midway Forest Products to export 64,000 tonnes of hardwood woodchips from the Midlands Forest Management Area in Victoria. The Minister decided that this proposal could have potential long term impact on the environment so he designated Midway Forest Products as a proponent under the Environment Protection (Impact of Proposals) Act 1974. Since no assessment or recommendations about the proposal had been made by the Environment Protection Agency or the Minister for Environment, Sport and Territories, it is difficult to understand why Mr Beddall signed the licence without waiting for this information to be provided.

The Minister also designated North Forest Products Limited as a proponent under the Environment Protection (Impact of Proposals) Act 1974 for its proposal to export an additional 700,000 tonnes per year from Tasmania. This was the Surrey Hills Tree Expansion Project based on NFP’s own land in north-west Tasmania which was designed to enable North Forest Products to increase its plantation rate from 3,000 hectares (ha) to 5,000 ha per annum.

The Prime Minister’s December statement

There was a significant reaction to the decision by Minister Beddall to reject over 1200 of the coupes proposed for a moratorium on logging during 1995. Senator Faulkner stated that:

It appears from an initial examination of the licences that Mr Beddall’s decision excludes from logging very few of the areas my portfolio identified as being of high conservation value.

Tasmanian Senator John Devereaux, who had threatened to do the same thing in December 1993 over the renewal of woodchip licences for 1994, resigned from the ALP to sit on the cross benches in protest at the decision. The Opposition Leader in NSW, Bob Carr, came out publicly against the decision and said that if he became Premier of NSW “there are areas Mr Beddall will want to log that won’t be logged.” Lindsay Tanner, ALP Member for Melbourne, said he would be moving a motion at the next meeting of Caucus to overturn the decision.

Prime Minister Keating made an announcement on future changes to the export woodchip industry on 22 December 1994. He stated that the licences issued by the Minister for Resources are legally binding and irrevocable. This means that the Government would be unlikely to be able to change the licences without being subject to significant compensation claims. However the Prime Minister made it clear that, in spite of this, the Commonwealth would act to ensure the licence conditions were enforced.

He said:
...the conditions in the licences which protect the environment - those relating to the national estate and endangered species, for example - will be rigorously enforced.

The Prime Minister announced (22 December 1994) that the Commonwealth would implement a firm program "under which Australia's native forests will be properly protected and preserved". He said that from 1996, woodchip exports from native forests would be reduced by 20% per year until the year 2000, starting from a base figure of approximately 6 million tonnes in 1995 and dropping 1 million tonnes per year. The North Forest proposal for an additional 700 000 tonnes per year is not included in and will not be added to the base figure for 1995. This means that for the North Forest woodchip expansion project to go ahead, other woodchip export licences will have to be significantly reduced, either that of North Forest Products or other export woodchip companies in Tasmania or elsewhere in Australia. The ban on export of woodchips after 2000 will not be absolute because export may be permitted under a Regional Forest Agreement which was mentioned by the Prime Minister:

By the year 2000 the Government will ban the export of woodchips from those areas of Australia's native forests which are not covered by Regional Forest Agreements incorporating a reserve system that comprehensively represents all forest types.

It would thus appear that the reduction of exports in the period 1996-2000 may be overridden if there is a Regional Forest Agreement in place and if a woodchip export company increases its domestic downstream processing capacity or has demonstrated its commitment to do so.

No formal request has yet been received by the Commonwealth from the States for a comprehensive regional assessment and a Regional Forest Agreement, so the Prime Minister said that a strict timetable would now be developed for each Regional Forest Agreement, which will be develop on the basis of scientific and technical assessments of the values of all forests, particularly old growth and wilderness. It does not appear that this will necessarily initiate any new Regional Forest Agreements since it is still up to the States to invite the Commonwealth to jointly develop a Regional Forest Agreement. The phasing out of woodchip exports however will some put pressure on the States to do so.

The Federal Court decision and impact on the licences

On 10 January 1995 Justice Sackville of the Federal Court ruled that the Minister for Resources, Mr Beddall, had erred in law when he issued the 1994 woodchip export licence to Gunns Limited, by not determining whether the proposal was environmentally significant and instead by relying on a 1985 Environmental Impact Statement on Tasmanian Woodchip Exports and the 1986 Memorandum of Understanding between the Commonwealth and Tasmanian Governments rather than referring the matter to the Minister for the
Environment for assessment of its environmental impact. Justice Sackville concluded:

In deciding that it was not necessary to designate Gunns as a proponent pursuant to paragraph 1.2.1, the Minister erred in law. He did so by failing to take into account a relevant issue, namely whether the proposed action affected the environment to a significant extent. The Minister failed to direct his mind to this issue because he took the view that any adverse impact on the environment of Gunns proposal had previously been considered by the final EIS and the 1986 MOU.

