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PARLIAMENT OF TASMANIA

**LEGISLATIVE COUNCIL
GOVERNMENT ADMINISTRATION COMMITTEE 'A'**

**THE IMPACT OF THE PROPOSED TRANSITION
OUT OF PUBLIC NATIVE FOREST
MANAGEMENT AND HARVESTING IN
TASMANIA**

Members of the Committee:

Hon Rosemary Armitage MLC

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ABBREVIATIONS

ENGO	Environmental Non-Government Organisations
GBE	Government Business Enterprise
HCVF	High Conservation Value Forest
SOP	Statement of Principles

EXECUTIVE SUMMARY

1. Government Administration Committee "A" (the Committee) was established by resolution of the Legislative Council and its operation is governed by Sessional Orders agreed to by the Council.
2. By resolution of 16 March 2011, the Committee determined to commence an Inquiry in relation to public native forest transition in Tasmania.
3. The term of reference for the Inquiry was to inquire into and report upon:
 - a. *The impact of the proposed transition out of public native forest management and harvesting in Tasmania.*
4. The decision to commence the Inquiry followed the signing of the Tasmanian Forests Statement of Principles (SOP) on 14 October 2010 and prior to the signing of the SOP, the establishment of a strategic forest roundtable in May 2010 to address the immediate issues facing the forest industry.
5. The signing of the SOP led to broad ranging community concern and confusion amongst stakeholders, including non-signatories to the SOP, in relation to the implications of an agreement arising from the SOP and in general terms the purpose of the SOP.
6. Members of the Committee also received direct representations from constituents that raised similar concerns and that supported the basis for such an Inquiry being in the public interest.
7. The Committee determined from the outset to conduct the Inquiry as expediently as possible in the circumstances due to the uncertainty arising from the SOP and currently facing the forestry industry more generally.
8. The Committee heard from a range of stakeholders (the witnesses) during the course of the Inquiry. Some of the witnesses were signatories to the SOP but importantly, a number of non-signatories also provided key evidence and were therefore given an opportunity to be heard about the implications of a transition out of native forest management and harvesting.
9. Prior to the commencement of hearings the Committee received an in-camera briefing from the Department of Energy, Infrastructure and Resources on 8 April 2011.

10. Many of the witnesses tabled written submissions and other material into evidence during the course of the Inquiry.
11. Additional written submissions from parties that did not attend the hearings were also received.
12. In total twenty-three written submissions were received during the course of the Inquiry. The full list of written submissions is attached to the report at **Appendix A**.
13. Hearings were conducted at the following times and locations:
 - a. *8 April 2011 – Parliament House Hobart*
 - b. *18 and 19 April 2011 – Parliament House Hobart*
 - c. *9 May 2011 – Henty House Launceston*
 - d. *27 May 2011 – Parliament House Hobart*
14. A full list of witnesses is attached to the report at **Appendix B**.
15. A list of hearing dates and further information about accessing published transcripts of the hearings is attached to the report at **Appendix C**.
16. The witnesses that gave evidence at the Hearings or who otherwise made submissions to the Inquiry can be categorised as follows:
 - a. Representative Organisations;
 - b. Forestry related commercial enterprises;
 - c. Environmental Non-Government Organisations;
 - d. Public Sector Organisations including Government Business Enterprises;
 - e. Tourism Operators;
 - f. Academic and Industry Experts;
 - g. Employment Organisations (Unions);
 - h. Private Citizens.
17. The report is summary in nature and is not intended to determine the basis upon which conservation decisions are to be made or the process by which any future transition should take place. Rather, the report is intended to highlight a broad range of factors that should be considered by the Tasmanian and Commonwealth Governments as part of any transition and prior to an agreement being finalised and accepted by Government.

18. The findings and conclusions contained in the report are drawn from the evidence obtained by the Committee during the course of the Inquiry and the reader should consider the full range of evidence as indexed to this report.
19. The Committee concluded from the Inquiry that there were significant and legitimate concerns amongst all stakeholders, some concerns of which were shared, in relation to the terms of any transition and the current negotiations arising from the SOP.
20. The concerns identified from the evidence included the process of transition, the role of the State and Federal Governments in the current negotiations, the exclusion of many key stakeholders from the current negotiations, the lack of confirmed definition and science in the process of determining areas of HCVP to be placed in future reserves, the support for affected communities and the future viability of many forestry operations in Tasmania post transition in the absence of a long term secure and suitable forest resource.

PREVIOUS FORESTRY AGREEMENTS

21. In order to consider any future transition out of public native forestry in Tasmania arising from the SOP and subsequent agreement, it is important to briefly note the history of the major forestry agreements in Tasmania which have been numerous.
22. There have been a number of attempts to resolve the conflict and challenges facing the forest industry in Tasmania which can be noted from the following table:

1820s	Tasmania's export timber industry commenced.
1850	Beginning of mechanised sawmills.
1858	Waste Lands Act encouraged clearing of wet sclerophyll forests.
1881	Powers to set aside crown land for forestry initiated. Start of forest conservation.
1885	State Forests Act, with a provision for a Conservator of Forests to be appointed.
1898	Royalties for timber introduced.
1908	First plantations established.
1920	Forestry Act passed, setting up a Forestry Department, forest use having previously been under the control of the Lands Department.
1930	First aerial photographs of Australian forests taken, in north-western Tasmania, leading to accurate maps of the State's forests.
1947-1994	Forestry Commission in operation following major changes to the Forestry Act.
Up to 1950s	Primarily selective harvesting with no systematic regeneration treatment.
1950s	Scientific basis for clearfell, burn and sow silviculture developed (by Max Gilbert and Murray Cunningham).
1959	Legislative Council inquiry into regeneration of eucalypt forests, recommending that active regeneration operations should be made.
1960s	Significant expansion in pine plantation program, part of an Australian Government scheme.

1971	Woodchip exports commenced, systematic regeneration operations and forest research significantly expanded.
1975	Forestry Act amended to allow forest reserves with legislative security to be set aside. First forest reserves established.
1980s	Development of Forest Practices Code and Woodchip Environmental Impact Statement. Partial harvesting silviculture for dry forests began to be systematised. Primacy of sawlog production enshrined as Forestry Act amended (in 1984) to require an annual minimum of 317,000 cubic metres of sawlogs to be made available.
1985	Forest Practices Act, requiring Forest Practices Code.
1987	Forest Practices Code became enforceable.
1990	Forests and Forest Industry Strategy, followed by a reduction of minimum annual sawlog quantity to 300,000 cubic metres. Start of intensive forest management strategy (including an expanded eucalypt plantation program) to mitigate transfers of State forests into the reserve system.
1990	Introduction of Forestry Tasmania's Management Decision Classification (MDC) zoning system for identifying special values and uses in State forests.
1994	Forestry Commission functions separated into State forest management (Forestry Tasmania, a government business enterprise); private forest policy (Private Forests Tasmania); environmental regulation on State and private forests (Forest Practices Board); and forest policy (DIER).
1994	First Tasmanian State of the Forests Report.
1994	Native forest quality standards auditing introduced.
1995	Special Timbers Management Units (STMUs) designated.
1996	First assessment of attainment of ecologically sustainable forest management (ESFM) in Tasmania.
1997	Regional Forest Agreement.
2000s	Merchandising yards open, focus on production from native forest regrowth. Silviculture based on site and purpose. Additional reserves created for old growth forest. Certification of forests in Tasmania.
2000	Forest Practices Code revised.
2000	Seventh (and last) District Forest Management Plan (post-RFA)

	approved by Minister.
2001	State of the Forests Report based on internationally recognised criteria and indicators for forest sustainability.
2001	First annual Forestry Tasmania Sustainable Forest Management Report (2000-2001).
2002	Regional Forest Agreement five-year progress review.
2003	Tasmanian State forests certified against the Australian Forestry Standard.
2005	Tasmanian Community Forest Agreement.
2007	Regional Forest Agreement 10-year progress review.
2007	End of broadscale conversion of native forest to plantation on public land.

Adapted from Forestry Tasmania - sustainability charter ¹

24. The following brief overview of the major attempts to provide a lasting resolution to the disputes in the forests and to maintain a sustainable forest industry is designed to chronicle the key events of recent times and is not intended to provide an insight into the details or difficulties these encountered.

