

at under 25c, the minimum is 2,000 shares. If you wanted to sell 1,000 shares at less than 25c, the parcel becomes an

holders is a legacy not only of the indifferent sharemarket attitude towards Newcrest

each one of those shareholders with less than the 500 shares needed to make up

shareholders with unmarketable parcels was between 3 per

similar term

The chips are down — and look like staying that way

By LEONIE WOOD

Australia's major hardwood chip exporters are facing a year of flat, and perhaps further declining, demand during 1992 as Japanese pulp and paper producers contend with excess capacity and generally static paper prices.

The sober outlook is depressed further by Australian producers' declining lack of influence in Japanese markets as market share is eroded by producers from Chile, South Africa and the southern United States.

According to figures published recently in Japan, Australia was responsible for 70 per cent of all hardwood chip imports into Japan just a few years ago. That has dropped to around 35 per cent and is expected to fall further this year as southern US producers supplant some of the Australian volumes.

"The Japanese have much greater leverage capacity in our negotiations unless we meet the international competition head-on in terms of pricing, quality and deliverability," one senior local producer said. "We are in a depressed market. Our customers are shrewd negotiators and they are on the front foot at the moment."

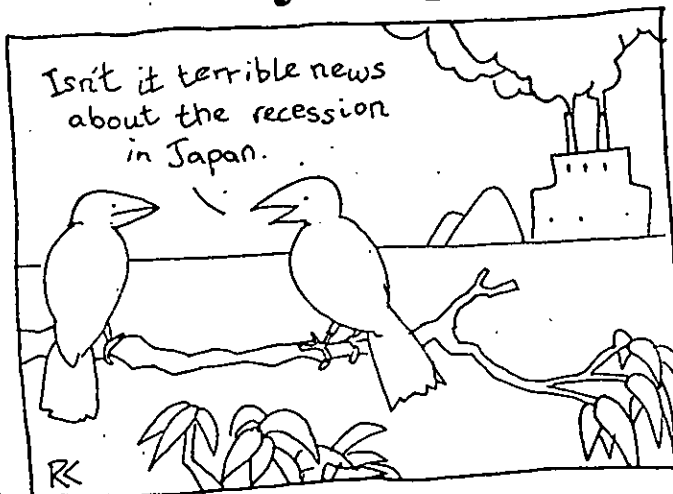
Producers claim that the local industry's costs are highly competitive compared with rival international producers, although figures from Japan suggest that this competitive edge is decreasing with the entry of new producers.

But producers argue that Australia's market share was lost in the late 1980s when Japanese pulp and paper companies actively sought new suppliers to compensate for a perceived loss of supply when, and if, APPM's proposed \$1 billion Wesley Vale pulp mill came on stream.

Australian woodchips must be directed first to local production, and without new resource areas supplies for export would have dropped markedly.

The downturn in hardwood chip exports volumes, currently driven by Japanese

Isn't it terrible news about the recession in Japan.



market conditions, was starkly demonstrated in North Broken Hill Peko Ltd's recent March-quarter production report which showed a 23 per cent decline in APPM's woodchip exports compared with the March 1991 period.

APPM's 361,768 tonnes exported during the latest period was 16 per cent below the December quarter and was a direct result of a curtailing of demand by APPM's major Japanese customers.

Although APPM expects "a period of restrained demand" for the rest of calendar 1992, woodchip exporters generally are cautious about the outlook. Some expect a slight resurgence in demand late this year; others express doubt about their customers' optimistic orders.

"We have the order volumes for the next six months and they look good," one producer said. "But we are concerned that they may look too good and maybe the second half will be bad."

The West Australian producer Bunnings Forest Products Pty Ltd is more optimistic, saying that although short-term sales for the current six months are down, "the outlook is reasonably positive".

"We are not very upset about it, because we believe the market will turn around," a Bunnings spokesman said.

Australia's major producer, APPM, last year exported 1.6 million tonnes of hardwood chips — 55,000 tonnes less

than in 1990 — but prices achieved were lower, because of unfavourable Australian dollar exchange rates.

Over the past 12 months hardwood chip prices have barely moved and producers which have just completed six-monthly price negotiations incurred cuts of only 50c, taking prices to \$152.50 per bone-dry unit (about \$76 a tonne).

Japanese pulp and paper companies source about 43 per cent of all woodchips from local resources — although this is slowly declining — and deliver about 90 per cent of end-product into home markets.

Pulp and paper producers in Japan started expanding aggressively in early 1988, adding about 30 per cent new production capacity over three years, with much of this directed to the business machine and printing paper sector.

But paper prices are barely off the bottom of a long downturn. In December, they hit a low which was 36 per cent below the peak levels of August 1989.

One estimate put Japanese domestic demand for paper for the year to March 1992 at just over 17 million tonnes, or about 3 per cent above March 1991 levels, countered by 8.5 per cent higher production capacity of about 19.7 million tonnes.

Japanese demand for hardwood chips this year is expected to ease by up to 3 per cent,

although the decline in demand for softwood chips is likely to fall by around 4 per cent.

The greatest competition for a slice of the enormous Japanese woodchip market is from producers in the southern US and Chile. These regions had virtually nil hardwood chip exports to Japan in the late-1980s and are now responsible for about two million tonnes each.

The executive director of the Pulp and Paper Manufacturers' Federation of Australia, Mr Barry La Fontaine, said countries developing hardwood chip industries generally enjoyed lower land costs, single-species production from plantation, lower infrastructure costs and, in some cases, subsidies.

The time is ripe for an assessment of the Australian industry's future direction. Either it must set up new pulping capacity here or direct exports to single-species hardwood chip from younger plantation stocks — a more valuable product for pulping customers.

But prohibitive land costs, relatively high infrastructure costs and Australia's current harvest of mixed eucalypt species and older forest resources will continue to diminish any competitive edge.

