

A HISTORY OF EXPORT WOODCHIPPING IN NORTH EAST NSW

Dailan Pugh, August 2013

This paper outlines the Commonwealth's extreme reluctance over many decades to meet its obligations to oversee the introduction, expansion, and constraints on export woodchipping in north-east NSW. It in part explains their desire to absolve themselves of all responsibilities by signing Regional Forest Agreements, but also chronicles the political over-riding of environmental obligations by successive Commonwealth resource ministers.

In early 2013 Boral were unable to get Forest Stewardship Council accreditation for a pile of woodchips it had amassed and thus could not sell it. They announced they were going to close down their export woodchipping operations.

There is now an intention to replace woodchipping with the burning of forest residues for electricity, meaning any tree not classed as a sawlog. The history of woodchipping provides a salutatory lesson as to how we could expect an industry based around burning of native forests for electricity could develop. Though with less restrictions on species and quality, and the ability to locate processing facilities all over the north coast, the environmental consequences could be far worse.

By the late 1960s the New South Wales and Western Australian Governments were in negotiations with Japanese companies to supply them with woodchips, and Tasmania, Victoria and the Northern Territory were being mooted.

On 14 November 1967 NSW Premier Robert Askin announced that Harris-Daishowa would construct an export woodchip mill at Twofold Bay near Eden. Exports started in 1971. Tasmania started exporting woodchips in 1972 and West Australia in 1975.

The industry and Governments always maintained that woodchips are only made from waste wood as sawntimber is more valuable, and that export woodchipping is only a temporary measure until such time as they can get a pulpmill up and running. History has proven both these assertions wrong. The reality is that woodchips historically had low processing costs, a ready market, quick returns, a massive turnover, and thus an extremely high profit margin well beyond the returns from sawntimber.

Australian native forests simply provided the raw material for Japanese pulp mills while they waited for massive overseas eucalypt plantations to come on stream. The quick and high returns provided a major incentive for woodchipping, to the extent that sawntimber became a by-product of woodchips. By 2004, 80-90% of logs in Tasmania, Central Victoria, East Gippsland and southern NSW were chipped (Ajani 2007). In northern NSW sawntimber maintained a slim majority with 40-50% chipped (Ajani 2007).

Now that the anticipated plantation material is available the ability to sell woodchips from native forests has declined due to their quality, extraction costs and lack of credible certification.

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1. Woodchipping Begins

Proposals to begin exporting woodchips from north-east NSW were first put forward in 1974. An inquiry by the State Pollution Control Commission reviewed the woodchip proposals in 1975 and they were assessed by the State Development Co-ordinating Committee in 1976. In 1977 Sawmillers Exports was formed and put forward a proposal to export 350,000 tonnes of 'sawmill residues' as woodchips annually through Newcastle.

In 1977 an EIS was prepared for the export of woodchips from north east NSW by Sawmillers Exports Pty Ltd (80% owned by Boral and 20% by Japanese interests). The EIS only considered the use of sawmill residues and was predicated upon the use of rail transport for woodchip movement.

In May 1978, the Office of Environment Protection (OEP) in the then Department of Environment, Housing and Community Development, gave their approval to the Company to export 350,000 tonnes of sawmill and logging residues, with the condition that the Company implement "*all necessary measures and techniques to safeguard the environment described in the final EIS and on the company using where economically feasible, rail transport for chips to Newcastle*".

The OEP further stated:

"The OEP would not therefore support any approval for the Company to use residues, other than sawlog residues, until information adequate to assess the impact is made available"
(Conclusion 49)

"... The Company should be informed that any future proposal to utilise forest residues will require a further application for export approval and environmental assessment in accordance with the Environment Protection (Impact of Proposals) Act." (Recommendation 56 b)

Approval for the export of 350,000 tonnes of sawmill and **logging** residues was granted to SEPL for 15 years from April 1981.

At the same time the NSW Government was preparing to make its Rainforest Decision it was also seeking to increase the sources of export woodchips without any environmental assessment (including from the illegal clearing of oldgrowth forests for plantations at Walcha). On the 27 August 1982 the NSW Forestry Minister, L. Gordon, wrote to the Federal Minister for Primary Industry, P. J. Nixon;

"This letter will advise you that the N.S.W. Government has now agreed to modification of its 1978 policy decision so as to allow inclusion of silvicultural thinnings and other forest residues as resources to make woodchips for export from the State. ..."