Justice Sackville ruled that the 1994 export licence was not valid but not the in-principle decision for the export of woodchips until 1999. (See Research Note No.9 1995 Gunns Woodchipping Case for an outline of Justice Sackville’s ruling.)

As a result of this decision a number of legal opinions have claimed that some or all the 1995 export licences may not be valid. Conservation groups are mounting challenges to some of the licences. The Commonwealth has started procedures to appeal the Federal Court decision on the Gunns 1994 export licence.

The Attorney-General’s Department has provided advice on the impact of the decision on the validity of the woodchip export licences. This was leaked to the press and reported on 23 January 1995 in the Sydney Morning Herald. The report said that, for eight of the licences, Mr Beddall’s departmental advice that environmental assessment was unnecessary was wrong and an "error of law" as in the Gunns case. The advice says the other three licences are open to challenge because of administrative failings relating to environmental impacts of woodchipping.

On the same day that the leaked advice was made public Mr Beddall stated that logging companies would be given new areas to log if the Commonwealth decided to exclude them from environmentally sensitive areas. This is clearly in relation to his ability to withhold permission to export woodchips obtained from National Estate forests. He said woodchip companies would maintain their full logging quotas despite the rescheduling of logging operations. Timber companies would be moved, where possible, from areas of high conservation value to areas of lower conservation value. He said there was a Government review to try to stop logging in the most sensitive areas.

The Prime Minister’s January statement

On 27 January 1995 the Prime Minister held a press conference in which he announced that 509 coupes (72 in Tasmania, 122 in Victoria, 249 in NSW, 66 in WA) have been identified as areas of high environmental value and the Commonwealth would do everything in its power to protect them pending more detailed assessment of their conservation values (see Press Release
Estate and, while not able to halt logging in all the coupes, the Commonwealth can prevent the export of woodchips from these areas. He said:

Government policy is to protect these areas until their values are properly assessed as part of a national reserve system through the Regional Forest Agreement process.

However, according to Senator Faulkner, the Government ruled out the use of the corporations powers to prevent logging in these areas.

The Prime Minister went on to say that the Commonwealth would work with the States to effectively end logging in these areas until they can be fully assessed under the Regional Forest Agreement process. These coupes will be involved in rescheduling and if as a result resources remaining to the forest industry (sawmilling and woodchipping) are inadequate the Commonwealth, in consultation with the industry, unions and the States, will assess the need for industry assistance and restructuring.

The Government’s goal is to put in place, over the next five years, a program to adequately protect old-growth, wilderness and other high conservation value forests in a national reserve system, and to ensure that a high value-added wood products industry can operate sustainably outside these areas.

As soon as possible the Government will meet leaders of the woodchip industry, unions and the conservation movement to work out the best ways of refining and implementing our approach.

On the same day, the Minister for Resources, Mr David Beddall, announced the process to be followed in determining values of the 509 coupes set aside for the rescheduling studies announced by the Prime Minister:

The rescheduling study process will be:

- I will write to the States early next week seeking their urgent co-operation in the rescheduling studies. The Department of Environment, Sport and Territories (DEST) is to provide me with a coupe by coupe breakdown.
- the rescheduling studies are a priority exercise and are to be commenced and finished very quickly;
- the first step in the studies will be confirmation that the coupes have the values claimed, if not they will be available for logging;
- the remainder will be rescheduled as required by the National Forest Policy Statement (NFPS) interim protection provision;
- the placement of coupes permanently in any national reserve system would be through the Regional Forest Agreement process...

The statement by the Prime Minister appears to reject the NFPS 1995 deadline for a national reserve system for old-growth and wilderness forests and replace it with a year 2000 time frame. The question is: will this extended deadline be adhered to since it all depends upon the States coming to the party on the
Regional Forest Agreement process. There is no clear indication that anything contained in the Prime Minister’s two press conferences will actually produce such a result.