Forest Resources, a unit of Pacific Dunlop Ltd's Petersville Sleigh division, has a licence to export just under 1 million tonnes a year of hardwood chips, but lower demand pinned deliveries to around 850,000 tonnes in 1991 and similar volumes are expected this year.

As part of addressing its future strategy, Forest Resources is studying a proposal for a \$300-400 million chemi-mechanic pulping project in Tasmania.

"Australia is still the closest source of woodchips for the Japan market and when the Japanese economy turns around, they will return to Australian markets," Forest Resources export manager of forest products, Mr Peter Emery, said.

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Friday 27-July. 1990.

Woodchip farms are profitable, report says

By MIKE SECCOMBE

CANBERRA: Wood from eucalypt plantations could replace woodchips from the National Estate areas of the south-east forests of NSW within 15 years, according to a government report on forest options.

The report, one of four commissioned by the Department of Resources to supplement the joint scientific report released last weekend, estimates a potential yield of 200,000 tonnes of plantation pulpwood by early next century.

Such a yield would require the planting of about 14,000 hectares of land now used mainly for cattle. Such tree farms could become profitable alternatives in areas now under-used for grazing, it said.

The report flies in the face of consistent arguments from the forestry industry — which gets public resources at low prices — that eucalypt plantations are not viable.

While the study, Development of a Plantation Strategy for the South-east Forests of NSW, concludes there is no prospect of completely replacing natural forest logging within 20 years, it could take the pressure off the National Estate.

One of the authors of the report, emeritus Professor Lindsay Pryor, a forestry biologist from the Australian National University, said plantations could produce "about half the amount of timber that is provided by harvesting from the Eden Native Forest Area".

The area in turn provides about half the timber required by the Harris Daishowa woodchip mill at Eden. The rest comes from Victoria.

He admitted the report was "equivocal about the future of such plantations to provide saw-log timber", but said the production of sawlogs was worthy of further research.

Plantation-grown eucalypt sawlogs have yet to be produced commercially in Australia, there being doubts about their cost competitiveness with pine and their strength for structural use.

But the report notes "promising indications" from preliminary work which suggests that structural timber could be produced if eucalypt wood was properly sawn and dried.

"But at the very least, it would be 30 years before sawlogs could be taken. However, your first yield of pulpwood could be taken in 15 years ...

"We reckon it would be economically viable, and give an internal rate of return of 4 or 5 per cent.

"To maximise profit, you would go for improved hybrid material ...", he said.

Two of the other three reports found that the failure of the industry to adopt new practices was leading to waste and poor use of the south-east timber resource.

A third report, on value-adding, concludes that if each of the two major timber companies there put between \$3 million and \$3.7 million into drying and milling timber into such simple things as nailed beams and flooring, up to \$15 million in regional output and 130 new jobs could be generated.

The final report found the establishment of a "flitch" mill — to extract useable lengths of sawn timber from logs which would otherwise be used for pulp — to be non-viable.

MINISTER FOR RESOURCES**SENATOR PETER COOK***woodchipping***MEDIA RELEASE***M Fanning
D Hanna*

PIE 90/051C

16 February 1990

EXPORT LICENCE FOR HARRIS-DAISHOWA

Senator Peter Cook, Minister for Resources, announced today that he had issued a licence to export woodchips in 1990 to Harris-Daishowa (Australia) Pty Ltd.

The licence will subsume the restricted licence which was issued for the period from 1 January to 28 February 1990 during which the Federal and New South Wales Governments were negotiating a forest agreement for the first six months of the year.

"I have decided to issue the licence following an exhaustive analysis of all available data concerning timber resources during the first six months of 1990, as I am obligated to do under Section 30 of the Australian Heritage Act," Senator Cook said.

"As a result of this analysis, I have decided that there is no feasible or prudent alternative to logging during this period in the small number of National Estate compartments in the south-east forests agreed to this week in the Commonwealth-NSW forest agreement.

"This agreement means that the zone in the National Estate where logging is allowed until June 1990 has been reduced from the 9% originally agreed to in July 1989 to 5.4%.

→ "One of the conditions I have attached to the licence is that HDA may only export woodchips from this small number of National Estate compartments.

"Other conditions stipulate that the licence be subject to the strict environmental conditions for protecting the National Estate forests which have been agreed with NSW.

"The issue of the licence to HDA and the agreement with NSW ensure resource supply and job security in the region with the strictest possible protection of the environment," Senator Cook said.

"Between now and June, a number of Commonwealth initiatives will have come to fruition which will provide the information needed for development of a long-term forest strategy which will encompass both these objectives.

"These initiatives include the Biological Studies Committee which is conducting a fully comprehensive review of flora and fauna values of the south NSW forests.

"They include studies to investigate the prospects for more effective use of timber resource through such developments as establishment of a flitchmill, more efficient sawlog recovery and value-adding in the sawmilling industry."

Senator Cook said he was in the process of setting up a Regional Consultative Committee to oversee the process and advise him on this and other forest issues in the Eden region.

The Committee, representative of industry, unions, the community generally and Federal, State and local government, was expected to be operating very shortly.

"The conservation movement, which has a crucial place in the process, has been invited to take part," Senator Cook said.

"The Government still looks forward to the invitation being accepted."

Enquiries: Dominic Nagle (062) 777480

Forests
- Woodchipping
Harris - Daishowa Licence
Action - Fion
- reply



THE DEPARTMENT OF
THE PRIME MINISTER AND CABINET

CANBERRA, A.C.T. 2600

Ms F Buining
Project Officer
The Nature Conservation Council of NSW
39 George Street
SYDNEY NSW 2000

Dear Ms Buining

I have been asked to respond to your letter of 12 January 1990 to the Prime Minister concerning the issue of a licence to Harris-Daishowa to export woodchips.