"Specifically yields will be derived from selective silvicultural thinnings undertaken to stimulate growth of sawlogs, and from residues derived from thinning of dense regrowth stands, clearings for road construction and plantation establishment, salvage from natural disasters, reject trees normally felled as an integral part of sawlog operations, and other logging wastes."

In 1983 Sawmillers Exports created a pile of chips derived from trees felled specifically for woodchips and requested the federal Resource Minister to grant export approval. They complained that otherwise they would have to sell them at a loss to a local hardboard plant. The promised 3 years of research had not been attempted. On the 26 April 1983 the Minister for the Environment, B. Cohen, wrote to the Minister for Primary Industry, J. Kerrin, agreeing for Sawmillers Exports (SEPL) to utilize 85,000 tonnes of silvicultural residues for export woodchips for a period of one year from the Bulahdelah and Chichester Management Areas;

"I note, however, that such approval could be considered contrary to Government policy that environmental impact statements should be required for any proposal to export woodchips. In my view, this is a particular case where the strict interpretation of this policy could place

the Government in the position of making onerous demands on industry, which are not warranted in terms of the objectives for which these policies were designed."

On 26 April 1983 the Minister for Primary Industry, J. Kerrin, responded to the Minister for the Environment, B. Cohen;

"Having regard to the State Government's decision, unqualified in regard to duration, to allow the use of those categories of pulpwood, I am concerned at the suggestion that the Commonwealth should restrict the approval to one year. ..."

"The company, of its own volition has accepted the commercial risk of producing chips from categories of pulpwood outside its approval in order to prevent the plant closure and subsequent unemployment. The resulting chips have been stored and if export approval were not granted, the company would have to sell them at a loss to a local hardboard manufacturing plant."

"There are however, strong grounds from the forest management point of view for the use of silvicultural thinnings as proposed and also for the felling of silvicultural residues, a category which was not included in the New South Wales Minister's letter. I am advised that the later category of pulpwood includes trees which must either be felled or killed by 'ringbarking' to ensure the regeneration of the forest. The removal of such trees in areas other than the North Coast of New South Wales provides the raw material for a substantial proportion of Australia's approximately 4 million tonnes of woodchip exports annually and remains one of the major justifications for the industry's operations. If such trees are not felled, the aesthetic value of the forest is reduced for a very long period of time and the fire hazard increased."

"... I am aware however, that State advice in this matter has been particularly slow, a factor which suggests to me that the Commonwealth should make an independent assessment of the situation."

"I seek your agreement to my proposal to vary the terms of the company's existing approval which would authorise it to use the categories of pulpwood specified in the New South Wales Minister's letter, for the duration of the export approval but subject to the 350,000 tonnes per annum maximum applying currently. Any approval would be conditional on the company providing information on the quantity and source of pulpwood utilised and restricted to operations under the control of the New South Wales Forestry Commission."

On 16 June 1983 the Minister for Environment, B. Cohen, responded to the Minister for Primary Industry, J. Kerrin;

"However, I note that in the 1977 EIS, prepared under the Environment Protection (Impact of Proposals) Act on the current operation by Sawmillers Exports, the consequences of using silvicultural residues was not considered. I understand that, in conveying his advice on the environmental aspects of this proposal to the then Minister for Primary Industry, the former Minister for Environment, Housing and Community Development recommended that a further assessment should be undertaken if any proposal to utilize silvicultural residues were brought forward."

"In these circumstances, I believe that an EIS should be prepared and assessed on the proposal outlined in your letter of 26 April 1983 before any decisions are taken to vary Sawmillers Exports' current export licence."

On 3 August 1983 the Minister for Primary Industry, J. Kerrin, responded to the Minister for the Environment, B. Cohen;

"Should you consider that further environmental assessment of the utilisation of silvicultural and forest residues is necessary, I wonder whether this might be conducted in general terms. I have in mind that such material would form part of the additional resources available to ... [deleted] ... and its use would be covered in an EIS prepared by that company."

In the circumstances I consider that the terms of Sawmillers Exports existing approval should be varied to allow the use of silvicultural and forest wastes from Crown forests for a

period of five years. I would be prepared however, to put the company on notice that should any safeguard appear necessary arising out of other Commonwealth environmental assessments of the use of silvicultural and forest residues, then additional conditions may be included in its licence."

