

# NOTICE OF MOTION

Tuesday, 28 April, 2015.

**Mr Booth MP on tomorrow to move -**

That this House notes:

1. Ongoing disquiet and community frustration over the ongoing public subsidisation, by both the State and the Commonwealth, of Forestry Tasmania, and the financial mismanagement and decline in asset value over decades since the Corporation was established in 1994;
2. Further, that this House agrees to establish a Commission of Inquiry into Forestry Tasmania under the *Commissions of Inquiry Act 1995* with the following Terms of Reference:
  - A. To investigate the financial and asset management of Forestry Tasmania, including
    - i. The nature and extent of public funding, received from both the State and the Commonwealth by Forestry Tasmania since its establishment under the *Forestry Amendment (Forestry Corporation) Act 1994*, either received by the Corporation direct, or to administer, including but not limited to, the Helsham package, the Tasmanian Regional Forest Agreement, the Tasmanian Community Forest Agreement, the Tasmanian Forest Agreement Commonwealth softwood loans write-off, write-off of accumulated debts and any other sources;
    - ii. the nature, extent and purpose of any State government equity injections, including reimbursement for non-commercial activity costs, deficit funding, equity transfers, and Treasury Letters of Comfort;
    - iii. An examination of all incoming and outgoing monies received by the Corporation, or assistance in kind, mentioned in (i), and (ii), above, and any benefit that provided the entity and the state;
    - iv. An examination of any due diligence and good governance procedure followed by Forestry Tasmania in its commercial dealings, including but not limited to, the utilisation of funds mentioned in (i) and (ii) above;

- v. An examination of all public monies expended on commercial and non-commercial function by the Corporation;
  - vi. Investigate the circumstances surrounding, and the nature of any wood supply agreements entered into by Forestry Tasmania and any purchaser;
  - vii. Investigate and make findings and recommendations as to the legality and probity of such arrangements including whether those contracts provided fair value to the Crown, and whether any person or persons unknown attempted to, or bound the crown to prevent the government in its intentions to re-structure the industry;
  - viii. Investigate the effect that industry support package, industry buy-outs, and industry buy-ins have had across the Forests Industries and the consequences that these packages have had on any other industry, including civic construction;
  - ix. the tender processes utilised by the Corporation and their real contestability;
- B. To investigate the decline in value of the Corporation's assets from 30<sup>th</sup> June 1994 to the 30<sup>th</sup> of June 2014, as detailed by the Auditor-General in 2011 and 2014 reports, and future implications for the asset base;
- C. To investigate whether Forestry Tasmania ever developed a financially viable Business Plan that provided for a transition away from dependence on public funding, or use of public forests without fair value to the Crown;
- D. To examine any current and outstanding debts and liabilities of the Corporation, including unfunded superannuation obligations;
- E. To investigate the appropriateness or otherwise of the current structure, and role of Forestry Tasmania as a government business serving as both manager and commercial operator selling into the market place;
- F. To investigate the viability of the current integrated logging model for native forests;
- G. To examine the adequacy and implementation of the Corporation's Forest Management Plan and Conservation Management Plan;

- H. To investigate any structural conflict between the Corporation's mandated wood supply levels and management for conservation and other non-wood harvesting values
- I. To examine and disaggregate the financial performance, rates of actual profitability, value-adding costs, job creation and employment levels within both the native forest logging sector, and the plantation sector since the Corporation came into existence, and forward projections;
- J. To investigate other uses and values of the forest estate, including the role, value and opportunities of carbon stocks and the appropriate management of carbon, and further, the potential of the Corporation, in its current or future form to manage the forest estate for other non-commercial wood harvesting purposes;
- K. To investigate ongoing financial viability of the Corporation, and the cost to the State and the Commonwealth in keeping it operating;
- L. Taking into account findings under terms of reference (2(A)) to (2 (K)) and other relevant matters, to recommend any measures including legislative, institutional and administrative changes, necessary to improve the integrity, independence, accountability and good management of Tasmania's forests and wood products industry;
- M. Any matters incidental thereto;
- N. The Commission is:
  - i. to consist of at least one Commissioner, and any persons appointed in the role as Commissioner must not have worked within or for the Tasmanian forestry industry;
  - ii. approved to seek any external expertise considered necessary in order to adequately meet its terms of reference, including but not limited to, actuary, legal, international markets, forestry and conservation expertise;
  - iii. to be sufficiently funded and resourced with administrative support for the purposes of meeting the Commission's terms of reference;
- O. The Commission's report, with redactions only as recommended by the Commission for commercial-in-confidence or other legitimate reasons, shall be laid on the table of both Houses of Parliament by 31 May 2016.