As you may be aware the Minister for Resources recently announced that he had issued a licence to export woodchips in 1990 to Harris-Daishowa (Australia) Pty Ltd. One of the conditions attached to the licence is that Harris-Daishowa may only export woodchips from a small area of National Estate compartments. This area of National Estate where logging is allowed, until June 1990, has been reduced from the 9% originally agreed to in July 1989 to 5.4%.

I have included a copy of the media statement released by the Minister for Resources on 16 February 1990 announcing the export licence for Harris-Daishowa.

Yours sincerely

Graham J Dodds
Senior Adviser
Primary Industries and Environment Branch

23 March 1990

Nature Conservation Council of N.S.W.,
39 George Street,
Sydney, 2000.

This letter has been sent to:
The Rt. Hon. R.L. Hawke, M.P., Prime Minister of Australia

The Hon. Senator Cook, M.P., Min. for Resources

The Hon. Senator Graham Richardson, M.P.,
Min. for the Environment

The Hon. John Kieran, M.P., Minister for Agriculture

The Hon. Mr. Nick Greiner, M.P., Premier of New South Wales

The Hon. Mr. Tim Moore, M.P., Minister for the Environment

The Hon. Mr. Ian Causley, M.P., Min. for Natural Resources

Senator Irene Dunn, M.L.C.

This copy is for your information.

A handwritten signature in black ink, appearing to read 'Marianne Cochrane', with a long horizontal flourish extending to the right.

Marianne Cochrane
Hon. Secretary
Royal Zoological Society of N.S.W.



THE ROYAL ZOOLOGICAL SOCIETY OF NEW SOUTH WALES

P.O. BOX 20, MOSMAN, N.S.W., 2088, AUSTRALIA

Telephone: 969-7336

Forest-woodchip

The Royal Zoological Society of New South Wales has been following the public debate on the Eden woodchip industry and notes a lack of attention to zoological matters. The Society, representing a large number of Australian zoologists, urges you to consider the impact of any decision on the native animals of the region.

The area was once entirely forested. Now, after initial land clearance, fifty per cent remains as forest with only a little over ten per cent being in National Parks, Nature Reserves or Flora Reserves. The bulk of the remainder of the forest resource has been, or will be, subject to the intensive logging and accompanying burning practices of the woodchip industry. That forest planned to be left is predominantly on steep, unloggable land. Such changes will predictably have a major impact on the native fauna, and the studies that have been done confirm this.

In our assessment, the Environmental Impact Surveys by Harris Daishowa and the Forestry Commission fail properly to deal with this major issue. Specifically the Society would like to see:

- (a) an intensive zoological survey of the region;
- (b) long-term impact studies implemented;
- (c) an improved wildlife management system including increase of the wildlife corridors;
- (d) the most pristine areas, e.g. Coolangubra, Tantawangalo and Nullica State Forests, either permanently set aside from logging, or scheduled to be logged last so that the benefit of such studies can be applied to them;
- (e) a much expanded system of parks and reserves, particularly including all those areas on the Interim Register of the National Estate;
- (f) publication of annual results as well as final reports.

Would you please let the Society know what steps are being planned to conserve the fauna of the region. The Society would be pleased to hear from you - as a matter of urgency - on this important matter, and will publish your reply in our widely circulated journal "The Australian Zoologist".

Yours faithfully,

Marianne Cochrane
Hon. Secretary

NATURE CONSERVATION COUNCIL OF NSW

THE NATURE CONSERVATION COUNCIL OF NSW
39 GEORGE STREET,
SYDNEY, NSW 2000.
PHONE: (02) 27 2228/27 4206.
FAX: (02) 27 5945



8 August 1989

File
FOREST WOODCHIPPING

Dear ALP Branch,

WOODCHIPPING OUR NATIONAL ESTATE FORESTS

Our National Estate Forests are being plundered. Our heritage and the future environment we leave our children are also at risk. Even as I write, National Estate Forests in the South East of NSW are being logged as quickly as possible; 9% being logged by the end of 1989.

Areas are specifically registered in the National Estate because of their high conservation significance. These are unique areas that should be protected but are not, either by the State or Federal Governments

In the South East Forests only 60,000 Ha out of 300,000 Ha are listed on the Register of the National Estate. This amounts to only 20% of the total area. It is not a case of jobs versus the environment. Rather it is a case of conservationists proposing alternatives where everyone wins.

The solutions to the issue can be listed as follows:-

1. Creation of eucalypt plantations on cleared land in the South East. Only 14,000 Ha would be needed to make it unnecessary to log National Estate forests for woodchips. The Federal Government should support the initial establishment of such plantations. Victoria, Tasmania and Western Australia already have major eucalypt plantation schemes.
2. Better use of logging wastes that are currently being burnt.
3. Retooling of the sawmill industry with existing technology to use smaller logs which ensures both long term viability and means that they do not have to log National Estate. Such retooling could get Government assistance.

FOREST

Nature Conservation ~~Society~~ Advertising Campaign

Press Release

On Sunday 27th of August, the efforts of over 60 people and 21 donor companies were realised on the big screen at the Dendy Cinema, with the launch of the Nature Conservation ~~Society's~~ *Council's* advertising campaign to prevent woodchipping in our National Estate forests.

The two cinema and television commercials which launch the campaign were presented by Bob Carr, leader of the NSW Opposition Party.

The launch was the culmination of four months work between the Nature Conservation ~~Society's~~ Haydn Washington, and production company Plan Z Production's Franco Marinelli and Pantelis Roussakis.

The production of the commercials, worth around \$150,000, was all done for free. And involved an outdoor shoot consisting of 33 crew, 7 trucks, a bulldozer, a two hundred year old tree, the talents of Noni Hazelhurst and a koala.

