

KEY FINDINGS FOR MEDIA DISTRIBUTION

The following list contains some of the key findings taken from the Committee report for the benefit of journalists attending the media conference at 11.30am this morning. The full list of findings is contained in the report at pages 11-23.

Key Principles

1. The State and Commonwealth Governments have remained outside the TFA process, such that the signatories have had significant influence over a range of Government policy areas affecting the broader Tasmanian community;
2. The State and Commonwealth Governments have linked the payment of compensation, industry transition and other financial support for workers and regional communities, to the passing of the Bill;
3. The State Government has introduced the Bill to deal with the issue of the proposed reserve systems, rather than consider additional reserve proposals under the *Nature Conservation Act 2002* or through world heritage nomination processes in the first instance;
4. The TFA is an agreement that required compromise in relation to the future forest industry in Tasmania and the protection for additional areas of public native forest.
5. The TFA is limited to reflecting the interests and the views of the signatories and does not take into account the broader interests and views of the Tasmanian community;
6. A number of key processes associated with the TFA and the Bill, including the IVG process and the proposed socio-economic modelling, have been compromised due to their limited terms of reference; unreasonable time constraints and lack of Government oversight which has led to outcomes that are not based upon recognised best practice in those fields;

Proposed Reserves

7. Scientists giving evidence to the Committee did not believe the proposed reserves would achieve the best conservation outcomes for Tasmania and that there were elements in the verification process that were flawed;

World Heritage Area

8. As part of the TFA, the Commonwealth submitted a proposal for a minor boundary extension to Tasmania's World Heritage Area in January 2013. This represents an estimated 12% extension to the current World Heritage Area boundaries;
9. While initially supporting the Commonwealth's nomination, the State Government has since made a request for some areas contained in the nomination to be withdrawn. The reasons behind the request have not been stated by the Government (the State Government has not informed the Committee of their concerns), but are believed to be in relation to mineral prospectivity zones and a forestry research site;

Funding

10. A total funding package of \$379 million has been promised under the TFA process. \$216 million of this is yet to be provided and is reliant on the passing of the Bill;
11. The requested \$10 million for sawmiller exit package is considered by the industry to be insufficient. This amount directly reflects the request from the Signatories to the Governments;
12. Land transferring from forests managed under FT into reserves will result in a significant reduction in some local councils' rate revenue.

Wood Supply

13. The minimum wood supply volume of 137,000 cubic metres was amended late in the TFA negotiation process and was reduced from the consistently reported figure of 155,000 cubic metres that was agreed in the IGA.
 - a. There is an inherent risk that FT will have difficulty supplying the minimum specified wood volume of 137,000 cubic metres high

quality sawlog in accordance with Part 2 of the Bill over the long term;

- b. In the event that this occurs, FT will be open to further public criticism and future intervention by Government to correct the minimum wood supply volume would be inevitable;
 - c. There is an inherent risk that FT will be criticised over the long term for the increasing intensification of harvesting that will be required within the permanent timber production zones in order to deliver the minimum wood supply volumes;
 - d. The minimum specified volume of 137,000 cubic metres does not take into account any future industry growth within the native timber sector, unless a suitable resource supply can be secured from private land.
14. The interests of the specialty timber sector were acknowledged but not represented under the TFA process;
15. The TFA and the Bill fail to appropriately consider the wood supply requirements for the specialty timber industry in Tasmania;
16. The Bill does not specify the supply requirements for peeler logs due to the need to renegotiate Ta Ann Tasmania's supply contracts.
- a. Given the focus in the TFA and the Bill on Ta Ann Tasmania's supply requirements, there does not appear to be any consideration of future alternative downstream processing opportunities for peeler logs, which may restrict the opportunities for diversification within that part of the industry;
 - b. Ta Ann Tasmania has indicated that it will close its Tasmanian operations if the Bill does not pass the Tasmanian Parliament;
 - c. Ta Ann Tasmania is heavily reliant on the Japanese market;
 - d. There is an inherent risk that regardless of whether the Bill is passed by the Tasmanian Parliament, and assurances of the company to the contrary, that Ta Ann Tasmania may exit its operations in Tasmania for commercial reasons at some stage in the future if any of the following occur

- i. There is continuing protest action in Japan by non-signatories to the TFA that influence the buying decisions of those customers over the long term;
- ii. The ENGO signatories lose their influence in the Japanese market over time;
- iii. Other market factors arise affecting the long term sales into Japan for veneer products;
- iv. Ta Ann Tasmania does not diversify their business to develop other international markets.