Helsham Commission of Inquiry (Commission of Inquiry into the Lemonthyme and Southern Forests)

25. By 1983 areas of forests had been added to the federal Register of the National Estate. There was considerable conflict between conservationists and industry over preservation of these areas. In 1986 there was a Memorandum of Understanding negotiated between the Federal and State government that the parties hoped would resolve these issues.

26. By the end of 1986 the problems reached a high point. The Commonwealth established an inquiry to examine if the Lemonthyme and Southern Forests had world heritage values. The Commonwealth enacted legislation to protect these areas while the inquiry took place.

27. The inquiry delivered an interim report in 1987 and a final report in May 1988.

28. The inquiry led to a highly controversial outcome with a long period of negotiation between Tasmanian and Commonwealth governments about the

¹ http://www.forestrytas.com.au/uploads/File/pdf/Charter_2008.pdf

area to be protected and the agreed compensation and other conditions. 270,000 hectares were included in a joint World Heritage Nomination and other areas were protected under State legislation.

29. The financial compensation provided to Tasmania from the Commonwealth was a \$50m package.

Salamanca Agreement

30. The Salamanca Agreement 1989 developed from the Australian Labour Party (ALP)/Green Accord was an attempt to develop an agreed position between the forest industry and conservationists on a sustainable forest industry. After the agreement was signed there was an attempt to develop a more detailed agreement. The Forests and Forest Industry Strategy (FFIS) was completed in 1990. Although a final document was produced by this process the two parties had diametrically opposed views of the document with the Combined Environmental Groups (CEG) providing the following view on the FFIS:

"The CEG have not supported any part of this document ..."²

31. In contrast the industry representatives concluded that:

"The signatories hereunder undertake to recommend this Forests and Forest Industry Strategy to their constituent members on the basis that it stands in total or not at all."³

Regional Forest Agreement (RFA)

32. The process leading to the Regional Forest Agreement began in 1995 as a joint State Commonwealth initiative arising from the National Forest Policy Statement.

33. The Tasmanian Public Land Use Commission conducted an inquiry into particular aspects of the RFA. A large number of reports were produced and final recommendations published on 30 June 1997.

34. On 8 November 1997, the RFA was signed by the Prime Minister and Premier of Tasmania.

35. The RFA established a framework for the management and use of Tasmanian forests.

² Statement of the position of the Combined Environment Groups, 14 September 1990, p. 1

³ *Ibid.*

36. The duration of the RFA is twenty years - from 1997 to 2017. It can be extended with the agreement of both Parties under clause 8 of the RFA, following the third five year Review, which is due in 2012.

Amendments to the Regional Forest Agreement

37. On 19 July 2001, both Parties agreed to minor variations to the RFA to ensure that compensation and termination provisions were consistent with RFAs in other States, and to address minor issues such as a change in mailing address of the Commonwealth and the clarification of an ambiguity of public reserves as informal reserves.

38. On 23 February 2007, both Governments agreed to clarify the policy intent of the Parties to the Agreement, following a case in the Federal Court⁴

Tasmanian Community Forest Agreement (A Way Forward for Tasmania's Forests)

39. On 13 May 2005, both Governments signed a Supplementary Regional Forest Agreement,

*"The Tasmanian Community Forest Agreement is a joint commitment of the Australian and Tasmanian Governments to enhance the protection of Tasmania's forest environment and assist the Tasmanian forest industry adjust to changes in forest resources. Under the agreement over \$250 million was committed to revitalise the timber industry and preserve old-growth forests."*⁵

40. Some of the key features of the agreement are:

- Protection of old growth forest in Tasmania increased to more than 1 million hectares;
- Formal reservation of significant additional areas of the Tarkine, the Styx valley and other key conservation areas across the State;
- A new Forest Conservation Fund to protect 45,600 hectares of old growth forest and other under-reserved forest types on private land, including a special Mole Creek component targeting 2,400 hectares;
- Reduction of clearfelling of old growth forest on public land;
- A phase out of clearing and conversion of native forest to retain at least 95 per cent of the 1996 native forest extent;
- Conversion of native forest to plantations on public land will cease by 2010 and clearing of native forest on private land will be phased out over ten years;

⁴ Brown vs Forestry Tasmania (No. 4) (2006) FCA 1729 (19 December 2006)

⁵ Source: <http://www.daff.gov.au/forestry/national/info>

- New statutory measures to prevent the clearing and conversion of rare, vulnerable and endangered non-forest vegetation communities;
- Measures to monitor impacts of chemical use on water quality, to save the Tasmanian devil and to further reduce the use of 1080 poison;
- Investment of over \$200 million in total in the Tasmanian forest industry to maintain supply levels to the industry and to assist the industry to adjust to a future increase in the proportion of logs from regrowth forest and plantations;
- \$115 million to fund additional plantation establishment and productivity improvements in existing plantations and native forests to ensure sawlog and veneer log supply targets are able to be met into the future;
- Support for the Tasmanian hardwood industry, including \$42 million for the development and revitalisation of mills and other businesses in the industry and \$4 million for country sawmills;
- \$11.4 million to support the special species and beekeeping industries;
- \$4 million to build skills and training for the Tasmanian forest industry, \$10 million in assistance for the Tasmanian softwood industry to maintain a viable and environmentally sustainable industry.⁶

⁶ *Ibid*

KEY ISSUES ASSOCIATED WITH TRANSITION

41. A number of important issues concerning a transition out of public native forest management and harvesting were raised by witnesses during the course of the Inquiry. The following provides for a snapshot of some of the key issues identified by the Committee.

The Statement of Principles

42. The SOP was signed by a group of stakeholders (the signatories) on 14 October 2010 and was titled '*Tasmanian Forests Statement of Principles To Lead To An Agreement*'.

43. The signatories represented some of the key industry, ENGO and Union bodies. The signatories could not be said to represent the interests of all affected stakeholders.

44. The Prime Minister released a statement on 7 December 2010 in which she outlined in broad terms the Commonwealth Government's role in relation to the process arising from the SOP. The statement welcomed the '*landmark agreement*'.⁷

45. The Committee noted that witnesses who were signatories expressed inconsistent views about the purpose of the SOP.

46. The Wilderness Society believed it to be:

*'...an agreement. It has a range of signatories on it. It is called the Tasmanian Forest Statement of Principles to lead to an agreement.'*⁸

and that

*'It is an agreement. With some of these principles there is a substantial body of work and of talks and negotiations and so forth that still need to be had, but there is substantial agreement up-front.'*⁹

47. Other signatories including Terry Edwards of the Forest Industries Association of Tasmania expressed a different view about the purpose of the SOP:

⁷ Hon. J. Gillard, Prime Minister of Australia, Prime Minister statement of action on the Tasmanian forestry principles, 7 December 2010.

⁸ V. Bayley, *Transcript of Evidence*, 27 May 2011, p. 25

⁹ *Ibid*

*'There is no binding force or effect in the State of Principles. What it is (sic) the assembly of a series of agendas of disparate parties that will guide the negotiations process towards a potential agreement. It is no more and no less than that. So the fact that there is a transition specifically talked about in the Statement of Principles does not make it a foregone conclusion that there will be a transition.'*¹⁰

48. The Forest Practices Authority expressed concern about the intention of the SOP in respect of the limited signatories as the independent regulator and as a non-signatory:

*'Peace talks are limited to a small group of stakeholders with a focus on ideology.'*¹¹

49. The Committee noted the SOP had not resulted in a consensus amongst the signatories and other stakeholders as to the purpose and intent of the document.

50. The Committee noted from evidence that rather than confirm the terms of a negotiation on transition, the SOP has appeared to create further conflict and uncertainty between the stakeholders.

Defining HCVF and Agreed Scientific Methodology

51. One of the most consistent points raised in the evidence was the fact that the definition of key terms such as High Conservation Value Forest (HCVF) had not been defined under the SOP. The Committee noted the impact upon stakeholders resulting from the lack of an agreed definition.

