



Andrew Wilkie MP
INDEPENDENT MEMBER FOR DENISON

11 JUN 2015

Ms Diane Merryfull
Chief Executive Officer
Integrity Commission
GPO Box 822
HOBART TAS 7001

Dear Ms Merryfull

You may be aware of my recent speech in Federal Parliament at which time I called for a Commission of Inquiry into Forestry Tasmania. I enclose a copy of the speech for your consideration.

I bring the matter to your attention because I am mindful of your powers under the *Integrity Commission Act* which allows for the Board of the Integrity Commission to conduct an investigation in relation to misconduct and for the Board to recommend to the Premier a Commission of Inquiry be established.

I request that you accept this letter as a complaint under Part 5 of the *Integrity Commission Act*, and that you investigate all matters concerning the financial collapse of Forestry Tasmania.

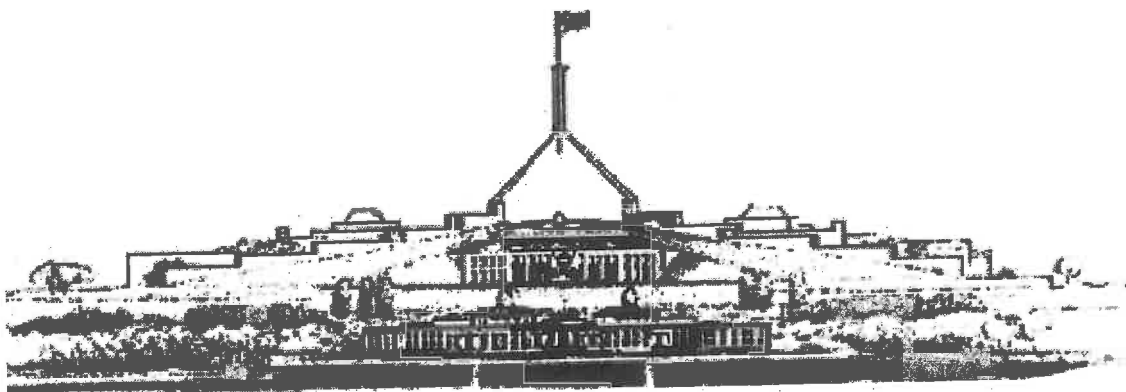
Yours sincerely

Andrew Wilkie MP
Independent Member for Denison



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

Federation Chamber

ADJOURNMENT

Forestry Tasmania

SPEECH

Thursday, 4 June 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Wilkie, Andrew, MP

Source House
Proof Yes
Responder
Question No.

Mr WILKIE (Denison) (12:53): I am often approached by constituents with concerns about forestry practice in Tasmania. Their concerns are widespread, but most often centre on the environment, as well as on politicians and the mistakes they make. Curiously though, not all of the disgruntled members of the community approaching me are environmentalists. Indeed some are strong supporters of forestry in Tasmania concerned that the industry has evolved in unsatisfactory ways to the point where the forests have been overworked, and many of the associated businesses have either gone broke or been made marginal at best.

A particular concern is Forestry Tasmania, which is the government business enterprise responsible under state legislation for managing the forests. It was established in 1994 with no debt. It paid tax, generated positive returns and cash flows, and held assets of \$2.227 billion. However, it has been run down progressively to the point where, by some estimates, since the late 1980s over \$359 million in taxpayers' money has had to be injected into FT and its predecessor, the Forestry Commission. This includes the \$23 million state government bailout in fiscal year 2013-14 and an equity transfer of \$30 million planned for fiscal year 2015-16. And that \$2 billion plus in assets: what happened to that? The most recent FT report puts it now at \$237.5 million, almost \$2 billion less than what the enterprise started with not all that long ago. This matter is very complex and needs much more than the five minutes I have here today. To assist the parliament, I seek leave to table relevant material prepared by Mr John Hawkins from northern Tasmania.

Leave granted.

Mr WILKIE: What FT is worth now is anyone's guess. Mr Saul Eslake apparently put it at \$25 million in 2006; although the fact that the enterprise is effectively insolvent probably makes it worthless as a business nowadays. Nor can the potential value in all those trees solve FT's woes, because the value of the standing timber is down to \$86.083 million while FT's debt sits at about \$221 million. Exactly how Forestry Tasmania got itself into this diabolical mess has never been determined, or at least never revealed. Yes, the state government has recently reviewed the enterprise and announced some changes. But the reasons for the mess have never been aired publicly, despite the fact that literally billions of dollars of public money have been squandered across many decades on the Tasmanian forestry industry, if you add up all the state and federal grants, the tax breaks on the managed investment schemes and the depreciation of the assets. Indeed, just the sum of all the state and federal government grants alone has reached a whopping \$780 million since 1997.

Frankly, what is needed now is a royal commission, or a commission of inquiry, to finally get to the bottom of this and to hold people to account. Surely that is what is needed: a proper inquiry, with broad terms of reference and the power to compel witnesses to front up and to explain themselves. Yes, this would be a big deal and costly. But the FT disaster is no small matter because, to this day, virtually nothing is known of the decisions made by those responsible for the enormous waste of public funds and the abject failure of business, governance and public administration. In my opinion, the first witness should be Mr Evan Rolley, who was the managing director of FT from 1994 until 2006. He is now the executive director of Ta Ann Tasmania Pty Ltd and would also be able to help an inquiry understand why taxpayers then went and paid \$26 million to that company. A succession of premiers and relevant ministers should also explain themselves.

I support a Tasmanian forestry industry so long as it pays its own way and stops damaging the environment. Whether or not that includes Forestry Tasmania remains to be seen. But what is clear is that we are bound to repeat the mistakes of the past unless we do something about it.