The Prime Minister’s February Statement

Sections of the forest industry, who were affected by the decision to protect the forest areas pending their assessment, used logging trucks to establish a blockade of Parliament House on 30 January 1995, ready for the beginning of the Autumn session of Parliament, in an endeavour to get the Government to reverse its decision. The week of Parliament was marked by questions from the Opposition, the Democrats and the Greens about the various decisions regarding the forest areas from which woodchips exports are banned and the Federal Court judgement’s impact on the existing licences. Forestry union and industry representatives had negotiations with government ministers. Several Government members, with substantial forest industries in their electorates, were reported to have threatened to resign from the ALP if the decision to exclude woodchipping from the 509 coups was not reversed. The Commonwealth Government also had negotiations with several State Government Ministers.

Pressure on the Government mounted all week to reach an accommodation with the forest industry. The issue culminated on 2 February 1995 with it being the topic of discussion at an unscheduled Cabinet meeting that evening. The point of contention raised by the State Governments and the forest industry was that coups were included in the moratorium that were not worthy of protection. In addition, the criteria used by the Department of Environment, Sport and Territories to assess old growth forests was questioned as being inadequate, since it was significantly different from the definition in the NFPS. The decision of the Cabinet meeting was announced by the Prime Minister. It decided what sort of assessment processes would apply to the coups before logging can proceed. Certain coups would be further considered in the following week by the Departments of Environment, Sport and Territories; Primary Industries and Energy; and Prime Minister and Cabinet plus relevant State Departments to see if such coups were worthy of protection until they were fully assessed like the rest of the 509 coups. The Minister for Resources would then make the final decision on their protection. These coups are those which meet the following three conditions:

are currently being logged in accordance with their licence conditions - (ie following correct forest practice, preserving identified endangered species etc);

have licences which were renewed in 1994 (ie were originally issued earlier than 1994); and

are not registered as part of the National Estate.
All the remaining coupes will be addressed by the following assessment process:

a preliminary assessment of the conservation value of each coupe will be made - in accordance with the "criteria laid down in the National Forest Policy Statement" - by a team of officials from DEST, DPIE and PM&C working with relevant State Departments;

these assessments shall then be subject of consultation with representatives of the forest industry and unions, and the environmental movement;

Cabinet will then consider the appropriate status of all these coupes in light of this advice; and

the Minister for Resources, will decide the final status of these coupes, taking into account this consultative process and Cabinet’s deliberations.

The process is proposed to take eight weeks, after which time it would be expected that those coupes found to be of high conservation value would be protected by both Commonwealth and State Governments. However there is no mention of the issue of State Government cooperation in this statement and therefore no assurance that the process will be able to be completed and stand up to scrutiny.

Clearly the first point indicates that the criteria "laid down in the National Forest Policy Statement" will not be the criteria for old growth forests and forested wilderness which are still to determined by a working group of technical experts under a Steering Committee of the Australia and New Zealand Environment and Conservation Council and the Agricultural and Natural Resources Ministerial Council. But rather it would appear they would be the definitions listed at the end of the NFPS. There was no mention of the future status of the aforementioned working group and its deliberations of criteria.

The fourth point appears to give a clear message to the Minister for Resources as to what issues he should take note of in his decision making process.
From National Forest Policy Statement 1992

- The Governments will continue to develop management plans to guide management of reserves to achieve adequate protection of nature conservation and heritage values. The development of the management plans will incorporate community consultation.
- The Governments will ensure that unique features and heritage values of conservation significance are protected as part of the overall reservation systems.
- ANZECC and the AFC will report regularly to the Governments on progress in establishing the reserve systems. This reporting will be consistent with the reporting mechanism provided for in the Ecologically Sustainable Development National Strategy.

Strategy to protect old-growth forests and wilderness

The Governments have agreed to a strategy designed to conserve and manage areas of old-growth forests and wilderness as part of the reserve system. The strategy acknowledges the significance of these areas to the Australian community because of their very high aesthetic, cultural and nature conservation values and their freedom from disturbance. This strategy builds on the current management regimes for such areas.

In recent years the wood production industry has relied less on old-growth forests and drawn increasingly on regrowth native forests and plantations. The Governments’ agreed approach to conserving and managing old-growth forests will facilitate continuation of this transition.

Further, other strategies in this Statement — such as those relating to plantations and industry development and workforce education and training — will facilitate the industry’s move from old-growth to regrowth and other managed native forests and plantations.