52. According to Environment Tasmania, the definition of HCVF must be broad and in line with the values identified by the ENGOs in that:

*'The reserve proposals are not just about protecting the suite of specified, high conservation values designated under FSC, it is about a range of values that the ENGOs and various reports that we have referred to over time have said, okay, this area, for whatever reasons, needs to be reserved.'*¹²

53. Supporting this position, The Wilderness Society confirmed:

'The definition we use is that large, intact natural forest areas, forests displaying ecological maturity, forest areas of social, cultural, spiritual importance - heritage values - forest ecosystems and habitat (sic) important from a biodiversity perspective, forest areas of good reserve

¹⁰ T. Edwards, *Transcript of Evidence*, 8 April 2011, p. 2

¹¹ Forest Practices Association written submission, p. 3

¹² R. Warman, *Transcript of Evidence*, 8 April 2011, p. 42

*design and forests important for ecosystem services - carbon, water catchments.'*¹³

and that

*'In regard to the process to identify those values, it is a range of processes that go back decades in some cases. It's a range of scientific reports, World Heritage and other formal body reports and community group reports. It is absolutely not necessarily all by a qualified, guaranteed scientist. It is a process by which it reports on or there are various reports that report on those conservation values that I have mentioned before.'*¹⁴

54. Carbon Scientist Dr Martin Moroni noted in his evidence the existence of an international definition of HCVF:

*'The WWF has probably got the best articulated definition of high conservation value, how to assess it and how to put the principles in place. That's been basically adopted by both the certification bodies, the Forest Stewardship Council and the PEFC, which is what the Australian forestry standard operates under. Those definitions are pretty well established and pretty well adopted on a world scale now, so really there is no real argument about the definition. It's the implementation that is the difficult area.'*¹⁵

55. Mr Graham Wilkinson from the Forest Practices Authority noted similar concerns in his evidence when he stated:

*'There is no agreed definition of high-conservation-value forest and I am concerned that the current debate is not focused on any sort of systematic process of defining high-conservation-value forest.'*¹⁶

56. Forestry Tasmania discussed the areas identified as HCVF and the history of forestry practices in some of those areas when asked by the Committee to clarify their view of the meaning of HCVF:

*'The HCVF claim includes very large areas of clear-felled, burnt, regenerated forest, which we are quite proud of, frankly, but which have now been recognised as potentially having high-conservation values. They also contain fairly large areas of wild-fire regenerated or old-style sawmilling regenerated forests.'*¹⁷

¹³ V. Bayley, *op.cit.* p.31

¹⁴ *Ibid*, p. 33

¹⁵ M. Moroni, *Transcript of Evidence*, 19 April 2011, p. 49

¹⁶ G. Wilkinson, *Transcript of Evidence*, 19 April 2011, p. 59-60

¹⁷ B. Gordon, *Transcript of Evidence*, 18 April 2011, p. 4

57. Timber Communities Australia's position as a signatory was that:

*'Any decision to put additional forest areas into reserves must be supported by verification of the conservation values of those areas.'*¹⁸

58. There was not an agreed definition produced amongst the ENGOs who gave evidence to the Inquiry and they were also unable to explain why an internationally recognised definition was not applied.

59. The Committee noted with concern the fact that the intent of the definition put forward by the ENGOs was so broad as to include anything that a community deemed to be of value. In any language, such a definition was noted to be remarkably broad and open to wide interpretation in respect of the areas potentially defined as HCVF.

60. The Committee noted from the evidence that it would be extremely difficult to negotiate any form of agreement without the key definition of HCVF having been defined under the SOP.

The Management of Public Native Forests

61. The Committee heard consistent evidence from witnesses about the importance of managing public native forests. The evidence was consistent about the uncertainty of future management responsibilities. This was in large part due to the uncertain contribution that Forestry Tasmania could make to the management of public native forests in the future and in particular, the delivery of community service obligations within a transitional environment.

62. The Committee also heard some evidence of the potential impacts on the Parks and Wildlife Service in the future if they were to be given expanded responsibilities for the management of additional public native reserves.

63. The witnesses indicated an expectation that existing organisations would have to carry the burden of managing any additional reserve systems. There was general agreement amongst the witnesses as to the importance of managing the forests and for the responsible organisation/s to be adequately resourced to undertake this important role.

64. The Forest Industries Association of Tasmania observed that:

'Forestry Tasmania are not paid to manage the reserves that they have under their jurisdiction at the moment and they have assessed that costs

¹⁸ Timber Communities Australia written submission, p. 2

*them in the order of \$9 million each and every year, as a community service obligation.'*¹⁹

65. The Tasmanian Conservation Trust noted that:

*'In terms of reserve management, the Parks and Wildlife Service has for probably decades been starved of resources. We believe that it has been directed by successive governments to focus more and more on visitor services at the expense of active, on ground management. It is probably many years behind in active management of fire, of illegal access and a whole range of issues.'*²⁰

66. The Wilderness Society proposed that public native forest reserves:

*'...be managed by a stand-alone environment department within the government, so Parks and Wildlife.'*²¹

67. Environment Tasmania observed the importance of sustainable funding in that:

*'One is the need for sustainable business and funding models for how we manage our parks and reserves. That definitely needs to be well thought through and solutions to be found there that create a top-notch system of parks and reserves that are well managed and thinking through the next several decades - that is a problem that absolutely needs to be thought through and worked out.'*²²

68. Many of the witnesses noted the importance of particular aspects of reserve management including fire and weed management. Dr Peter Volker for example noted:

*'So keeping out feral weeds, fire management in particular and all these things cost money and it has to come out of the public purse.'*²³

69. The Forest Practices Authority noted from their experience as the industry regulator that:

'Forests need to be managed. Unless they are in remote wilderness areas away from humans, they need to be managed. The proliferation of reserves near populated centres with all their edge effects - exposure to weeds, illegal fires and woodcutting, four-wheel driving, rubbish dumping; all of those day-to-day issues of reserve managers - can't be ignored. We

¹⁹ T. Edwards, *op.cit.* p. 10

²⁰ P. McGlone, *Transcript of Evidence*, 27 May 2011, p. 43

²¹ V. Bayley, *op.cit.* p. 39

²² R. Warman, *op.cit.* p. 32-33

²³ P. Volker, *Transcript of Evidence*, 19 April 2011, p. 44

have seen evidence of reserves degrading because of what has been called in the literature 'benign neglect'.²⁴

70. Evidence was also noted by the Committee in relation to the importance of managing infrastructure, such as roads, bridges and tourism related facilities if the intention was for ongoing access to reserve areas to be maintained.

71. The Committee noted the importance of managing the infrastructure if there was to be an expansion of tourism related enterprises into reserve areas in the future.

Wood Supply Security

72. Witnesses from forestry related enterprises were consistent in their evidence that there was a need for security of a suitable long term wood supply for them to remain viable.

73. Forestry Tasmania noted:

'In terms of replacing the volumes, we are not in a position today to produce from the plantations in existence the full amount of timber that is currently available, even in 30 years' time. There would have to be much more investment and quite a significant amount.'²⁵

74. The Tasmanian Farmers and Graziers Association noted the challenges associated with securing certainty of wood supply from private forests as a substitute for private native forest supply in that:

'The evidence also says that there isn't a great potential to get sawlogs from plantations at this stage, the nitens just aren't delivering, and the private native forests haven't got the big quantity of sawlogs that the public native forest has, so that's going to cut down the scale of market for the sawmills.'²⁶

75. The Forest Industries Association of Tasmania noted the challenges associated with wood supply security to include:

'...sufficient plantation estate of the correct species, in the right place geographically because you cannot carry wood long distances without, firstly, doing damage to the properties of the wood itself and, secondly, making it unviable for the processor. They have to be the right age class so they have to be mature enough, they have to have sufficient volume.'²⁷

²⁴ G. Wilkinson, *op.cit.* p. 61

²⁵ H. Drielsma, *op.cit.* p.17

²⁶ R. Hooper, *Transcript of Evidence*, 18 April 2011, Tasmanian Farmers and Graziers Association, p. 22