The Federal Minister for resources approved this despite the absence of any attempt to undertake the required environmental assessment. In doing so the Minister ignored the recommendations of the 1977 EIS, the conditions of approval imposed by the Federal Department of Environment, the opposition of the NSW Department of environment and the request by the Federal Minister for the environment to first prepare an EIS. On the 5 March 1984 the Minister for Primary Industry, J. Kerrin, again wrote to the Minister for the Environment, B. Cohen;

"Following your letter of 6 April 1983 I agreed to the export by SEPL of the resources identified in the application for a period of 12 months. That authorisation expires on 20 June 1984. In view of the fact that it is now almost seventeen months since the company formally applied for approval to vary the terms of its long term export authorisation, I believe that we should make a decision without further delay.

"... I am advised that in part the delay in resolving this issue may rest with advice from the NSW Department of Environment that it considers an EIS is necessary."

On the 8 March 1984 the Minister for the Environment, B. Cohen, replied to the Minister for Primary Industry, J. Kerrin;

"... you advise that the Company has now sought to vary its export approval to include woodchips derived from silvicultural and forest residues from Crown forests for a five year period. The major obstacle to my advising on the environmental aspects for the use of these new sources for woodchip exports is the absence of any previous assessment of this particular project under the Environment Protection (Impact of Proposals) Act.

"The Company has approval until June 1984 to export woodchips from the new sources. An appropriate course of action would be for the Company to prepare an EIS outlining the environmental effects of obtaining woodchips from these sources over the five year period. In this way the sources will not need to be reconsidered over short-term periods.

"I would be prepared to support an extension of the Company's current approval to include silvicultural residue, within the current approved annual tonnage, to the end of 1984, without an EIS, on the clear understanding that an EIS will be required before any approvals are given for export beyond December 1984.

"To forestall likely criticism that the Government is not following the ALP Platform with respect to the preparation of EIS's on these two woodchip export proposals, I believe it most desirable that we issue a joint statement setting out the reasons for our decision on this matter. A draft statement is enclosed for your consideration."

The Resource Minister ignored the Environment Minister's protests and secretly gave approval for the export of woodchips derived from the specific felling of trees and clearing operations until 1989. This was subsequently renewed with no further assessment. On the 25 June 1984 the Minister for Primary Industry, J. Kerrin, informed the Environment Minister;

"... I have determined that the company should be authorised to export woodchips derived from silvicultural and other residues, as set out in my previous authority (20 June 1983), for a period of five years. The Company will still be limited to its original tonnage of 350,000 tonnes."

Contrary to the recommendations of the 1977 State Pollution Control Commission inquiry and a 1977 Senate Standing Committee inquiry the approval included woodchips obtained by clearing private property. Prior to 1990 there were at least two applications by SEPL for the export of woodchips derived from the clearing of private properties in north-east NSW referred to the then D.A.H.E. by D.P.I. for comment;

(a) clearing for a subdivision in Great Lakes Shire for which DAHE "has no objection on environmental grounds" (4 April 1984),

(b) clearing of a property near Coonabarabran for which DAHE considered *"there is insufficient information to make a proper assessment of the environmental significance of the property's significance."* (21 February 1985), further stating;

"With regard to the general question of the use of wood from agricultural clearing, I agree that the potential for encouragement of clearing of land that might be otherwise left uncleared is a matter of concern." (21 February 1985).

On 24 June 1985 DAHE wrote to DPI:

"With regard to SEPL's ... [deleted] ... proposal, we still do not have any information to advise on environmental issues. You may consider, however, that the proposal is not environmentally significant and does not need to be referred to this Department."

DPI responded to DAHE on 12 August 1985:

"I refer to your memorandum 84/534 of 24 June 1985 regarding SEPL's proposal in relation to export of woodchips derived from pulpwood on the properties of... [deleted] ... NSW."

"Approval has now been given to the export of woodchips derived from the clearing of ... [deleted] ... properties subject to the condition that existing natural timber along drainage lines be retained as advised by the NSW Soil Conservation Service."

In 1988, again without any further assessment, the allowable export volumes were increased by the resource Minister from 350 000 tonnes to 500 000 tonnes per annum.