The commercials were written by Anthony Peck of Yared Perry Dimension Advertising, in conjunction with Franco Marinelli, the director.

One of the commercials uses the surrealist image of a checkout counter at the base of an old growth tree to symbolise the selling-off of the forests. While the other uses evocative images of a child and a koala to reflect on the future.

It is hoped the commercials will increase awareness in the community and foster greater support to prevent woodchipping.

Encl.: 4 photos: The Crew, Noni and the Koala, The Tree, Franco Marinelli (Film Director).









CHECKOUT

Sale

SALE

SALE



THE SOUTH EAST FOREST ALLIANCE

c/- The Nature Conservation Council of NSW
39 George Street
Sydney NSW 2000

Telephone: (02) 27 4206 / 27 2228
Fax: (02) 27 5945

10 August 1989



Background Brief on Figures Used in Community Service Announcement

The average number of tonnes of pulpwood gained per hectare in the Eden area is 87.9 tonnes / Ha (1).

The average number of loggable stems per hectare is 100 stems / hectare (2,3).

Therefore the average figure is 0.88 tonnes / tree.

The royalty is \$14 / tonne to the NSW Government. This is thus $\$14 \times 0.88$ or \$12.32 / tree.

However the net profit on the royalty is only 5% (4) (after road building etc). Therefore the net profit on the royalty to the NSW Government is only 0.05×12.32 or 61.6 cents / tree.

The total net profit on the whole Eden operation is only \$600,000 / year.

References

1. Forestry Commission (1982). Eden Native Forests Management Plan p. 30.
2. Forestry Commission (1982). Draft Environmental Impact Statement for the Eden Export Woodchip Operation p. 63.
3. Supplementary Document to the Harris-Daishowa Draft EIS for Eden Woodchip Operation (1986). p. 124.
4. Legislative Council Hansard No. 13 (1989) p. 4993 (22-2-89) Rowland Smith on "Eden Timber Workers".

NCC via John Corkin

FORESTS - WOODCHIPPING

"Bareena" Ross Lane,
Lennox Head. N.S.W.
Australia. 2478.

The Editor,
Japan Times,
4-5-4 Shibaura,
Minato-Ku,
Tokyo,
JAPAN, 108.

30 January 1989.

Dear Sir,

Investors in the woodchip industry in Australia, particularly the Daishowa project in the southern forests of N.S.W. should be aware of the risks involved in their activities. Australian conservationists have opposed a renewed licence for these operations and had expected the Federal Government to adopt a responsible attitude to the exploitation of Australia's natural resources.

However it seems that the international conspiracy, to impose an economic dominance on trade and the exploitation and allocation of natural resources on the basis of economic power rather than need, has prevailed. Our political leaders have been subverted by the myth that we must export our raw materials and buy manufactured goods from overseas.

Australia should be a very rich country. It has all the resources it needs. It can feed its population with anything they might possibly want. It has the space, skill, expertise and the energy to provide or create anything it needs without contact with the rest of the world. By contrast Japan is overcrowded, lacking almost all natural resources and would find great difficulty in feeding its population. Yet Australia finds itself dependent on a trade that depletes our resources and finds Japan its economic dominator buying more and more of our land and property.

Not only this but Harris Daishowa (the name Harris is only included to make Australians think they have a stake in a 100% Japanese owned project) want to cut 1,000 year old trees - for woodchips ! These forests are the spiritual home of Australia's natural heritage. In cutting these magnificent trees they are not just cutting inferior timber, but young and perfect trees - everything - clearfelling leaving the soil open to erosion and massive ecological destruction, not to mention the wildlife. While Japan protects and reveres its own forests and now has a love affair with the Koala, it is content to wipe out forests overseas including the habitat of the Koala !

We now have another threat from Daishowa International with a proposed \$450 million chemical pulp mill on the Clarence River in northern N.S.W. Daishowa seem intent on turning a magnificent, almost totally pristine river into its own private sewer ! Not content with destroying more forests, they want to put 5 tonnes of organochlorines into the river everyday and decimate the local fishing industry.

With this background you must expect Australia's conservation movement to fight back. Yes it will be a peaceful fight and many people will be arrested, fined or even put in gaol. This for the sake of our spiritual heritage. What would Japanese people think if B.H.P. were to start an open-cut coal mine on the side of Mt. Fuji or McDonalds were to open a hamburger restaurant in the gardens of the Imperial Palace?

The wartime animosity toward the Japanese which existed in Australia for a long time has now, for the most part, been healed. It therefore seems all the more incredible that the new relationship should now be put at risk. Earlier hatreds have almost been relegated to history in Australia, although there still remains a latent memory. Old remembrances are now being stirred again by unthinking and uncaring commercial activities. This is partly the reason why recent newspaper stories have focused on the wartime atrocities against Australians, including the secrets of Japan's Unit 731 which experimented on prisoners of war to develop chemical weapons.

Any recent hostility to Japanese tourists in Australia has only been shown by hooligans and criminals. However conservationists and ordinary Australians are more and more seeing the Japanese as exploiters and economic vandals. You have almost totally cleared the rainforest jungles of S.E. Asia without any concern for the indigenous people living in them.

You are the ones who have benefited from the use of our natural resources, leaving us with the metal and plastic disposables, while you destroyed our manufacturing industry with cheaper mass produced products. You may have suffered a deep humiliation in the last war and have determined to even the score by making economic war. If that is so, you are identified! You must recognise that if it is economic war you want then you will be waging it against against the Australian people and they will start to fight back.

If you hold shares in Daishowa it would be profitable to sell out now.

Yours faithfully,



Hugh Webster. A.R.I.B.A.

C.C. A.C.F. Melbourne.
T.E.C. Sydney.
Japanese Embassy, Canberra.
Greenspace, Australia.
Wilderness Society.
Mr Takashi Saito, Daishowa.

