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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
PRESS CONFERENCE, PARLIAMENT HOUSE, CANBERRA
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PM: As a result of the disquiet has been occasioned by the decision by the Government on export woodchips in the last few days, I have taken the opportunity - in consultation with the senior members of the Cabinet - to advance the Government's thinking and policy on the question of export woodchipping from native forests. Now, as you may know, there is a persistent circularity in these arguments about woodchipping. The Government has had a policy since early 1991 of phasing out export woodchips by the year 2000, or soon thereafter. And at this point, there hasn't been a phase-down in volumes. What is said to the industry is this phase-down will be diminished if you downstream process. The industry says "we won't invest in downstream processing without resource security, we can't get that without Regional Forest Agreements under the National Forest Policy Statement", but the Commonwealth can't produce the Regional Forest Agreements because under the statement we can only do so if the Commonwealth is invited by a State into the arrangements. The Commonwealth is not invited - in the 2 years since the Statement, has not been invited into any arrangement by any state - not NSW, not Victoria and not Tasmania. And one of the reasons we are not invited is because the industry doesn't encourage the invitation. So, it is a phase-down in exports - unless they're in secondary processing, but there isn't secondary processing without the security coming from Regional Forest Policy statements, but the Commonwealth can't get into them without an invitation from the States, and we don't get an invitation because the industry doesn't want it. So that's the circle.

Now, what I have decided to do is to throw a grenade into that circle, and to get that particular log-jam moving. What I am doing now is announcing on behalf of the Government that we are implementing a firm program under which Australia's native forest will be properly protected and preserved. As a consequence, from 1996 we will be reducing the maximum permissible level of exports by about 20% a

year, so that for 1996 the maximum permissible level of export of woodchips will be 5 million tonnes - about 1 million tonnes less than this year. And the next year it will be around 4 million tonnes, and the next year around 3, until it is phased out by the year 2000. Now, save for and except where conditions outlined in this statement are met - that is in respect to Regional Forest Agreements and domestic downstream processing. Now, where that happens, the arrangements will then reserve for domestic consumption woodchipping in areas which are now currently going to export. So, in other words, instead of this process where we have had just evaluation of coupes each year - which has old growth...environmental values as to old growth, rare species etc - but where the tonnages are still moving, what we will be doing is actually ratchetting the tonnages down. So by the year 2000, the Government will ban the export of woodchips from those areas of Australia's native forests which are not covered by Regional Forest Agreements incorporating a reserve system that comprehensively represents all forest types.

Now, export woodchip licences in the future will only be granted in relation to areas where there has been significant progress towards, or the completion of, Regional Forest Agreements. Let me just decipher that for you, because these take about 18 months to 2 years to put in place. There has to be significant progress towards the completion of Regional Forest Agreements, as required under the National Forest Policy Statement, and the establishment of a comprehensive, adequate and representative reserve system. In those areas, companies which increase their domestic downstream processing capacity and have a demonstrable commitment to doing so - in other words, where it is very clear that they are actually going to do it - will have this taken into account when the Government is determining the export licence quotas between 1996 and 2000. So, we are now developing a strict timetable for each Regional Forest Agreement, and these will be developed on the basis of scientific and technical assessments of the values of all forests, particularly old growth and wilderness. We are also saying here that the Government will also consider helping the industry make the transition to a greater use and development of plantation and regrowth timbers. At the moment they are saying "let's hop into the native forests and get as much of it out of the road as we possibly can while the window's open, and we will think about the future of plantations and regrowth". We're saying that perhaps you ought to think about that earlier, and I think that approach will represent a significant step towards a sustainable forest products industry by the end of the century. Because this is a quite significant employer, and we in the Government wish to see this industry continue, but on a basis which is sustainable.

As to the process for the actual coupes - that is, there are 2 questions here - the volume of the timber, and the quality of it and where it comes from. As to that, as I make clear in the statement, the

Government is to alter the process for considering the terms, conditions and size of woodchip exports - in future the process for advising the Minister for Resources will be co-ordinated by the Department of the Prime Minister and Cabinet, and the Minister for Resources will formally consult me before making this decision. That would mean that all of these...that there will be a broader process where we are actually looking at the conservation values and the environmental values at particular coupes, albeit in the context of a declining level of volumes. The two things would amount to the implementation of - certainly an advance - of the Government's policy in respect of native forests, where in fact this conversation has been running now to the States for years. But where we haven't seen any movement on the National Forest Policy Statement towards Regional Forest Agreements, and in implementing a firm program under which Australia's native forests will be properly protected and preserved, while at the same time, keeping an eye to the regional employment consequences, and trying to refocus the timber industry into regrowth areas or into plantations. Now I'll be glad to take your questions.