In August 1988 the Japanese company Harris Daishowa proposed the construction of a Chlorine-bleaching pulp mill near Grafton which would consume 1.6 million tonnes of forests each year and release millions of litres a day of poisoned waste water into the Clarence River. The proposal was vigorously opposed by the local community and the North Coast population generally on the grounds of pollution of the Clarence with a cocktail of lethal poisons, inadequate resource, forest degradation and adverse impacts on other industries (fishing, apiary, tourism and small sawmilling). As an interim measure it was proposed to set up an export woodchipping facility near Yamba on the Clarence River.

In 1989 a licence to export 180,000 tonnes of woodchips per annum was granted to Brisbane Forest Products without the required environmental assessment or an EIS.

Brisbane Forest Products Ltd were licenced to take trees and off-cuts for woodchipping from south to Coffs Harbour and west to Tenterfield in NSW and north into south-east Queensland. Much of the woodchips came from clearing of private properties around Tenterfield.

On the 24th April 1989 the Forestry Commission wrote to Sawmillers Exports:

"Pulpwood supplies will include a proportion of logging residue and silvicultural treatment from "old growth" forests. The Commission will require the Company to increase its utilisation of this resource to guarantee the additional supplies sought."

From 1 January 1990 to 1 November 1990 SEPL applied for approvals to export woodchips from 7 private properties, of which approval for two was granted in September 1990.

In March 1990 the Federal Minister for Arts, Sports, the Environment, Tourism, and Territories, Senator Richardson, gave a public promise to NEFA that EISs would be prepared for both Sawmillers Exports and Brisbane Forest Products before their licences were renewed. In 1990 Senator Richardson wrote (letter 2.1.1990):

"It is Commonwealth Government policy not to issue any licences for the export of forest products unless the forests concerned are managed on a sustained yield basis, the forest types are adequately conserved and the project has been subjected to environmental impact analysis."

North east NSW failed to satisfy any of Richardson's criteria. Following questioning from NEFA Senator Richardson publicly stated (9 March 1990):

"If I remember properly there have been two extensions without an EIS since 1981. If that's the case then if they want any renewals I will make sure there is an EIS."

Finally on the 14 November 1990 the Federal Minister for Resources, Alan Griffiths, announced that he had designated the private property and 'silvicultural residue' components of SEPL's operations under the Environment Protection (Impact of Proposals) Act, stating *"The company's operations on private property also required environmental assessment."* (Media Release, 14 November 1990).

Despite representations from the Environment Minister, Ros Kelly, he refused to designate the 'sawmill residue' and 'logging residue' components of SEPL's operations. The Environment Minister determined that an EIS was required for the designated sources.

Subsequent to Mr. Griffith's designation SEPL were granted approval for the additional 5 properties previously applied for, applied for approval for a further 8 properties and were granted approvals for all of these additional properties. Of the 15 properties 13 were granted approval in 1991. For 1992 12 were renewed (either 1 or 2 having been completed) and the two others approved. Over half of these involved clearing forests.

In 1993 NEFA reported a number of properties from which timber was being exported as woodchips without the required approval from the Federal Minister. An inspection by the Department of Primary Industries and Energy identified that 2,064 tonnes of timber were taken from one property for processing into export woodchips. Though they refused to investigate the other properties or take any action.

Finally in October 1993 SEPL's 'Draft Environmental Impact Statement' was released for public comment. NEFA submitted a lengthy and detailed critique, claiming an apparent deliberate intention within the EIS to misrepresent the proposal and mislead the reader. The EIS was assessed by the Commonwealth Environment Protection Agency and the Australian Nature Conservation Agency. As a result of this assessment the Environment Minister recommended to the Resource Minister that numerous constraints needed to be put upon SEPL's operations to minimise environmental damage (and overcome the deficiencies in the EIS). Unfortunately most of the recommended conditions weren't imposed when the licence was re-issued in September 1994 for 15 months.

2. Dealing With All Commonwealth Responsibilities

On 12 March 1991 Prime Minister Hawke released his "Building a Competitive Australia". This was targeted at providing Resource Security for major new industrial wood processing projects by undertaking joint State-Commonwealth assessments which dealt with the requirements of the Environment Protection (Impact of Proposals) Act 1974 (wood exports), Export Control Act 1982, Australian Heritage Commission Act 1975 (national estate), World Heritage Properties Conservation Act 1983 (world heritage), Aboriginal and Torres Strait Islander Heritage Protection Act 1984 and a variety of other responsibilities.