²⁷ T. Edwards, *op.cit.* p. 5

76. Mr Watson from Timber Communities Australia noted that from his personal experience that:

*'We need some security right now and into the long-term future we need that security. We have recently in the last two years purchased an existing dry yard facility which was run down and we've had to build that back up. Our sales have increased by 40 per cent from the first year in operation to this current year to date. Our sales have increased by 40 per cent through that dry yard business. Our green mill sales have increased by 12 per cent in the last 12 months. The current old sawmill that we are operating out of is at full capacity. We are flat out with orders. We have people booked out to several weeks in front waiting on orders because we are so busy with green orders.'*²⁸

77. Ta Ann Tasmania noted their requirements in respect of wood supply security to be:

*'We have wood-supply agreements to 2026 and 2027, but we expect to roll over those agreements; we are here for the long haul. We have lease agreements with the site for 45 and 99 years. So we are after a long-term sustainable resource.'*²⁹

78. The perspective of Tasmanian Country Sawmillers in relation to wood supply security included:

*'...with the current sawlog supply, the harvesting coupes are becoming younger and, consequently, the logs supplied are younger and with the extra hectares locked up, if it goes ahead and the HCVF areas take that, it will exacerbate the problem, in that Forestry will have to (sic) through the available coupes at a faster rate of turnover.'*³⁰

79. Gunns Limited expressed a view as an entity with extensive experience in native forest harvesting that:

*'If there is a requirement to get a longer term industry outcome in a transition then it requires the development of appropriately structured plantations, which take a long period of time and there must be a realistic transition at that time. That requirement has to be properly thought out and agreed to and the consequence of how long you are in the current environment has to be well documented and agreed between the parties. It is a 30- or 40-year transition period. That is if the current plantation estate is seen to be adequate to deliver the requirements of the industry.'*³¹

²⁸ R. Watson, *op.cit.* p.53

²⁹ D. Ridley, *Transcript of Evidence*, 27 May 2011, p. 2

³⁰ S. Rice, *Transcript of Evidence*, 27 May 2011, p. 65

³¹ G. L'Estrange, *Transcript of Evidence*, 9 May 2011, p. 54

80. Fine Timber Tasmania noted from a speciality timber perspective that:

*'Contraction to a special timber only native forest harvest will make special timber uneconomic for all, the managers, harvesters, processors and users.'*³²

81. The Committee noted the importance of wood supply security to the forest industry. In particular, issues in relation to supply access of a suitable species and the timeframes for that to occur were significant.

82. The Committee also noted with some concern the viability of a speciality timber industry remaining in Tasmania in the absence of a complimentary broader scale commercial native forest industry.

Sustainable Forestry Operations

83. The Committee heard a range of evidence concerning the sustainability of forestry operations in Tasmania in the context of the proposed transition. Sustainability was generally considered on economic and environmental grounds amongst the stakeholders.

84. In terms of environmental considerations, some witnesses expressed the view that no forestry activities in HCVF areas should be permitted.

85. Other witnesses noted that forestry operations in HCVF boundaries should continue to occur for a variety of reasons and highlighted the fact that some identified HCVF areas had already been the subject of previous logging activities.

86. The Committee noted the comments of the Tasmanian Conservation Trust:

*'The TCT believes that logging of regrowth native forests on public land can be acceptable and, in fact, desirable if appropriately planned and managed.'*³³

87. The remaining ENGOs did not generally support forestry operations within HCVF boundaries.

88. Some of the witnesses expressed concerns about the possible impacts on Tasmanian private native forest reserves, as well as interstate and overseas forests, if a transition was to occur. An example of this was the Forest Practices Authority which stated:

³² Fine Timber Tasmania written submission, p. 3

³³ P. McGlone, *op.cit.* p. 2

*'The other issue I have with declining public resource to produce wood is that, unless we stop using that amount of wood it just transfers the burden of wood production to somebody else's forest. That could be overseas forests.'*³⁴

and that:

*'By transferring the wood burden to the private sector, we're also diminishing the other values of those private forests; whereas I've said earlier, some of those have the highest nature conservation values, so we're creating a real conflict there.'*³⁵

89. In terms of economic sustainability, the Forest Industries Association of Tasmania noted:

*'We have to have a rotation length that would ensure perpetual supply so we have to make sure that we have enough wood in the ground that we can harvest the right amount each and every year without running out so that when we get to the end of what we have, the next lot is ready to go again - that is called sustainability.'*³⁶

90. From a private landowner perspective, the Committee noted the comments of Australian Forest Growers:

*'...if changes occurring within the forestry industry in Tasmania result in private landowners being unable to access appropriate markets for the full range of products, their interest and incentive in sustainable management of these forest estates will diminish, thus leading rapidly to the further loss of environmental, economic and social factors.'*³⁷

91. The Committee noted that there were a range of social, economic and environmental factors associated with transition that would need to be carefully considered.

Downstream Processing and the use of Residue

92. The Committee heard a range of evidence about the key issues of residue use and downstream processing opportunities in Tasmania.

93. Environment Tasmania believed the downstream processing industry in native forest wood to be niche:

³⁴ G. Wilkinson, *op.cit.* p.62

³⁵ *Ibid.* p. 62

³⁶ *Ibid.* p. 5

³⁷ Australian Forests Growers written submission, p. 3

*'I do think that it is important that there is an ongoing managed native forest sector in Tasmania and particularly around our high-value signature furniture, craft and boat-building sector. But in terms of the actual volume of timber that you need for that sector and the amount of wood that they actually use, and the scale of what has been coming out of our native forests, it is very small.'*³⁸

94. In relation to the importance of residue in the commercial forestry operations, there was consistent evidence received from industry.

95. Timber Communities Australia noted:

*'We produce mill waste from our sawlogs, which ends up chipped and delivered to Triabunna. We still have to get rid of the mill waste. We cannot stack it in the yard, we would have our yard chock-a-block full of mill waste drying out in no time at all.'*³⁹

96. Supporting this position, Accountant Mr Bob Ruddick noted:

*'The whole of the timber processing sector requires a viable chip industry to exist to enable logs to be put into the mills at economic prices. Without a viable chip industry we have no sawmilling sector or veneer sector at all. So it is essential that we have a method of economically disposing of woodchip.'*⁴⁰

and that

*'Without that sale of residue no other sawmilling facilities would survive in their own right. We have already seen a 30 per cent cut in that source of revenue for the sawmills over the last six months and that has taken an enormous percentage of profit out of the sawmill sector.'*⁴¹

97. The CFMEU also supported this position:

*'We have really good timber, but if you cannot sell the residue, which is the cash crop - you do not have to dry it; all you have to do is get it to one of the woodchip mills - then ultimately the industry will fall over. There will be a few small sawmills about. If we cannot sell those chips, if we cannot sell that residue, then people will ultimately go broke.'*⁴²

³⁸ R. Warman, *op.cit.* 36

³⁹ R. Watson, *op.cit.*, p. 53

⁴⁰ B. Ruddick, *Transcript of Evidence*, 9 May 2011, p. 3

⁴¹ *Ibid.*, p. 3-4

⁴² S. Mclean, *Transcript of Evidence*, 9 May 2011, p.21

98. The Forest Contractors Association noted:

*'We also have to be well aware that the whole industry is underpinned by dealing with the residues. If you're in the cattle industry, you don't just produce fillet steak; there is silverside and brisket that you have to deal with and there is more silverside and brisket than there is fillet. You need to be able to deal with the whole product of the animal in the case of the cattle industry or the whole product of the forests in the case of the forest industry.'*⁴³

99. The Country Sawmillers Association noted:

*'Woodchips as an income are very important, particularly to green mills but also to mills that have value-adding systems.'*⁴⁴

100. The Committee heard evidence as to the possibilities for future uses of wood residue in relation to downstream processing in Tasmania:

*'An Australian scientist has proven in the laboratory a clean, efficient way to convert cellulose and hemicellulose to sugars and then to ethanol. He is now less than a year away from concluding a pilot plant scale test - and this is a \$10 million facility in New South Wales - to show that this process can be run at an industrial scale. This is Australian technology and it is world-leading. This opportunity has the potential to provide a market for residues and low-grade material of grades not suitable for milling, that is better, economically, than the current markets supplying the paper makers. So we potentially have a new, real industry which would value-add in Tasmania and afford to pay people properly. Such technology, when proven, will be able to use any cellulosic feed stocks - waste paper, cardboard, green waste from councils and other farm surpluses like straw and what-have-you.'*⁴⁵