J: Prime Minister, given that all these problems were apparent before Tuesday's decision, wouldn't it have been wiser for full Cabinet consideration of this phasedown - and also the problems surrounding the annual decisions on woodchip licences - to have been done in an orderly fashion by Cabinet, rather than waiting for a botched decision from a junior Minister to force your hand?

PM: Well, the thing is you can always do...you know, if I have got enough time I can strip the tariff barriers out of Australia, open up the financial markets, deal with native title issues, fix the old growth forest policy problems, and then move onto some of the bigger, broader identity issues into the bargain. I mean, it is all a matter of what one can reasonably do. This is an area which is essentially run by the States. I mean lets be clear about this - the principal authorities in forest policy are the States...

J: Not in exports...

PM:not in exports, but this is not about simply exports -a lot of this argument is about what is being logged and what isn't. And we entered into the National Forest Policy Statement with the States, which is - as a document of principle - a good document. But it has got to be made to work. Now, in the event that these processes show that it is not working, at some point - probably in the next 12 months, as we head towards that 2000 target - we would have to do something about reducing the volume of exports of woodchips. I think all that has happened with this is that we have decided to do it now. I think better earlier than later.

J: Do you agree with the decision announced by Minister Beddall - and if not, did you make your views known to him before he made it?

PM: Well, I made my views clear to him but, in the end, and under the arrangements we had for this decision the final judgements were his. We set this up in the Cabinet process last year where Michael Lee actually went through this process on advice from the then environment Minister, Ros Kelly. I might say, by the way, when Mrs Kelly went out and said she scored a victory in Cabinet, being able to offer advice to the Minister for Resources, her antagonists in the Environment movement dismissed it. This year, of course, it is of major importance.

J: Are you saying Mr Beddall ignored your advice?

PM: I made my views clear to him but he was the one that had to go through the coupes and make assessments from information which was, in some respects, arriving. I think what was happening here was a problem, perhaps, of process rather than anything else. And, as I have just announced that change to you, we'll change the process over next year. So, we'll change the process and we'll change the process in the context of a much clearer policy about where we are actually going.

J: Mr Keating, are you pleased with Minister Beddall's decision?

PM: Well, look, I have made my position clear about that. Within the context of the responsibilities to make these judgements, as he understood it, he made the best decision he could make. And, therefore, what I am about is - rather than giving any of you characters any cheap lines - is moving on with how we actually do something good about the forests and how we draw some strength from this discussion, this debate.

J: interpretation that can be put on it is that he misunderstood your guidance?

PM: Well, you're a good interpreter of things, normally, Jim. That's why they pay you all that money.

J: Prime Minister you say that the Government will consider rescheduling existing logging operations in some areas. Does that mean that some companies might not be able to fulfil their licences?

PM: Well, there are licences and licences, here. There are licences which are just a tick on the previous year's licence, where there is no discretion by ministers, at all, as to coupes, etcetera. Where there is a discretion, what we are saying, the government will consider

rescheduling some of the operations. In other words, where we are looking at volume and quality - I use the word quality in the broadest context of environmental values.... Where we are talking about, say, volume and environmental values, where the licences are a pro forma reissuance, well, that's done. Where they are not that, where there is a discretion, where environmental values are an issue, yes we will consider rescheduling some of the operations - while, at the same time trying to maintain the volumes.

J: Mr Keating, is the fact that your department will now have a role in advising the Minister for Resources, a sign that there was a problem with the way John Faulkner handled the process?

PM: It is, rather, the process, I think. Look, what happens here is, there is the pressure from those interested in native forests in this country to transfer the state forestry problem to the Commonwealth. And, the device is export controls, which means Commonwealth ministers who don't run forestry departments then have to offer advice and take advice on which coupes are important in environmental terms and which are not. OK, it's not perfect, we live in a federation, there is a division of responsibilities, there is a lot of intransigence on forests, everybody does their best. But, better in the context of knowing where we are going. The policy has been about phasing out wood chipping in favour of downstream processing. If there isn't to be downstream processing, if there is to be simply a jamming up of those issues, then something has to change it. This is what is going to change it. We're simply going to reduce the volumes.

J: But, you said that was always your policy, to take it down to zero by 2000?

PM: Well, I think it was first announced by Bob Hawke in the thing called, *Building a Competitive Australia* (12 March, 1991). And what he says is that it is the government's objective, in cooperation with the states, to phase out the export of woodchip by the year 2000 and soon thereafter be replaced by the manufacture of pulp and paper and other value added products for domestic use and export. And, then, later on we said at a Premiers' conference, "And after that, on a case by case basis."