At the same time the Prime Minister announced that 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, stating *"State and Federal governments share the*

objective of phasing out woodchip exports from native forests in favour of downstream processing of the resource (pulp and paper mills) by the year 2000”.

The draft legislation released in September 1991 ruled out whole log or woodchip exports from native forests, but permitted their export as a subsidiary use (ie sawmill, sawlog and silvicultural residues) which most woodchips were claimed to be. Whole logs and woodchips could still be exported from plantations. The legislation was introduced into the House of Representatives on 28 November 1991 as the Forest Conservation and Development Bill 1991. In his second reading speech the Minister for Resources, Alan Griffiths, made it clear that the intent was to allow woodchip exports after the year 2000 where a Regional Agreement between the Commonwealth and the relevant State had been signed. The bill dropped off the political landscape after Keating became prime minister.

The passage of the Endangered Species Protection Act 1992 added to the Minister for Resources' responsibilities by establishing that the Minister 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.

In May 1992 the Commonwealth and the States signed the Intergovernmental Agreement on the Environment which committed them to work cooperatively to satisfy their respective environmental obligations. It committed all parties to considering the environment in their decision making processes, in accordance with the precautionary principle, intergenerational equity, conservation of biological diversity and ecological integrity, and improved valuation, pricing and incentive mechanisms. It also reinforced the need for environmental impact assessment processes based on specific guidelines.

In December 1992, the National Forest Policy Statement (NFPS) was endorsed by the Commonwealth and all States and Territories except Tasmania. In signing the NFPS the states committed themselves to establishing a comprehensive, adequate and representative (CAR) reservation system to protect old-growth forest and wilderness values by the end of 1995 for public lands, with the inclusion of necessary forest from private land by 1998.

3. Woodchipping Erupts

As at 1994 there were 8 hardwood woodchip export operations in Australia. 5 of these had been required to prepare EISs under the Environmental Protection (Impacts of Proposals) Act, though two had since been granted additional volumes. At that time Sawmillers Export's belated EIS had been exhibited but not determined, Midway Forest Products had been designated in 1991 but had not prepared their EIS (despite being approved since 1987), and Southern Plantations Chip had not been designated (despite being approved in 1991). Around 20% of export woodchips were still not covered by EISs.

The environment movement had a concerted attempt, leading up to the December 1993 annual licence renewals, to get the federal government to at least include conditions on the licences which ensured that woodchips are not obtained from high conservation value oldgrowth forests, wildernesses, habitats of endangered species and forests not being managed on an ecologically sustainable basis.

The Minister for Environment, Sport and Territories, Ross 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 forest for protection in accordance with the National Forest Policy Statement. 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. The only outcome was the addition of one very vague statement referring to endangered species as a licence condition and an agreement with the NSW forestry department that it wouldn't obtain woodchips from a few areas which they weren't going to log anyway.

In 1994 the new Federal Minister for Environment, Sport and Territories, John Faulkner, took the NFPS's requirement that *"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"* on face value, stating on 28 June 1994 that *"Old- growth forests and wilderness should not be logged until assessments are complete"*. The Minister for Resources, David Beddall, disagreed stating on 7 July 1994 that the relevant clause of the NFPS *"does not imply a moratorium on logging of all old- growth forests."*

The Environment Minister agreed to fund conservation groups in the woodchipping areas to undertake assessments of the conservation values of compartments from which timber was proposed to be obtained for export woodchips. NEFA used available data on a wide range of attributes, including oldgrowth forest, proximity of federal threatened species, biodiversity, wilderness, national estate, and reserve adequacy, to assess 912 compartments proposed for logging in north-east NSW. 328 compartments were conservatively identified as *"having high conservation values which need to be protected"* (Pugh 1994)

Based of his Department's review of the available information, including that in NEFA's assessment, the Federal Environment Minister, John Faulkner, identified 495 compartments in north east NSW amongst the 1309 areas (coupes and compartments) of forest Australia wide that had high conservation values that he recommended to the Federal Resource Minister, D. Beddall, should be excluded from export woodchip licences.