The Governments’ agreed approach to conserving and managing old-growth forests and forested wilderness has five basic elements:

- First, agreed criteria for old-growth forests and wilderness will be determined through the working group process already described.
- Second, using those criteria, the relevant State agencies will, as a matter of high priority, undertake assessments of forests for conservation values, including old-growth values, and of forested land for wilderness values.
- Third, until the assessments are completed, forest management agencies will avoid activities that may significantly affect those areas of old-growth forest or wilderness that are likely to have high conservation value.
- Fourth, forested wilderness areas will be protected by means of reserves developed in the broader context of protecting the wilderness values of all lands. For old-growth forest, the nature conservation reserve systems will be the primary means of protection, supported by complementary management outside reserves. The Governments agree that, conditional on satisfactory agreement on criteria by the Commonwealth and the States, comprehensive, adequate and
Ecologically sustainable forest management and codes of practice

Ecologically sustainable forest management will be given effect through the continued development of integrated planning processes, through codes of practice and environmental prescriptions, and through management plans that, among other things, incorporate sustainable-yield harvesting practices. The management plans will provide a set of operational requirements for wood harvesting and other commercial and non-commercial uses of forest areas, including conservation reserves and leased Crown land.

To ensure that nature conservation objectives are met in forests, the management of public native forests outside the reserve system will complement the objectives of nature conservation reserve management. Forest management agencies will continue to assess forest areas for the purpose of developing strategic management plans and, where necessary, operational harvesting plans. As a consequence of these forest assessments, areas that have important biological, cultural, archaeological, geological, recreational and landscape values will continue to be set aside and protected from harvesting operations or managed during operations so as to safeguard those values.

Accordingly, and in keeping with the 'precautionary principle', the State Governments will undertake continuing research and long-term monitoring so that adverse
Box 6.1 Definitions of old-growth forest

Following are some of the definitions of 'old growth' submitted to the Inquiry.

The New South Wales Government submitted that old-growth forest is an area of natural forest
1. showing relatively few or no signs of direct disturbance by human activity;
2. with, in its upper storey, many specimens of trees which:
a) are overmature or senescent, and
b) appear to be in the upper limits for the expected longevity of the trees for their site and
species, and
c) carry frequent crown and stem hollows suitable as nesting or roosting sites for birds, bats
and arboreal mammals; and
3. with the stems of dead trees standing or present on the forest floor. (Submission 200,
Forestry Commission of NSW section, app. 14, p. 2)

The Victorian Government submitted,
Old growth, or ecologically mature forest (defined here as those areas least disturbed by past
logging) is recognised as having habitat characteristics that are not found in younger forest.
These characteristics derive from generally high structural diversity and relate to a high
availability of nest and den sites and foraging substrates. These habitat characteristics make old
growth forest critical for some species including hollow dependent species, some insectivorous
birds and certain lizards. (Victorian Government Submission 167, p. 10).

The Australian Conservation Foundation defined old-growth forest as, 'forest that has not been, or has
been minimally, affected by timber harvesting and other exploitative activities by Australia's
European colonisers' (Submission 322, p. 45). The Foundation commented further,

The old growth refers to the fact that the current forest has not had a history of recent
disturbance by human intervention, but has been regenerated and maintained by natural
processes. Many of these forests are indeed old in age, and this is why the phrase old growth
came to be used. A more appropriate term is 'undisturbed forests' as they may indeed be
naturally multi-aged or even young regrowth, providing the regrowth was initiated by a natural
event. (Submission 322, p. 45)

The Australian Heritage Commission discussed in detail the concept and values of old growth forests:
Old growth forests are communities which are the older developmental stages of the forests, and
characterised, at least in part, by low growth rates of trees in the tallest stratum; low to zero
biomass production of trees in the tallest stratum; trees in the tallest stratum are mature to
senescent; trees in the tallest stratum have very high biomass and are usually more than
c. 100 years old. (Submission 85c, p. 28)

The Western Australian Government submitted, 'old growth forest is synonymous with virgin forest
— ie, forest which has been largely unmodified by timber cutting or agricultural clearing since the
time of European settlement' (Submission 194, p. 37).