Mr Bob Hawke, Canberra.
Mr Nick Greiner, Sydney.
The Sydney Morning Herald.
The Australian.
The Sydney Stock Exchange.
The Tokyo Stock Exchange.

NEC

→ NEC

Letter also sent to Asahi Evening News, 5-3-2 Tsukiji,
Chuo-Ku, Tokyo 104-11

THE SOUTH EAST FOREST ALLIANCE

3 Forests - SE

MEDIA RELEASE

20 OCTOBER, 1988

File South East Oked
Forests

by
Jim
20/10/88

CONSERVATIONISTS TO BOYCOTT GOVERNMENT WOODCHIP INQUIRY

Conservationists today announced they would boycott the NSW Government's environmental impact statement on woodchipping in the south east forests.

"The Government has already decided the result, before it receives any public submissions and contrary to election promises it is allowing the Forestry Commission to adjudicate on its own report... Environmental decision making in New South Wales has sunk to an all time low and calls into question the government's integrity." said a spokesperson Jeff Angel.

The environmental impact statement examines the next twenty years of logging in the south east forests and supports intensive logging of about 100,000 hectares of native forest to supply woodchips to Japan.

Existing national estate areas and proposed national parks will be logged out.

Minister Pre-Empts Result

On the 14 June, 1988 the Minister for Natural Resources, Ian Causley issued a media release giving an "unequivocal commitment to continue to supply timber to Eden's export woodchip industry...of 530,000 tonnes of pulpwood from Crown timber lands (annually)...for the period 1990-2009."

The commitment has been communicated to the Federal Resources Minister, Senator Peter Cook, who will decide on the woodchip export licence application by Harris-Daishowa.

It is the maximum commitment allowed under NSW Forestry Commission management.

"Ian Causley clearly does not care about the public involvement process and is treating the environmental impact statement as a joke. His unequivocal commitment pre-empts any meaningful public involvement."

Forestry Commission to Adjudicate on Own Report

Public submissions are required to go to the Forestry Commission. The Commission then issues an assessment report about its own environmental impact statement.

"This process doubly makes the inquiry a sham. How can you expect the Forestry Commission to objectively and fairly assess public submissions on its own proposal and one its Minister has already predetermined?" Mr Angel asked.

Further, the Liberal/National parties promised prior to the State Election to 'ensure, in the public sector, that State Government departments, statutory bodies or Ministers do not act as the determining authority for their own environmental impact statements.' (11 February 1988)

"It is crystal clear that in Opposition, Nick Greiner and his colleagues regarded this process as a sham. Now they are in Government they cannot escape their own judgements." Mr Angel said.

"The only action available to the conservation movement is to boycott the inquiry".

Further Information: Jeff Angel 241 2523

THE GREENHOUSE IMPACT OF THE EDEN WOODCHIP PROJECT

SOUTH EAST FOREST ALLIANCE

JUNE 1990

EXECUTIVE SUMMARY

In the last few years there has been increasing concern about the emission of greenhouse gases and the predicted climate changes. International environmental meetings and the scientific community are calling for major reductions in the emissions, including carbon dioxide.

The NSW Forestry Commission and NSW Forest Products Association have both argued that the Eden woodchip project specifically, does not contribute the Greenhouse Effect and in fact will help reduce it by absorbing CO₂ due to the vigorous regrowth following logging of the old growth forest.^(a)

However, recent American research^(b) has concluded that, *The belief that conversion of old growth forests to young fast growing forests will decrease CO₂ is mistaken.* They produced a computer model that followed carbon through the complete cycle of logging to end-use and regeneration.

The Eden woodchip operation largely based on the south east forests of NSW, involves intensive logging and the conversion of old growth to young regrowth over a period of 40 years. At age 30-40 the regrowth is intensively logged again for woodchips.

The South East Forest Alliance commissioned a model of the carbon flow during this operation, including logging, fire regimes, fuel decay, fossil fuel use and end-use. Adequate amounts of site data were available for the Eden area to proceed to test the statements by the Forestry Commission and timber industry. For a small part of the process, carbon losses during 2 of the 3 prescribed burns, data were not available. Also it was assumed that all logged land regenerated. The results for net carbon loss are therefore conservative.

The model shows a significant release of carbon into the atmosphere due to the program of converting old growth to young regrowth and thinning of 30 year regrowth. This amounts to 26 million tonnes. The regeneration falls significantly short in taking this carbon up during its 40 year growth period. There is a net loss of 13 million tonnes due to the 40 year logging program and after much of the regrowth is logged at age 40 most of the carbon is lost again. The net loss of 13 million tonnes of carbon is equivalent to 48 million tonnes of CO₂.

The carbon loss is occurring at a time when there are strong calls to reduce greenhouse gas emissions. It is important to reduce these emissions now so that society has time to invest in greenhouse adaptation strategies. If emissions are not reduced then the climate problems arising from the last 200 years of emissions will be magnified.

More than 5 million tonnes of eucalypt woodchips are produced each year in Australia, predominantly from old growth forests and accounting for half of native forest removals and a third of all timber produced^(c). When the results of this model are considered in addition to other environmental problems caused by woodchipping old growth native forests,^(d) a strong case for reducing current woodchip schemes can be made.

a. Forestry Commission of NSW (1989), *The True Story of Eden*

NSW Forest Products Association Ltd (1989), *The South East Forest Debate Where To Next?* p22

b. Mark L. Peterson, William K. Ferrel, Jerry F. Franklin, (1990), *Conversion of Old-Growth Forests in Oregon and Washington Produces Carbon Storage*, in *Science* Vol 247: 9 February 1990

c. Bureau of Agricultural and Resource Economics (1989)

d. Graham H. Pyke and Paul J. O'Conner (1990), *Wildlife Conservation in the South East Forests of New South Wales* Australian Museum.