Without any further assessment the political decision was made by the Resource Minister, David Beddall, on the 19 December to only exclude 85 areas Australia-wide from woodchip-exporting, while granting 10 Commonwealth export licences to seven woodchip companies for 1995. In October he had approved Sawmiller's Exports until December 1995 and he had given Midway Forest Products 12 months approval in June. This brought the total approvals for export for 1995 to 6.024 million tonnes of hardwood woodchips. In 1993-94 4.65 million tonnes had been exported, so this was a major increase. The 85 areas included 41 compartments in NSW, 12 of which were not even proposed for logging in 1995.

Before the decision was made public, Faulkner wrote to Beddall expressing his 'extreme concern' about the decision and sent copies to Keating and four Cabinet colleagues. To no avail.

When the decision was announced on 20 December it was attacked by conservationists and the media who had been briefed to expect a conservation outcome.

Tasmanian Senator John Devereaux, 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, with the backing of Harry Woods, ALP Member for Clarence, said he would be moving a motion at the next meeting of Caucus to overturn the decision.

NEFA joined other groups for a demonstration in Canberra, establishing an anti-woodchipping tent embassy on the lawns of Parliament House, at one time holding hands to encircle parliament house. In the new year 80,000 people marched in rallies in the capital cities.

Due to the internal and public outcry on 22 December 1994 the Prime Minister, Paul Keating, maintained that the licences issued by the Minister for Resources were legally binding and irrevocable, but that licence conditions "*will be rigorously enforced*". As a means of encouraging the States to invite the Commonwealth to participate in comprehensive regional assessments and regional forest agreements 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 until regional forest agreements were signed.

The Government was thrown into further confusion when, on 10 January 1995, the Federal Court of Australia, Justice Sackville (*Tasmanian Conservation Trust Inc v Minister of Resources and Gunns Ltd*), set aside a decision by Minister for Resources, D. Beddall, to grant a licence to export woodchips from north-west Tasmania because he failed to comply with the requirements of the *Environment Protection (Impact of Proposals) Act 1974*, noting:

.. 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.

In November the Tasmanian Conservation Trust had challenged a decision the Minister made in June 1994 to grant a woodchip export licence to Gunns Ltd, with "in principle" approval to export up to 200,000 tonnes of hardwood chips until the end of 1999 subject to the issue of annual export licences. A Resource Minister's arrogance in ignoring advice from environmental authorities that woodchipping operations were likely to have significant impacts had finally been his undoing. This implied that at least over the period 1983 to 1993 much of the woodchips exported from north-east NSW were done so illegally. Though it was the judgement's implications for the licences issued by Beddall in December that caused panic in the ALP.

A new annual licence for Gunns was one of those issued by the Minister for Resources in December, prior to the handing down of this judgement. The Sydney Morning Herald reported on 23 January 1995 that leaked advice from the Attorney- General's Department maintained that for that 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, and that three other licences were open to challenge because of administrative failings relating to environmental impacts of woodchipping.

On January 25 a public meeting opposing woodchipping at Sydney Town Hall attracted a crowd of about 1000 people, the majority of whom stayed behind at the end of the meeting to volunteer to help the campaign in marginal seats in metropolitan Sydney.

On the 27 January 1995 Prime Minister Paul Keating issued a statement that the Federal Government had identified 509 of the areas identified by Faulkner (165 in north-east NSW) as "*areas of high conservation value which should be included in a comprehensive reserve system*", stating:

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.

...

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 values sufficient for their incorporation into a national reserve system."

In relation to the fallout from the illegality of the woodchip licences, the Prime Minister stated:

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.

On the 27 January 1995 Beddall announced the process to be followed in determining values of the 509 areas identified for rescheduling:

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;

On January 28 a pro-woodchipping rally of 3000 timber industry and union members, led by the CFMEU, was held in Hobart. When Parliament opened in Canberra on 30 January 1995 2,500 timber workers set up a tent city and 300 logging trucks were used to establish a blockade of Parliament House.

Not all unions supported the Forestry Division of CFMEU's position, the construction division of the CFMEU took a public stand against woodchipping of oldgrowth forests, and the Australian Education Union and Australian Service Union came out strongly against export woodchipping and in favour of protection of oldgrowth forests (Green Left Weekly 1/2/1995), with Martin Foley of the ASU stating:

"Survey after survey shows that the issue of support for the environment and opposition to export woodchipping has massive backing amongst young workers. This is the very group that my union, and indeed the trade union movement, needs to be attracting, not alienating."