101. Ta Ann Tasmania provided evidence to the Committee in relation to the possible expansion of their downstream processing operations in Tasmania:

'We have carried out investigations on a ply mill in Tasmania. We are currently still undertaking those investigations and we believe there are great opportunities for further downstream processing for our company in Tasmania. We are also looking at an additional peeling line at Smithton. The mill was built to allow a further peeling line. Therefore if there is any material which is available which is suitable, we can incorporate that into our business. We are also looking at better use of waste products by generation of electricity and steam and the manufacture of biochar and biomass, and they are active programs

⁴³ E. Vincent, *Transcript of Evidence*, 27 May 2011, p. 56

⁴⁴ F. Ralph, *op.cit.*, p. 61

⁴⁵ J. Lord, *Transcript of Evidence*, 9 May 2011, p. 14

*that we are currently investigating. There is also an opportunity for a forestry hub at Smithton as part of a regional development and employment program, and we are talking with Britton about a joint program there.'*⁴⁶

102. Many of the witnesses were supportive of the pulp mill proposed by Gunns Limited. The ENGO evidence did not rule out support for downstream processing opportunities through the development of a pulp mill but did not support the current pulp mill proposal.
103. The Committee noted the importance of residue to a viable forestry industry in Tasmania and noted the opportunities for downstream processing in the future.

Plantation Wood Supply

104. A diverse range of evidence was received in relation to the prospect of a plantation based wood supply being able to substitute for a native forest wood supply. The Committee noted the challenges of substituting native forest with plantation wood supply across a range of forestry related enterprises and of the environmental and other factors associated with the expansion of a plantation industry in Tasmania. The species to be grown to supply the industry was of notable concern to many witnesses.

105. Ta Ann Tasmania noted:

*'My observation would be that for enough plantation to be available to substitute for regrowth, it would require a large amount of plantations to be established - a large area - and that would be on private land if it was available. Therefore there would be longer haulage distances and additional cost to us.'*⁴⁷

106. The perspective of The Wilderness Society was that the future industry would be plantation based:

*'With the Statement of Principles and this opportunity we have a clean slate to take a step back, have a look at the plantation estate and the native forest industry - and the collapse of it - and look at where some of those impacts may need to be mitigated and try to map out a new plantation-processing industry that prioritises sawn and manufactured products and then work out where within that scope a pulp mill can fit and make sure it's appropriately located, appropriately sized and properly assessed.'*⁴⁸

⁴⁶ D. Ridley, *op.cit.* p. 4

⁴⁷ *Ibid*, p. 8

⁴⁸ V. Bayley, *op.cit.* p. 27

107. The Forest Industry Association of Tasmania made a number of comments on the use of plantation timber including:

*'The mills themselves will need to be equipped to process the plantation-grown feedstock. The way you process a plantation species is not necessarily going to be the same way you would process a native forest species, particularly as we continue this transition from big old logs to smaller plantation and regrowth logs and that will be a factor that we will talk about.'*⁴⁹

and that

*'We believe it is globulus, blue gums, which is a Tasmanian species. We believe it can be grown in plantations on the correct regimes for high-quality products.'*⁵⁰

108. Ta Ann Tasmania noted from an operational perspective that:

*'Unpruned plantation veneer is not suitable. Pruned plantation, to be suitable, has to meet six eligibility criteria. For us it is the right quality, the right volume, the right location, the right time, the right size and the right price.'*⁵¹

and that

*'Some pruned, for example the globulus, is suitable. In the research results that we have had I am looking at things like modulus of elasticity and density. The characteristics of it indicates that nitens is a mixed bag, some of which we think we will be able to use and some of which we may not be able to use but we are happy to do research and innovation for pruned plantation material'*⁵²

109. Timber Communities Australia expressed doubts about the viability of transitioning at all if certain plantation stock was to be used:

*'If we had to move to a plantation-based product, if we are talking about the nitens and the plantations with all the straggly limbs and that on it, we would not be sawmilling because there would be no way that we could.'*⁵³

⁴⁹ T. Edwards, *op.cit.* p. 5

⁵⁰ *Ibid*, p. 21

⁵¹ D. Ridley, *op.cit.* p.

⁵² *Ibid*, p. 3

⁵³ R. Watson, *op.cit.* p. 55

110. The Committee noted there were a number of issues in relation to a transition to a plantation based forestry industry including the species, location, availability and quality of supply. The Committee noted with concern that some commercially viable forest enterprises would not be able to transition to plantation stock under any circumstances.

Timeframe for Transition

111. The Committee heard consistent evidence that the best case scenario for any transition to be completed would be at a minimum of 25-30 years. This would however be subject to a number of issues being resolved, most notably, the availability of a suitable plantation wood supply.

112. Ta Ann Tasmania's position on this issue was that:

*'We believe that the way to go ahead is that a transition would be over a period of time. It would need 25 to 30 years, if indeed plantation material could be proven to be suitable. We think it will take between 25-30 years for high-pruned stems to be available and we look for a maximum core of about 7 cms and a billet size of 39 cms so that we can have a productive mill.'*⁵⁴

113. Accountant Mr Bob Ruddick noted:

*'Any transition we do has to be done over a long period of time. It can't be done immediately. That transition has been underway since 1990 when the original regional forest agreement came into play. The certainty needs to be there. If we try to accelerate this situation, I think it will have significant impact upon the entire industry.'*⁵⁵

114. Artec expressed the view that in the context of their operation:

*'If you knew it was 20 years you could work around the 20 years to make sure that you were right and had all your stuff paid off at the end of that time. But you would need 20 years or more, I would say, from this point going forward to give people confidence to go out and borrow money to go and do a job and then know that in the back of their mind they could have everything paid off and step away, if you like, in 20 years' time.'*⁵⁶

115. Gunns Limited experience in relation to the proposition of transition was noted by the Committee and indicated a longer transition timeframe:

'If there is a requirement to get a longer term industry outcome in a transition then it requires the development of appropriately structured

⁵⁴ D. Ridley, *op.cit.* p. 6

⁵⁵ B. Ruddick, *op.cit.* p. 8

⁵⁶ S. Arnold, *Transcript of Evidence*, 9 May 2011, p. 45

*plantations, which take a long period of time and there must be a realistic transition at that time. That requirement has to be properly thought out and agreed to and the consequence of how long you are in the current environment has to be well documented and agreed between the parties. It is a 30- or 40-year transition period. That is if the current plantation estate is seen to be adequate to deliver the requirements of the industry.'*⁵⁷

116. The position of the Forest Industries Association of Tasmania was that:

*'...if part of that agreement is for a transition out of native forest into plantations, it will be long term and we suggest it would be in the order of 30-35 years.'*⁵⁸

and that in relation to transition generally:

*'It would be if there were the right trees....'*⁵⁹

117. The Committee noted there was consistent evidence that a transition out of public native forest harvesting and management would take a minimum of 25-30 years to be completed subject to a number of conditions being met including the availability of a suitable plantation based wood supply.

118. The Committee noted the importance of any transition being gradual if there was to be any prospect of a viable forest industry being maintained in Tasmania.

Regional Forest Communities and the social and economic impacts of transition

119. The Committee received consistent evidence about the significance of the forest industry to regional communities in Tasmania and the contribution the sector makes to the Tasmanian economy.