Writing in response to the Forest and Timber Inquiry's draft report discussion of old growth, the
Western Australian Department of Conservation and Land Management commented,
This definition [that is, the one used by the Inquiry] is in fact that of virgin forest which may
consist of forest of any age and which may or may not have old growth characteristics ... The
emphasis on the absence of signs of European activity, rather than the actual old growth
characteristics themselves is inappropriate. The absence or otherwise of European activity
per se has no meaning in ecological terms. How old growth characteristics were developed is
much less important than the fact that they exist. (Submission 451, p. 3)

Source: Resource Assessment Commission.
GENERAL PROCESS FOR DETERMINING HIGH CONSERVATION VALUE

In developing its assessment the portfolio applied a screening and evaluation process to identify relevant areas likely to be of high conservation value. The portfolio considered carefully the reports provided by the voluntary conservation groups in this process. The screening and evaluation process is outlined in the following diagram.

General Process for determining high conservation value

```
<table>
<thead>
<tr>
<th>Is it for export woodchips in 1995?</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>Is it agreed old-growth and wilderness?</td>
</tr>
<tr>
<td>---------------------------------------</td>
</tr>
<tr>
<td>yes</td>
</tr>
<tr>
<td>↓</td>
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<tr>
<td>Included in HCV list.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>no</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Not included in HCV list.</td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>no</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Is it endangered species, national estate or world heritage?</td>
</tr>
<tr>
<td>---------------------------------------</td>
</tr>
<tr>
<td>yes</td>
</tr>
<tr>
<td>↓</td>
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<tr>
<td>Included in HCV list.</td>
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<tr>
<td></td>
</tr>
<tr>
<td>no</td>
</tr>
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<td></td>
</tr>
</tbody>
</table>
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In determining whether or not a coupe or compartment is to be logged for export woodchips the portfolio relied on advice provided by the Department of Primary Industries and Energy and State agencies. Some of this information was not particularly comprehensive. In those forest regions where the nature of the logging operation was unclear it was assumed that all harvesting was for export woodchips.

In determining the definition which should be applied for old-growth values, the portfolio has used the actual values mapped by the Australian Heritage Commission and/or State agencies for old growth or where no adequate mapping has been done, the advice provided by the voluntary conservation groups' reports. The threshold applied consequently varies from region to region.

In considering wilderness values, a similar process has been applied with the National Wilderness Inventory or other current wilderness assessments being used where available. The details for each region are provided in separate attachments.
The portfolio also drew on the Register of the National Estate, the species listed under the Endangered Species Protection Act and information provided by consultants on World Heritage values in assessing whether areas of forest were likely to be of high conservation value.

Areas of forest included on the list of those likely to have high conservation value are, therefore, predominately those with substantial old-growth and/or wilderness values. National estate values were also regarded as important. However the full range of national estate values were not assessed as part of this process. Other values such as claimed World Heritage, federally listed endangered species, biological diversity (e.g. State listed endangered species) and rain forest were considered in assessing their overall conservation value.

The portfolio has listed forest coups for each forest region that are assessed as likely to have high conservation values.

The portfolio considered that in many cases the existing levels of protection and management prescriptions were inadequate for areas identified as likely to have high conservation values. Consideration was then given to the appropriate mechanism (e.g. export licence conditions or other action such as agency to agency arrangements) by which any deficiencies could be addressed.
<table>
<thead>
<tr>
<th>Company and Port</th>
<th>Annual Licence</th>
<th>In Principle Approval</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volume (green tonnes)</td>
<td>Expiry date</td>
<td>Volume</td>
</tr>
<tr>
<td>Woodchips</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Limited (Burnie/Bell Bay/Triabunna, Tasmania)</td>
<td>1,878,000</td>
<td>31 Dec 1995</td>
<td>1,878,000</td>
</tr>
<tr>
<td>Boral Limited (Bell Bay, Tasmania)</td>
<td>947,000</td>
<td>31 Dec 1995</td>
<td>947,000</td>
</tr>
<tr>
<td>Gunns Limited (Bell Bay/Burnie, Tasmania)</td>
<td>200,000</td>
<td>31 Dec 1995</td>
<td>200,000</td>
</tr>
<tr>
<td>WA Chip and Pulp Company (Bunbury, Western Australia)</td>
<td>900,000</td>
<td>31 Dec 1995</td>
<td>900,000</td>
</tr>
<tr>
<td>Southern Plantation and Chip Company (Bunbury, Western Australia)</td>
<td>70,000</td>
<td>31 Dec 1995</td>
<td>-</td>
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<tr>
<td>Harris-Daishowa Australia (Eden, New South Wales)</td>
<td>950,000</td>
<td>31 Dec 1995</td>
<td>950,000</td>
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<tr>