The threatened resignation of 5 ALP backbenchers led the Federal Cabinet to have a crisis meeting on the evening of 2 February 1995 to debate the issue. It was decided to establish an expedited assessment process to further review the protection of the 509 areas. There was to be a rapid assessment over a week to remove those areas meeting the following criteria:

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.*

The remaining areas were to be subject to the following assessment over an 8 week period:

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 timber workers were satisfied and voted to disband their protest the following day.

On the 9 February Cabinet approved deletion of 57 areas, including 30 compartments in north-east NSW, on the basis that Forests NSW had either completed or commenced logging them. Logging had not started in most until after they had been identified as HCV. Some of these did not satisfy the Cabinet's criteria that they be *logged in accordance with their licence conditions*. At least one of the compartments dropped (102, Nulla Five Day SF) was illegally logged without a licence from the National Parks and Wildlife Service while breaches of erosion mitigation conditions were found in a number of compartments (ie. 101, 102, 123 and 144, Nulla Five Day SF) resulting in the Environment Protection Authority issuing a notice under Regulation 21 of the Clean Waters Regulations 1972 for rehabilitation works in compartment 144.

The assessment process was farcical. The identification of the values of compartments in NSW was undertaken by Federal agencies in conjunction with State Forests. The NSW Fahey Government refused to allow the National Parks and Wildlife Service or the Department of Planning any more than a token role in the reassessments, while also denying Federal agencies access to extensive data bases held by the National Forest Inventory on the basis that the NSW government helped fund the data collection and thus could veto their access.

In late February the NSW Government requested the release of a further 30 compartments (20 in north-east NSW) on the grounds that they had to be logged to maintain employment before the assessment was complete. Six compartments in north-east NSW were requested to be dropped on the basis that no export woodchips were obtained from them. There was no due assessment of their values and conservation groups were given from midday Friday to midday Monday to comment. In north-east NSW Forests NSW had already commenced logging in at least 4 of these.

One of those being logged was claimed to not involve export woodchipping (Compartment 341 Richmond Range SF), before it was dropped State Forests required that the timber be sent to the

mills that did not process export woodchips, once it was removed from the list State Forests considered it irrelevant what use was made of the timber and timber was thereafter often taken to a mill supplying export woodchips.

The controversy in 1994 over the logging of high conservation value forests, and oldgrowth forests in particular, for export woodchips destabilised the Keating Federal Government. As a result of this one of the principal campaign pledges made by Bob Carr in the lead up to the 1995 State election was to protect oldgrowth forests, this gained him the support of the conservation movement and was a significant factor in the election of a Labor Government in NSW. The Greens refused to give the ALP preferences in key marginal seats such as Bathurst until the ALP did a significant re-draft of their forest policy.

By the time the new NSW Government of Premier Carr was elected in late March 1995, 330 of the original 495 compartments identified by Faulkner in north-east NSW had been deleted by Keating. A further 30 were then dropped on the grounds that State Forests had already started or completed logging them. Six more compartments were then dropped because it couldn't be proven that export woodchips were being obtained from them. Finally, 3 were dropped on the grounds that they had been logged, 7 on the condition that the State protects their values by management prescription, and 29 on the grounds that woodchips were not to be exported from them. This left 90 compartments in north-east NSW still identified as HCV forests intended for protection.

In the end 264 of the 1309 areas identified by Faulkner throughout Australia were protected.

In April 1995 NEFA identified to the State and Commonwealth Governments seven compartments still on the Commonwealth's HCV list that had logging operations commenced in them. NEFA had stopped 2 of these operations, along with operations in a number of other dropped HCV compartments, by blockades. State Forests had also added a significant number of new compartments, which were not included in the original Federal process and therefore remained unassessed, to their order of works.

4. Back to Business

After the woodchip licensing fiasco for 1995, Prime Minister Keating announced that instead of a coupe by coupe assessment the Commonwealth would undertake an assessment to identify Deferred Forest Areas (DFAs) before woodchip licenses were issued for 1996. The rationale was that coupes/compartments needed to be considered in context and thus it is necessary to identify all areas likely to be required to achieve a Comprehensive Adequate and Representative (CAR) reserve system and ensure that no such areas are logged.