120. The following map provides an indication of the disbursement of Tasmanians within the native forest industry.

⁵⁷ G. L'Estrange, *op.cit.* p. 54

⁵⁸ T. Edwards, *op.cit.* p. 14

⁵⁹ R. Watson, *op.cit.* p. 55

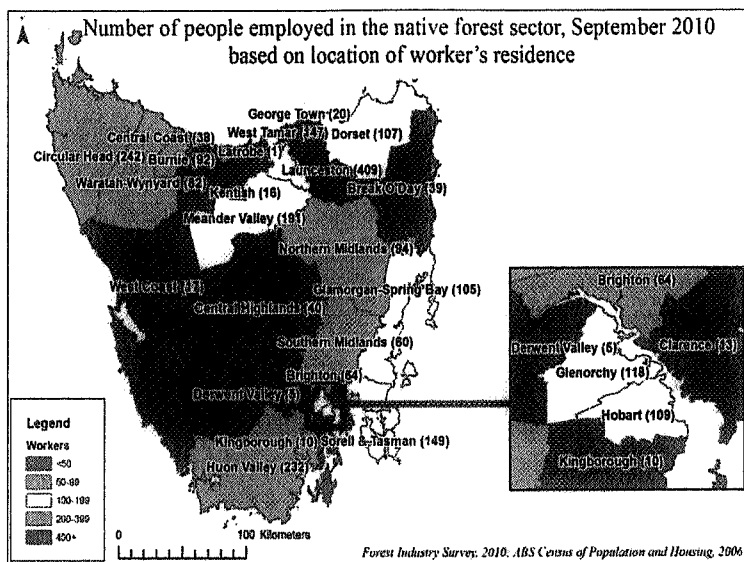


Figure 1: Number of workers employed in the native forest industry (public and private), excluding small scale woodcraft and firewood production, September 2010⁶⁰

121. Ta Ann Tasmania noted the impact their investment had made to local communities associated with their operations:

*'Construction of the mills has created 160 FTE jobs and other indirect jobs.'*⁶¹

and that:

*'Contrary to the claims about disadvantaging Australian workers, there has been positive regional employment benefits. For example, at Huon the mill has provided work for 100 formerly long-term unemployed people, of whom 12 are now long-term employees of the company.'*⁶²

122. Industry Analyst Robert Eastment noted the Victorian experience in relation to the impact of a restructuring of the forest industry in that State:

'There has been significant restructuring of the hardwood sawmilling industry in Victoria. Probably two-thirds of the industry has left the industry because they had antiquated sawmills and very poor returns. The people who have remained in the industry of sawmilling hardwood logs in Victoria now are paying upward and above three times what the logs used to be sold for, and in some instance four times as much. They are producing fewer logs and the Government has a considerably higher revenue stream through that auction system. The sawmillers

⁶⁰ Dr Schirmer written submission, p. 9

⁶¹ D. Ridley, *op.cit.* p.13

⁶² *Ibid*, p. 13

who have remained in the industry, because they have invested significantly in technology, processing techniques and producing products that markets want, have a higher revenue stream. Some of them have openly said, 'We're more profitable now than we were before, yet we're paying significantly more for our logs. We've been driven to restructure our business'.⁶³

123. The Tasmanian Forest Contractors Association noted a range of factors currently impacting on local communities including:

'Today there are 66 hardwood harvest-and-haul contractor businesses that are not operating. There are more than 500 harvest-and-haul employees who are not at work. There is a follow-on impact into other contractor areas within the native forest industry and the timber industry. Silviculture, forest maintenance, roading, road maintenance, seed collecting contractors are not working. There are 70 other forest contracting businesses, outside the harvest-and-haul sector, which today are not working or are working at 10 per cent or less of their capacity. More than 1 000 employees are involved in that sector. Because of the sale, or lack of sale, of residues from the harvest and the processing areas, sawmills and veneer mills are under threat. If there is no change to the current industry course, you can add another 40 harvest-and-haul contracting businesses, 330 harvest-and-haul workers' jobs, 32 sawmills, three sawmills and around 3 500 jobs losses in total.'⁶⁴

124. The Tasmanian Farmers and Graziers Association noted the impact on their members:

'We certainly have, not specifically in forestry but more broadly in terms of the impact of the decline of real communities on agriculture, talked about the fact that, as regional communities contract, the ability of the farming community to access human resource as well as physical and social resource becomes more and more difficult. There comes a point where you have lost critical mass and that is a challenge for us, particularly in some of the areas of Tasmania that really are dependent on forestry and agricultural pretty much alone. If you lose one leg of your stool you are left with that decline over a period of time that is death by a thousand cuts basically.'⁶⁵

125. In relation to the process of transition as contemplated under the SOP, researcher Dr Schirmer provided the Committee with a valuable perspective from her social research on the forest industry in Tasmania when she stated that:

⁶³ R. Eastment, *Transcript of Evidence*, 27 May 2011, p. 21-22

⁶⁴ E. Vincent, *Transcript of Evidence*, 27 May 2011, p. 54

⁶⁵ *Ibid*, p. 25

*'It is absolutely critical that there is some certainty for people in the industry and the communities that depend on the industry soon, because we are already seeing a lot of the negative impacts that people fear will happen if there is an exit from native forests, simply because people are worried it is going to happen and they are not certain about the future.'*⁶⁶

126. Dr Schirmer also noted that modernisation as part of a transition would also have an impact on regional communities:

*'There's also a need to recognise that if you invest in new processing plants based on plantations they're often much more modern and require less labour so you're not going to have a one-for-one job replacement just by shifting to plantations, it's a lot more complicated than that. I think that sometimes there's a bit of an assumption that you can easily switch over to plantations and everything will be fine but that is certainly not the case. The issues involved in trying to expand the plantation industry need careful consideration.'*⁶⁷

127. The Committee was concerned by the evidence of the significant hardship currently being felt by timber communities in Tasmania and noted the importance of the social impacts of any transition being fully considered.

128. The Tasmanian Forest Contractors Association noted:

*'We need exit and relocation assistance for the contractors and their staff who choose to go, who are forced to exit, because the forest contracting sector is a sector where people will be forced to leave, unlike sawmilling where there will be options and they make a decision on whether they go or whether they stay. A large percentage of contractors will not survive in their current jobs and current businesses.'*⁶⁸

129. Dr Schirmer made a number of contributions that assisted the Committee in considering the social impacts of transition. Amongst the comments noted by her were:

*'What's important is how you actually support people through the transition, how you help them find new jobs and how you actually provide the sorts of support they really need, which goes beyond simple cash grants - things like providing mental health counselling and a range of other sorts of support that are bit less tangible than simple cash grants.'*⁶⁹

⁶⁶ J. Schirmer, *Transcript of Evidence*, 18 April 2011, p. 36

⁶⁷ *Ibid.*

⁶⁸ E. Vincent, *op.cit.* p. 55

⁶⁹ J. Schirmer, *op.cit.* p. 34

130. Dr Schirmer noted that the framework of any supported assistance should consider that:

*'...in the past a lot of assistance packages haven't been well thought through before they were implemented and you see a lot of wasted money or a lot of concerns later on about where money was targeted. If you do some good work beforehand you can actually do a much better job of supporting people and making sure that government money is better spent.'*⁷⁰

131. The Committee also noted with concern the views of the Local Government Association of Tasmania which included:

'There is a strong and genuine concern within Tasmanian councils that no-one is recognizing the impacts of what occurs when people leave the forestry floor. Communities are being devastated and the impacts are already being felt directly and indirectly with 1000 jobs gone from the industry since October last year'

and that

*'Councils are not holding out their hand for money but want decision makers to understand that similar to a major disaster, the process of community recovery and holding together the social fabric of smaller communities so often falls to local councils without any support from other quarters. In the case of natural disasters, much is unplanned and the response varies depending on the extent of the problem and the capabilities of those on the ground. In the case of forestry, we are dealing with a planned downturn and little account appears to be taken of the implications on local communities and the processes required for recovery and rebuilding confidence and hope, let alone economic prosperity.'*⁷¹

132. The Local Government Association of Tasmania also expressed significant concern about the impact on the rating revenue of some Councils:

'As a ratepayer, Forestry Tasmania is a significant contributor to the economic wellbeing of local government areas around Tasmania. Since 2002/03 Forestry Tasmania has paid more than \$15 million in rates. For the financial year 2010/11, more than \$2.7 million will be paid by Forestry Tasmania to Tasmanian councils. This includes some significant contributions to some municipalities relative to overall rating income. By way of example, the following year to date rate payments have been made to Tasmanian councils:

<i>Break O'Day Council</i>	<i>\$469,978</i>
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⁷⁰ *Ibid.*

⁷¹ Local Government Association of Tasmania written submission, p. 3

<i>Central Highlands Council</i>	\$133,450
<i>Circular Head Council</i>	331,002
<i>Dorset Council</i>	264,315
<i>Huon Valley Council</i>	369,969
<i>Meander Valley Council</i>	159,881 ⁷²

Carbon Value and Storage

133. The Committee heard evidence of the potential value of carbon storage to the economy of Tasmania which the Committee concluded to be a significant issue for consideration as part of any transition.