1. THE MODEL

OLD GROWTH

BROAD AREA BURNING

Humus
Fine fuel
Large fuel
Understorey
Crown scorch

PRE-LOG BURN

Humus
Fine fuel
Large fuel
Understorey
Crown scorch

L O G G I N G

Fuel use by contractors.
Fuel use by woodchip mill
Fuel use by ship.
Wood use by kraft mill.
Paper

P O S T L O G B U R N

Fine fuel
Bark
Large Fuel
Scorch of remaining live vegetation

LARGE FUEL LEFT

Decay

REGENERATION

Success rate

FIRE LOSS

B U R N

Fine fuel
Large fuel
Humus
Understorey
Crown scorch

LOG REGENERATION

2. THE DATA

Significant data were available from environmental impact statements, management plans and research reports covering the Eden Management Area, to show the carbon flow through the model.

The program follows one hectare of forest from old growth, the various prescribed burns, fuel decay, paper manufacture, and through to regeneration and logging of regeneration. At the end of the program the total carbon loss and carbon intake is provided. To obtain the total carbon loss and intake the end result is multiplied by 201,000 ha, the total amount of private forest (to year 2010) and public forest to be intensively logged. (1).

The following explains the data sources:

A. **Total live wood available per hectare** is 200-250 tonnes (2). One hundred tonnes are currently harvested - 90 for woodchips and 10 for sawlogs. (There is also about 90m³ of large fuel (dead woody material larger than 25mm diameter on the forest floor) (3).

B. **Burning:** The 3 stage fire regime imposed on the old growth forests is more frequent than that imposed on old growth by other land managers such as the National Parks and Wildlife Service. Broad area burning occurs about every 4-7 years; pre-log burning at least 1 year before logging; post log burning within 12 months of logging. Data was not available on the carbon loss with the first 2 burning regimes and including crown scorch. The Management Plan reports a 40% success rate in actual area burnt (4). Actual carbon losses were not available.

However, the Forestry Commission has estimated that in a dry silvertop ash-stringybark forest harvesting increased the original large fuel load of 90m³ to 200m³ and post-log burning reduced it to about 140m³. These quantities are in the same range as that reported by Eden Native Forest Management Plan (5). In addition the Plan reports the amount of bark left. While once it was burnt in a heap it is now spread in the coupe. Some 13 tonnes is produced per hectare (6) and it was assumed that 40% of it is burnt in the post log burn and while site qualities differ widely an average decay with a half life of 1 year was used, up to 20 years when equilibrium is achieved with fine fuels.

C. **Fuel Use by contractors, woodchip mill and ship:** The first two were reported by Harris-Dalshowa in 1986 as 383,000MJ and 1.8mill MJ respectively (7). A per hectare figure is obtained by dividing with the annual area logged at this period - about 6,000ha, which includes private land. The gross fuel figures for the mill were reduced by a small amount to 1.5mill MJ to take account of energy used for purposes other than woodchipping of logs. No figures were available for ship fuel use.

D. **Manufacturing:** The woodchips are delivered to a kraft mill in Japan where about half of the wood is used as a fuel in running the mill (8). The remaining half is turned into various paper products. A half life of 5 years was assigned to the paper, the upper end of the scale suggested by Gifford and Barson and 50 years for sawntimber (9).

E. **Decay of Large Fuel:** After the post log burn about 140m³ is left. While site qualities differ widely, an average half life of 2.32 years was assumed (10).

F. **Regeneration:** The rate of regeneration (mean and increment) is 3m³ per hectare per year. This figure makes allowance for expected fire losses of 40,000ha of mature regrowth (11).

G. **Die-off of Regeneration:** The success of regeneration is not uniform and some young trees die and some sites do not regenerate, including private forest cleared for agriculture. However, no complete data were available.

H. **Fire Events:** The program makes allowance for fire events in regeneration. However, since these cannot be predicted with any certainty it was decided to use the mean figure in F and not attribute any values here.

I. **Regeneration Burn:** At about age 15 the regeneration can be burnt (12). Previous large fuel present in the old growth was $140m^3$ (see E). Little now remains after decay and about 20t is estimated to be produced by the regeneration(13). It is assumed that 40% of this fuel is consumed by the fire and the rest decays.

J. **Regeneration Logging:** The Forestry Commission intends to produce about 145,000 tonnes pa from thinning 3,000ha of mainly 30 year old regrowth (14). This means removal of about half the timber - $48m^3$, with 24 going to the kraft mill furnaces and 24 to paper with a half life of 5 years. This quota is about .20 of the carbon extracted each year for woodchips from native forest considered in the model. At age 40 about 5,000ha of regrowth is logged to supply the full quota.

CARBON SOURCES LOGGED PER HECTARE

1970 - 2000
Old Growth
(Public + Private)
100%

2000 - 2010
Old Growth
(Pub + Pr) 80%
Regrowth 20%

2010-2050
Regrowth
100%

Conversion Factors:

$1m^3$ of hardwood timber = .320 tonnes of carbon (see Beckman ref 9. This is applied to the old growth woodchips and logging/fuel residue).

$1m^3$ of regrowth = .50 tonnes of carbon (see Beckman ref 9. This is applied to the regrowth, to include woodchip timber, branches and leaves).