The Commonwealth's Deferred Forest Assessments paper noted:

"The aim of Deferred Forest Assessments (DFAs) is to identify, on a regional basis, those forest areas in current wood production tenures that may need to be set aside from logging so as not to foreclose options for their possible inclusion in a CAR reserve system. The 'deferred areas' identified through the assessments would be protected until the completion of Regional Forest Agreements (RFAs)."

"The assessments will need to ensure that the benchmarks proposed by the Commonwealth in its Reserve Criteria Discussion Paper are met by the existing reserve system and the deferred forest areas."

"It is important that the assessment process is seen to be transparent, explicit and repeatable. ...Information should be freely available to stakeholders throughout the process, in particular, they will need to be informed of the approach that is being developed to do the assessments and allowed the opportunity to contribute their views. The process will need to be robust and be able to withstand stakeholder criticism."

After months of refusing to co-operate with the Commonwealth it was finally agreed that NSW would not have to identify all forests likely to be required for CAR reserves. Instead it was agreed they only had to assess the compartments State Forests wanted to log over the next year.

Based upon the assumption that all forests not proposed for logging were preferentially required for reservation they then assessed which forest types within proposed logging areas still required some reservation to meet the Commonwealth's requirement that 15% of the pre-1750 extent of forest types be protected. In effect this meant that only forest types still requiring 100% of their remaining extent on State Forests to be reserved were considered. They decided not to assess the condition of the forests so as to ensure the best of the forests would be put aside or to take into account other conservation values.

All the public forests not then proposed for logging were called DFAs. The resultant DFAs were then put on display for public comment.

The Commonwealth bureaucrats prepared a damning critique of NSW DFAs, basically requiring that they be redone properly. Their critique was leaked to the Sydney Morning Herald (some say it was leaked by DoPIE to stop the review) and the NSW Government was furious. NSW directed the Commonwealth Government to clamp down on the assessment. The doors were not only shut to conservation groups, but they were securely locked.

In effect State Forests of NSW were given control over reviewing the draft DFAs. With a few exceptions State Forests ignored the compartments identified in submissions and added all those compartments they had since completed logging, and those compartments they never intended to log, to the DFAs.

Of the 1,485 compartments proposed for logging in the north-east NSW draft DFA, 193 were added to the final DFA and 6 were removed from the DFA and added to logging areas. Resulting in 1,298 compartments, representing some 308,896 hectares, being made available for logging. The identified DFA of 1,111,200 hectares included all public pine plantations.

Of the compartments proposed for logging in north-east NSW, NEFA identified 500 as likely (fully or in part) to be required for a CAR reserve system, with about half of these identified as having exceptional conservation values.

Five months after the election of the Howard Government in March 1996 the primary industries minister John Anderson announced that Keating's 5.25 million-tonne ceiling on chip-exports would remain until regional forest agreements were in place, but an additional one million tonnes from sawmill residues and thinnings from regrowth forests could be exported in 1996 along with an unspecified volume from clearing 'degraded' private native forests to establish hardwood plantations. Rather than annual licences, 3 year licences to 2000, when regional forest agreements should be completed, were to be granted.

In 1997 John Anderson amended the export regulations to remove woodchips sourced from a regional forest agreement area.

History of Export Woodchipping

The 2000 North East NSW Regional Forest Agreement was claimed to satisfy all Commonwealth obligations for the protection of national and world heritage, a national reserve system and nationally threatened species. This completed the removal of the need for federal approval of export woodchips.

Export woodchipping in north-east NSW continued unabated until Boral found its customer demanded certification of the woodchips. In 2011 Boral commenced intermittent negotiations with conservation groups with a view to gaining controlled wood certification under the Forest Stewardship Council. Negotiations stalled over implementation of the agreed terms of reference and criteria as to what constitutes High Conservation Value areas.

In late 2012 Boral bypassed conservation groups and sought retrospective certification for a pile of woodchips it had amassed and a certification assessment was undertaken in May 2013. Conservation groups vigorously opposed accreditation on the grounds that high conservation values were not being adequately protected in logging operations. They also highlighted the parallels with Boral's 1983 woodchip mountain.

In June 2013 Boral announced its decision to exit the woodchip export business and sell its woodchipping plant and equipment. Export woodchipping came to an end in north east NSW.