<td>* Sawmillers Exports (Newcastle, New South Wales)</td>
<td>500,000*</td>
<td>31 Dec 1995</td>
<td>500,000</td>
</tr>
<tr>
<td>* Midway Forest Products (Geelong, Victoria)</td>
<td>170,000</td>
<td>31 Dec 1995</td>
<td>170,000</td>
</tr>
<tr>
<td>additional licence</td>
<td>96,000*</td>
<td>30 Jun 1995</td>
<td>-</td>
</tr>
<tr>
<td>Queensland Hardwood Resources</td>
<td>140,000</td>
<td>31 Dec 1995</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>5 961,000</strong></td>
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<td>Proposals designated under the Environment Protection (Impact of Proposals) Act</td>
<td></td>
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</tr>
<tr>
<td>North Forest Products</td>
<td>700,000</td>
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<td>-</td>
</tr>
<tr>
<td>Midway Wood Products</td>
<td>64,000</td>
<td>31 Dec 1995</td>
<td>-</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td><strong>6 725,000</strong></td>
<td></td>
<td><strong>5 655,000</strong></td>
</tr>
</tbody>
</table>

* Approved earlier in 1994
PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P.J. KEATING, MP

WOODCHIP EXPORTS

On 22 December last year I announced that the Government would implement a program calculated to preserve the environmental values of our native forests and protect the interests of communities which depend on forest industries.

As part of that program I announced that the Government was considering a rescheduling study of existing logging operations with a view to identifying areas of high environmental value which should be included in a comprehensive forest reserve system.

Today I can announce that the Commonwealth has identified 509 such areas (coupes) and will do everything within its power to ensure their protection pending more detailed assessment of their values.

Of the identified areas, 222 are on the Register of the National Estate. The remainder nevertheless have very significant wilderness, old-growth or other conservation values.

Government policy is to protect these areas until their values are properly assessed as part of a national reserve system through the Regional Forest Agreement process.

When applications for woodchip export licences are considered in future, and in administering licences, the Minister for Resources has indicated he will have regard to this policy and to the results of the rescheduling study.

The Government also recognises that the recent Federal Court decision brings into question the validity of the 1995 licences.
In view of the uncertainty this has created, the Government will invite woodchip companies to give up their licences and apply for new licences that will be issued in conformance with the Federal Court decision.

The Federal Court recognised the significant role for the Minister for the Environment in the process of considering export licence applications. In future, any new applications for licences will be considered by the Minister for Resources, and the Minister for Environment's role in this process under environmental legislation will be meticulously observed.

I have asked the Minister for Resources to inform all woodchip companies and State governments of the areas the Government intends to protect.

The Government believes that in future forest values should be assessed on a regional - not coupe by coupe - basis, to establish a representative reserve system and protect the future of communities. This underlies the Government's immediate concern to protect the 509 coupes already identified.

The Government will work with the States to find the most effective way to end logging in these areas, pending their full assessment through the Regional Forest Agreement process.

This will involve verification of the values of each area to ensure that all coupes proposed for rescheduling have retained conservation values sufficient for their incorporation into a national reserve system.

In some instances, after all possible attempts at rescheduling have been made, the resources remaining to industry may be inadequate.

In such cases, and in any others where the effects of the policy are detrimental to companies and communities, the Government will work in consultation with the industry, unions and the states to assess the need for industry assistance.

The Government will consider the measures necessary to create a vigorous and internationally competitive wood-products industry. In developing such a restructuring package we will be concerned to keep the degree of economic and social adjustment to a minimum.

Our principal aim is to end the present uncertainty so that workers and companies alike can feel secure about their future and investments can be made in value-added processing.

Accelerating the Regional Forest Agreement process was a step in this direction.
The Government's goal is to put in place, over the next five years, a program to adequately protect old-growth, wilderness and other high conservation value forests in a national reserve system, and to ensure that a high value added wood products industry can operate sustainably outside these areas.

As soon as possible the Government will meet with the leaders of the woodchip industry, unions and the conservation movement to work out the best ways of refining and implementing our approach.

National issues of this kind never have a simple solution. A great many people have a passionate interest in it, but it is the national interest which the Government must serve.

And the national interest lies in finding the means by which an industry that is moving towards an ecologically sustainable future will not be curtailed and our forests will be adequately protected.

SYDNEY
27 JANUARY 1995