$1.135m^3$ gross of wood = 1 tonne wood

Petroleum 1mill MJ = 18.9 tonnes carbon

Electricity (coal) 1mill MJ = 8.9 tonnes carbon

CARBON LOSS AND CARBON UPTAKE

Carbon Release			Carbon Uptake	
Type	m3/pha	tonnes/carbon pha	Type	tonnes/carbon pha
wdchip old growth/trees	102	33	40 year regrowth	60
burning of log waste/forest fuel	80	19		
decay of log waste/forest fuel	140	45		
extraction fuel use		.003		
logged 30 yr regrowth	54	27		
Total	366	124		

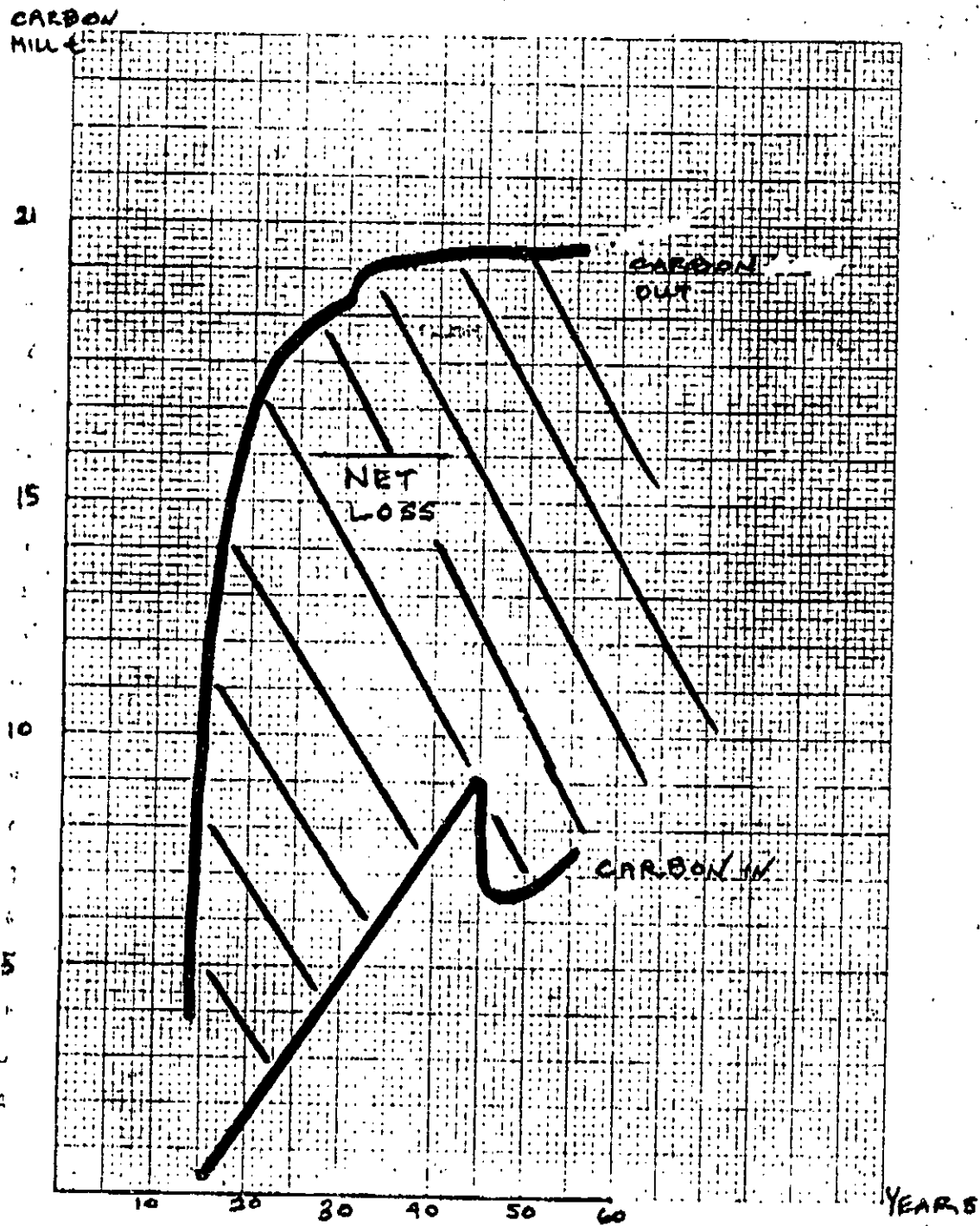
Over 201,000ha 25 million tonnes of carbon are released and 12 million tonnes taken in.

3. REFERENCES AND NOTES

1. Harris-Dalshowa (Australia) Pty. Ltd. (1986), *Draft Environmental Impact Statement for the Eden (NSW) Export Woodchip Operation for the Period 1989-2009*. Section 5.2.5 and Appendix 1C.
2. Harris-Dalshowa (1977), *Environmental Impact Statement for Eden (NSW) Woodchip Operation*.
3. Forestry Commission of NSW (1988), *Forestry Operations In Eden Management Area Environmental Impact Statement*, p13.
- Note: Assumed that modified logging of 10,000ha means 50% canopy removal; thus 4,500ha intensively logged.
4. Harris-Dalshowa (1986), p 6.2
5. Forestry Commission of NSW (1989), *Annual Report* p68.
6. Forestry Commission of NSW (1982), *Eden Native Forest Management Plan*. Section 2.6.1 and p 47.
7. Forestry Commission (1982), p47.
8. Ibid and R Good pers comm 1 June 1990. Estimated decay rate of fine fuel is in the range of .2 to .8 of the fuel per annum. The average of .5 was used by SEFA.
9. Harris-Dalshowa (1986), p 7.63.
10. C. B. Fandry, R. E. Johannes and P. J. Nelson (1989), *Pulp Mills: Modern Technology and Environment Protection*. CSIRO p48.
11. Beckman, Roger (1990), *Can trees help curb the greenhouse effect?* In *Ecos* 64, Winter 1990.
12. R Good pers comm 1 June 1990. Estimated decay rate for large fuel is .3 to .4 of the wood per annum. However given the significant amount of large branches left after woodchipping a rate of .2 was chosen by SEFA.
13. Forestry Commission (1982), Appendix 26 and (1988) p34.
14. Harris-Dalshowa (1986), p8.23. Also see Forestry Commission (1988), *Supplementary Document to Harris-Dalshowa (1986)* P113 which suggests burning could happen earlier.
15. R Good pers comm 16 May 1990.
16. Forestry Commission (1986) p33

The model was produced by Lorraine Croke and Jeff Angel

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C/ TEC, 18 Argyle St Sydney 2000



FLOKA

~~FOREST~~
TREE

19 October 1989

Mr Colin Harcourt
Executive Director
The Advertising Standards Council
186 Blues Point Road
SYDNEY NSW 2060

Dear Mr Harcourt,

Thank you for your letter of 17 October in regard to two commercials produced by the Nature Conservation Council (NCC) of NSW.