J: Mr Keating, were you surprised by the outcry that this decision triggered?

PM: It's on every year, now. It's like a ritual, the incantations are starting while the paper is still shuffling. And, everybody's ready to do their best or their worst when it is published. Now, because these decisions were perceived to have cut across the interests of environmentalists, well, they've gone into - as is their right, to make their case...

- J: Do you think the government miscalculated the backlash?
- PM: I don't think the government has miscalculated anything at all, here. The problem here is the protagonists for, or the antagonists to logging, lack all influence with the states who run forest policy. Now, Bob Brown's up there talking about, 'What's the difference between this Prime Minister and a National Party figure?' He has no influence whatsoever, with Premiers Fahey, Kennett and Groom, who make the decisions, primarily, about forests. And that is the fact of it. All this huffing and puffing and incantations, when it comes to the cutting edge, he is useless - except for running around the corridors here in Parliament House, Canberra. OK, the Commonwealth has a split responsibility, we will give further, definition to our part of that responsibility. But, in the end, the Commonwealth has some control over wood chipping but it has none whatsoever over saw log. If someone wants to fell a tree for saw log, it's entirely a matter for the states. So, what's he going to do down at Parliament House, Macquarie Street? Poke his tongue out outside St Stephens Church? I mean, do a little war dance in Spring Street? What is going to bring the State Premiers around to some influence other than banging out a press statement in the Canberra gallery? That's pretty easy.
- J: Don't you have to keep these people on side for the next election, Mr Keating?
- PM: Bob Brown is an opponent of ours. He's running for a seat in the senate.
- J: But, in terms of green preferences?
- PM: I don't want to keep him on side, I want to sideline him. Sideline him.
- J: Is this the best way to do it?
- PM: Well, it has generally been effective as a policy.
- J: What about your own caucus, Mr Keating, do you think this will stave off the proposed motion for the new year?
- PM: Oh well, there are caucus processes we all understand about, there is a bit of incantation going on there, too. That's true on most issues.
- J: Prime Minister, John Devereaux, accused you, yesterday, of conning the 43 backbenchers and two ministers who wrote to you urging the protection of high conservation areas. What is your response to that accusation?
- PM: I think John basically likes me, to be honest, and I like him. But, I'd prefer that he didn't take his obvious and conscientious interest in the

forests to the end of leaving the Labor caucus because this is where he can be most effective.

J: But, did you give them the impression that...?

PM: No, No. Because I was not involved in that process under the Cabinet's arrangements.

J: Did your office give backbenchers that impression?

PM: No.

J: Well, that's a difference because they thought it was, "under control".

PM: Well, that's what most people say when something comes out that they think isn't right, in their terms.

J: Why shouldn't Mr Beddall take it, as a vote of no confidence in him, that you've had to change the process after his decision?

PM: Well, I think he thinks that the process was fairly limited, too - as to judgements about coupes and no, if you like, overall guideline as to volumes. That's now come in here.

J: If you had any faith in him you wouldn't have to change the process?

PM: Well, that's not right. Faith in him and the process are two different things.

J: So, you have complete faith in him?

PM: Well, there is no doubt that he exercised his responsibility in terms of that which he perceived to be his judgements, to be made about the imperatives of volumes versus the issues of environmental values. And, you can only do that on certain advice.

J: But he didn't listen to advice, did he?

PM: Well, you're only going over old ground, so...

J: What stage of the process, Prime Minister, did you communicate your views to Mr Beddall and how did you put that to him?

PM; Look, I have told you I communicated my views, and that is enough.

J: With the benefit of hindsight would you have communicated your views to him, more strongly...?

PM: No, but in the end, what's come from this, but a very large change. Where is the news in this. The news - I mean, let me go through my own little incantation - the news is where the weight is, right, for those of you who didn't go through the appropriate formalities of training as journalists. The news is where the weight is, the weight is a policy change, here, that cuts the volumes down.

J: You've talked about incentives, when and what sort?

PM: I think when the industry comes back seriously and knows they're in a serious game, we can talk about in which way they might move towards plantations or regrowth. But, at the moment they think, if they've got a closing window, they'll go for the things of greatest value in the greatest quantity. And, I think they've got to know that a) the government does want the industry to keep going and b) that it is best on a sustainable basis, and if they get into regrowth and plantation we'll be of a mind to help them. But, nothing we can do, though, will transpose ourselves over the primary responsibility of the States for running forestry. And, this is in the division of responsibilities, under the Constitution, they are there. Now, we're into it because of our environmental interests and our export powers, our external affairs powers. But, they are in it, primarily on a function basis and that is going to be, always, the key determinant. Thank you.

Ends.