134. There was a lack of evidence before the Committee as to the confirmed carbon value of proposed reserves and how best to maximise the return to Tasmania of those reserves.

135. Mr John Lord noted in his evidence that:

*'...regarding climate change and carbon sequestration, there is a published report put out by Commonwealth government agencies that shows that, over time, where we actively manage forests we sequester twice the amount of carbon compared to letting the forest grow and simply locking it up as a store of carbon.'*⁷³

136. The Tourism Industry Council of Tasmania noted:

*'One of the things being missed here is that if you lock this up now you will not be able to claim carbon credits on it in the future - because it's locked up. The value of that area has to be conservatively \$200 million to \$300 million a year to this State on carbon credits. I think that is a valid argument and nobody seems to be raising it and I don't understand why. Here we are, rushing into an agreement that could lock this away before its carbon credit values have been assessed.'*⁷⁴

137. Carbon Scientist Dr Martin Moroni noted in his written submission that:

*'Total mass of carbon in live and dead standing trees in state forest was 163tg (teragram).'*⁷⁵

138. Dr Moroni also provided the Committee with information in relation to the importance of carbon capture and storage through the harvesting of

⁷² *Ibid*, p.7.

⁷³ J. Lord, *op.cit.* p. 13

⁷⁴ S. Carrant, *Transcript of Evidence*, 19 April 2011, p. 40

⁷⁵ M. Moroni written submission, 2nd article, p. 7

forestry products and that the debate on carbon capture and storage should be broader than a narrow focus of landscape carbon.

*'Forests and wood products can be reserved. Forests can burn or die and wood products like this table will eventually rot or burn, so it's not a permanent one. The way we are thinking at the moment in Tasmania is only on the forest carbon side. We don't even entertain or debate wood products, so we are missing out on having a discussion about what would be the best long-term wood products that would substitute for the most emissions. Then we don't even talk about what possibilities are there to substitute fossil fuels, like using wood waste for burning in a kiln, heating schools using wood waste locally so you don't have to haul it. We're not even having these discussions.'*⁷⁶

and that

*'if you are going to charge for carbon eventually someone is going to do the maths and say, 'Don't use steel, use wood; don't use concrete floors, use wood floors; don't burn oil if you can burn wood waste'. Eventually people are going to starting putting the numbers together and say we need to use wood.'*⁷⁷

139. The Committee was constrained by the terms of reference in respect of its ability to explore the question of carbon capture and storage fully. The importance of this issue to the State of Tasmania was noted by the Committee and was concluded to be of central importance to any discussion on transition.

⁷⁶ M. Moroni, *op.cit.* p. 57

⁷⁷ *Ibid*, p. 47

FINDINGS

140. The Committee considered a range of evidence from witnesses. The evidence raised a number of questions in relation to the potential impacts of a transition out of public native forest harvesting and management. For those reasons the Committee has significant reservations about the merit of transition as proposed under the SOP. The following findings are drawn from the evidence received by the Committee that;
- a. There is no agreement on what transition means amongst the stakeholder. There is no consensus on whether transition is to be complete or partial;
 - b. A viable forest industry remains economically critical for Tasmania and in particular for regional communities;
 - c. The SOP is not an agreement on transition but rather a set of principles agreed upon by the signatories;
 - d. The SOP does not identify a definition of HCVF and there is no shared understanding about the definition. It follows that there is no agreed scientifically based methodology to enable proper conservation decisions to be made on proposed areas to be protected;
 - e. The methodology used by the ENGOs to identify the HCVF areas as part of the SOP is ambiguous and appears to be largely based upon ideology rather than scientific methodology or reasoning;
 - f. There is widespread community and stakeholder confusion as to the roles, responsibilities and undertakings of signatories to the SOP and the formation of an agreement about transition. The community is also confused about how the views of all stakeholders will be represented;
 - g. There is widespread community and stakeholder confusion as to the role of the State and Commonwealth Governments in respect of the SOP and any subsequent transitional agreement;
 - h. The Commonwealth Government has not completed the necessary due diligence in accordance with the Prime Minister's press release of 7 December 2010. The Committee believes this was intended to have been completed prior to the Independent Facilitator being appointed. According to the Prime Minister the due diligence was to confirm:

◊ *the resources currently being used in the industry;*

◊ *the extent of renewable resource available;*

- *the sustainable size of the industry in the future, particularly given the changes in the market for Tasmanian timber products;*
 - *agreed understanding between the parties of detail and definitions contained within the Statement of Principles including High Conservation Value forests; and*
 - *most importantly the social and economic impact on communities in Tasmania.*
- i. The role of non-signatory stakeholders in any negotiation leading to an agreement is not clear;
 - j. The SOP does not address the issue of private native forests. Any agreement around transition out of native forests will fail to protect the conservation value of all native forests within Tasmania;
 - k. Long term certainty of a suitable wood supply is critical to the future viability of a forest industry in Tasmania;
 - l. There is a lack of evidence that industries within affected communities could substitute for forestry in the event of a transition;
 - m. There is a lack of evidence supporting claims that tourism related industries will provide significant future employment opportunities for affected communities as an alternative to forest industries;
 - n. There are a wide range of sustainable forestry related enterprises currently reliant upon a secure native forest wood supply in Tasmania;
 - o. There has been a focus on some, but not all, environmental factors in considering the impacts of transition;
 - p. The social and economic factors associated with public native forest transition are critical to any negotiation but appear to be getting secondary consideration;
 - q. Some areas now classified as HCVF by the ENGO's have been harvested for over a century, other areas have been harvested in more recent times;
 - r. Any further transition out of native forest harvesting will have significant social and economic impacts on communities reliant on forestry, and will require substantial Government intervention;

- s. The commercial use of residue from sawmills is critical to the financial viability of the sawmilling industry in Tasmania;
- t. There are currently significant costs and responsibilities associated with the management of existing public native forests and reserves;
- u. The implications for the management of any additional public native forests reserves, including the management of infrastructure, wild fire and other community service obligations is unclear and requires detailed assessment;
- v. The timeframe for any agreement arising from the SOP is yet to be determined. This places further uncertainty on the forest industry;
- w. Some forest enterprises will be able to transition out of public native forests resources given sufficient time (estimated to be at least 25 - 30 years) if a suitable alternate wood supply is available;
- x. There is still much uncertainty around what would constitute a suitable wood supply and significantly more research is needed;
- y. The question surrounding the economic value of carbon in forests is yet to be determined and therefore any ability to capitalise on potential carbon value of proposed public native forest remains unclear. The carbon reserves may be of significant economic benefit to the State of Tasmania;
- z. At the conclusion of the evidence Local Government had not been consulted as part of the negotiations;
- aa. Any transition out of public native forests could have a significant impact on the rating revenue of some Councils;
- bb. The periodic review of the Forest Practices Code has been placed on hold following the signing of the SOP.