It was no surprise to hear that the complaint against the 30 second Advertisement was not upheld, as it was a general advertisement. To argue against it, one would have to maintain that old growth forest is not disappearing, or that species that rely on trees to live are also not threatened. Clearly both claims are not tenable.

The NCC would like to take issue with your decision in regard to the 45 second advertisement. Initially you refer to the situation where we are 'making a claim of fact'. In your letter and in my discussions with you, there was no serious questioning of the 60 cents a tree figure by the Council, or by the Forest Products Association or Harris-Daishowa in their submissions.

It is thus clear that the statement of fact is accepted, and that New South Wales does only receive 60 cents a tree nett profit on royalties on woodchipping at Eden.

The independent economic study done by the Australian Graduate School of Management (attached) shows that in 1987/88 the royalties were 6.9 million whereas the expenditure was \$6.8 million. This is only a nett profit of 0.1 million dollars or 1.5%; substantially less than the 5% assumed in our advertisement. 60 cents a tree may thus be an over estimate.

Given that the matter of fact is correct, I find it hard to understand why the Advertisement is 'misleading and deceptive'. The Advertising Standards Council seems to be making a judgement that one cannot make an advertisement about the fact that the nett profit to New South Wales from woodchip royalties is very low. Why should this be so?

Surely the people have a right to know this information, irrespective of whether Harris-Daishowa pays taxes, as must all citizens and companies.

If the Standards Council considered the graphic too small, or objected to a particular word in the Advertisement, it should say so. You refer to the 'many other payments' made to governments by Daishowa. Could you please explain what these are, as the only other payments I am aware of, or which are specified by Barker & Gosling (for Daishowa), or by Hurditch, are taxes.

I am appalled that you claim we ignore the 'community and social' benefits of woodchipping. I understood that Council was not a 'censor of opposing views', yet Council is assuming that there are community and social benefits to woodchipping.

Might you not consider that there are community and social losses from woodchipping? The loss of our old growth forest, our National Estate, the Coolangubra Wilderness, the proposed National Parks, the purity of the Tantawangalo Creek water supply, would seem to be substantial community losses. Perhaps this is why 70% of local people and 80% of Sydney people were in favour of protecting the National Estate forests in the South East in opinion polls? Your statement of 'community and social benefits' from woodchipping is a clear case of bias on the Council's part.

In regard to bias, the Forest Products Industries in 1986 ran two Advertisements on TV, one with a purported conservationist chained to a dead tree yelling "I don't care"; another with a purported conservationist storming out of a meeting and smashing a glass door in the process. The Wilderness Society, and myself personally objected to these Advertisements, yet the Council found fit to permit them to remain on air.

Today the Council has banned our Advertisement, despite the fact that 60 cents a tree nett profit on royalties has not seriously been factually questioned. This is clearly a case of bias on behalf of the Council who is effectively suppressing information the public has a right to hear.

Our Advertisement is not 'misleading' or 'deceptive'. At most, from the Council's comments, it could be called unclear. To remove this Advertisement while allowing blatantly misleading advertisements made by our opposition to run, is clearly a case of bias of the highest order. I intend to ensure that this bias is made plain to the public.

Yours sincerely,

Haydn Washington
Director

SUPPLEMENTARY DOCUMENT **to**

HARRIS-DAISHOWA

(Australia) Pty. Ltd.

**Draft environmental
impact statement
for the Eden (N.S.W.)
export woodchip
operation for the
period 1989-2009**

April, 1986

Prepared by

**FORESTRY COMMISSION
OF NEW SOUTH WALES**

5(vi) Exclusion from Harvesting of Areas Nominated for the National Estate (6.2.3.1)

The withdrawal from pulpwood harvesting of two areas nominated for listing in the Register of the National Estate ("Coolangubra" and "Tantawangalo") would mean serious reductions in the pulpwood resource. It would have disastrous consequences for the sawmill industry, particularly as an impact on the social environment.

The estimated resources within the "Coolangubra Area" and "Tantawangalo Catchment" which are available for harvesting over the proposed licence period, the subject of the Draft E.I.S, based on volume typing and actual yields from comparable areas, are given in Table 9 below.

TABLE 9 Summary of Resources within Areas Nominated for National Estate

	<u>Coolangubra</u>	<u>Tantawangalo</u>	<u>Total</u>
<u>(A) Sawlogs</u>			
Volume - m ³ gross	323 000	249 000*	572 000
% of total ENFMA old growth resource	27%	21%	48%
Years of supply for mills (all Eden)	5	4	9
Annual equivalent over 20 years (m ³ gross)	16 000	12 500	28 500
<u>(B) Pulpwood</u>			
Volume (tonnes)	2 650 000	1 190 000*	3 840 000
% of total	26%	12%	38%
Years of supply for chipmill	5	2	7
Annual equivalent over 20 years (tonnes)	132 500	59 500	192 000

* Minimum volumes physically in the catchment. Exclusion of harvesting and roading in the catchment could make a further 40 000 m³ of sawlog and 200 000 tonnes of pulpwood inaccessible in adjacent areas.