RECOMMENDATIONS

141. The Committee recommends that there not be any additional reserves of native forests or any transition out of public native forest management and harvesting, as proposed under the Statement of Principles, without consideration of the following:
- a. The definition of key terms such as High Conservation Value Forest (HCVF) be settled and based upon a scientific methodology and applied to any future conservation decisions;
 - b. An agreement relating to any transition out of public native forests should consider the conservation value of all native forests within Tasmania;
 - c. The organisations or individuals to be consulted on the proposed terms of any agreement need to be carefully considered by Government. Given the limited number of signatories to the SOP, a particular emphasis needs to be given to consulting with non-signatory stakeholders who are said to be adversely affected by a proposed transition;
 - d. The future roles and responsibilities for the management of public native forests needs to be carefully evaluated by the Tasmanian Government prior to an agreement for any transition being adopted. The responsible authority/s need to be provided with the necessary funding to actively manage the resource on a long term and economically sustainable basis;
 - e. The terms of an agreement for any transition must include decision-making that balances the social, economic and environmental factors associated with transition;
 - f. Governments must ensure certainty of long term wood supply for the forest industry, including access to native wood supply for those industries unable to transition;
 - g. An agreement on any transition must be legally binding upon the signatories. This will limit the risk of future claims for additional reserves which will create further uncertainty for the forest industry in Tasmania;
 - h. Local, State and Commonwealth Governments sign a Memorandum of Understanding that sets out the respective roles and responsibilities of each level of Government as part of any transition;

- i. The Tasmanian Government complete the review of the Forest Practices Code;
- j. The following assessments must be completed prior to an agreement being adopted to confirm the viability of any proposed transition:
 - i. The communities affected by any agreement require appropriate levels of targeted economic, social and other support from the State and Commonwealth Governments. An independent taskforce should be established as a matter of priority to undertake a full social and economic impact assessment to determine the assistance required and the appropriate methods for the delivery of support and transitional services;
 - ii. A report is commissioned by Government to evaluate the opportunities for alternative enterprises to replace forestry related enterprises in affected communities;
 - iii. Government commission an independent feasibility study of the future use of wood and wood residue in Tasmania including the establishment of downstream processing industries such as biofuel, rayon, fuel pellet and other value-added industries. The feasibility study should also include consideration of how existing industries such as veneer mills can generate additional employment opportunities for regional communities;
 - iv. Subject to the findings of the independent feasibility study, Government establish a forestry innovation fund to expedite the development of new downstream processing industries in Tasmania;
 - v. Government undertake an independent economic assessment of the carbon value of the public native forest reserves proposed under an agreement to determine the most effective mechanism to maximise the economic benefit to the State of Tasmania;
 - vi. Government undertake an environmental and economic impact assessment of the use of plantation resource as a substitute for public native forest resources.

Appendix A - Submissions

<i>No.</i>	<i>Description</i>	<i>Date</i>
1	Forest Industries Association of Tasmania *	07/04/11
2	Australian Forest Growers	01/04/11
3	Timber Communities Australia *	08/04/11
4	Fine Timber Tasmania Inc.	12/04/11
5	Dr Martin Moroni, Researcher	12/04/11
6	Dr Mark Neyland, Independent	13/04/11
7	Dr Jacqueline Schirmer, Australian National University *	14/04/11
8	Environment Tasmania *	18/04/11
9	Tasmanian Farmers and Graziers Association*	18/04/11
10	Tasmanian Conservation Trust *	19/04/11
11	Mr George Harris, Woodworker *	19/04/11
12	Forest Practices Authority	19/04/11
13	Mr Roger M Larner, Forester	19/04/11
14	Mr John Lord, Private Forester	19/04/11
15	Construction, Forestry, Mining & Energy Union	09/05/11
16	Mr Peter Brenner, Independent	19/05/11
17	Ta Ann Tasmania	27/05/11
18	Tasmanian Sawmillers Federation Association*	27/05/11
19	Dr Gordon Bradbury, Independent	30/05/11
20	Local Government Association of Tasmania	06/06/11
21	Tasmanian Trail Association Inc.	06/06/11
22	CRC Forestry Limited	08/06/11
23	Furniture Australia	23/05/11

Note: Submissions published by the Committee can be located at the following website:

<http://www.parliament.tas.gov.au/>

* Supplementary documents provided in addition to major submission.

Appendix B - Witnesses

08/04/11	10.31am	Mr Terry Edwards	Forest Industries Association of Tasmania	Parliament House
08/04/11	10.31am	Mr Anthony Jaeger	McKay Timber	Parliament House
08/04/11	10.31am	Mr Shawn Britton	Britton Timbers	Parliament House
08/04/11	1.36pm	Dr Phil Pullinger		
		Mr Russell Warman	Environment Tasmania	Parliament House
08/04/11	2.45pm	Mr Barry Chipman	Timber Communities Aust. (Tas)	Parliament House
08/04/11	2.45pm	Mr Richard Watson		
		Mr Anthony Watson		
		Mrs Pam Watson	Huon Valley Timber	Parliament House
08/04/11	3.06pm	Mr John Hollis	Oakdale Industries Mornington	Parliament House
08/04/11	3.27pm	Mr Mark Turner		
		Mrs Helen Turner	Turners Blackwood Furniture	Parliament House
08/04/11	3.27pm	Mr Rodney Stagg		
08/04/11	3.41pm	Mr Robert Armstrong	Mayor of Huon Valley Council	Parliament House
08/04/11	3.52pm	Mr Keith Bill		
		Mrs Jennifer Bill	Private Land Owners, Bruny Island	Parliament House
18/04/11	2.02pm	Mr Bob Gordon		
		Dr Hans Drielsma		
		Mr John Hickey	Forestry Tasmania	Parliament House

18/04/11	3.32pm	Ms Jan Davis	Tasmanian Farmers and Graziers Association	Parliament House
18/04/11	4.35pm	Mr Richard Hooper	Australian National University	Teleconference
19/04/11 Hobart	9.00am	Dr Jacqueline Schirmer	Tasmanian Conservation Trust	Parliament House
19/04/11 Hobart	10.07pm	Mr Peter McGlone	Woodworker	Parliament House
19/04/11 Hobart	1035am	Mr George Harris	Fine Timber Tasmania Inc.	Parliament House
19/04/11	11.04am	Mr Mark Leech	Tourism Industry Council of Tasmania	Parliament House
19/04/11	11.38am	Mr Luke Martin	Independent Expert Researchers	Parliament House
19/04/11	2.02pm	Mr Simon Currant	Forest Practices Authority	Parliament House
09/05/11	11.02am	Dr Peter Volker	Ruddicks Chartered Accountants	Henty House
09/05/11	11.35am	Dr Martin Moroni	Private Forester	Henty House
09/05/11	12.22pm	Mr Bob Ruddick	Construction, Forestry, Mining, Energy Union	Henty House
09/05/11	2.03pm	Mr John Lord	Tasmanian Oak Growers Association	Henty House
09/05/11	2.55pm	Mr Scott McLean	Artec	Henty House
09/05/11	3.50pm	Mr Des King	Gunns Limited	Henty House
09/05/11		Mr Mark Cornelius		
09/05/11		Mr Scott Arnold		
09/05/11		Mr Gerald Matthews		
09/05/11		Mr Greg L'Estrange		
09/05/11		Mr Calton Frame		

27/05/11	9.02am	Mr David Ridley			Parliament House
		Mr Gregory Hickey	Ta Ann Tasmania		
27/05/11	10.01am	Mr Robert Eastment	Independent Forestry Expert		Parliament House
27/05/11	10.45am	Mr Vica Bayley	Wilderness Society of Tasmania		Parliament House
27/05/11	11.57am	Mr Peter McGlone			
		Mr Alastair Graeme	Tasmanian Conservation Trust		Parliament House
27/05/11	12.34pm	Mr Edward Vincent	Tasmanian Forest Contractors Association		Parliament House
27/05/11	2.01pm	Mr Fred Ralph			
		Mr Ike Kelly			
		Mr Shane Rice			
		Mr Robert Torenius	Tasmanian Country Sawmillers Federation		Parliament House

Note: Transcripts of evidence published by the Committee can be located at the following website:

<http://www.parliament.tas.gov.au/>

Appendix C – Hearing Dates:

Friday 8 April 2011:	Committee Room 2, Parliament House, Hobart
Monday 18 April 2011:	Committee Room 2, Parliament House, Hobart
Tuesday 19 April 2011:	Committee Room 2, Parliament House, Hobart
Monday 9 May 2011:	Conference Room, Henty House, Launceston
Friday 27 May 2011:	Committee Room 2, Parliament House, Hobart

Note: Transcripts of evidence published by the Committee can be located at the following website:

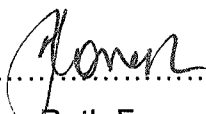
<http://www.parliament.tas.gov.au/>

Signed this twenty-third day of June two thousand and eleven.



.....
Hon. Greg Hall MLC

Inquiry Chair



.....
Hon. Ruth Forrest MLC

Committee Chair