17. There is a significant and ongoing challenge in relation to the disposal and use of wood residue from native forests which is not addressed under the Bill. This is impacting significantly upon the viability of many forestry operations in Tasmania

- a. The continuing closure of the Triabunna woodchip mill is contrary to the expectation of the IGA and has compounded the residue problem;
- b. The interim measures of Government subsidising the transport of some Southern Tasmanian wood residue to Northern Tasmania for export as woodchips is not financially sustainable;
- c. Wood residue continues to be left on the forest floor which may create future fire risks;
- d. Since negotiations commenced in relation to the TFA in 2010, Government has failed to undertake the necessary work to find permanent solutions to the wood residue issue which may compromise the integrity of the TFA;
- e. Current Commonwealth regulation does not provide renewable energy credits where native forest residues are used for biomass energy production.

Socio-economic Impact Assessment

18. The report was a 'desktop analysis' and did not involve any consultation with local communities or in-depth analysis of the social and economic impacts of the TFA;

19. The authors of the report stated that it was a 'jobs losses' report due to the time constraints placed upon them, rather than a full socio-economic report;
20. The authors of the report believe a full socio-economic study should be conducted;
21. Scenario 2 assumes a complete absence of Government mitigation for the industry, ongoing market protests and decline (assumes no market for the product) and represents worst case market and wood supply conditions (including no logging within the original ENGO reserve claim area of 572,000 hectares).
22. Both the Commonwealth and State Governments reported the findings as direct comparisons between each scenario despite a very strong warning contained in the report by the authors that to do so would be incorrect.

Durability

23. According to some signatories, the Government amendments to the Bill have significantly impacted upon the durability of the TFA through the removal of the early durability reporting requirements under Clause 10. This issue was unresolved at the time of reporting;
24. It is highly likely that some non-signatory ENGOs will continue their protest actions against Ta Ann and the Tasmanian forestry industry should the Bill be passed or not as they have made it clear that they are not bound by the TFA;
25. The TFA is reliant upon the long term influence of the ENGO signatories to attempt to counter the impact of protest actions by non-signatory ENGOs in the market in order to maintain the durability of the TFA. Whilst the Committee does not question the signatories commitment to speak to the markets, it is concerned about the probability of the ENGO signatories continuing to have influence in the domestic and international markets over the longer term, given the rapid evolution of new and emerging non-signatory ENGOs with a global platform, significant resources and different opinions in relation to the Tasmanian forest industry;

26. FSC Certification for Tasmanian public native forestry logging is a critical issue for durability under the TFA including achieving the vision under Schedule 1 of the Bill.

Sovereign Risk

27. The State and Commonwealth Governments have not entered a binding agreement through the introduction of appropriate legislation that would ensure the reserve claim associated with the TFA is the final such claim covering public land in Tasmania.

The Forest Practices Code

28. The Forest Practices Authority was not appropriately consulted during the course of negotiations associated with the TFA, and yet they have a significant and ongoing role in the administration of the Forest Practices Code and the *Forestry Practices Act 1985*;

Forest Stewardship Council

29. FSC certification has been agreed by the Signatories as the necessary certification for Tasmania's forest industry to access current and emerging markets;

Carbon

30. The TFA allows for reserves created under the TFA to be considered by the Commonwealth for carbon credits in the future. As the form and requirements of these credits is still uncertain, there is no guarantee that carbon credits will actually be realised from any reserves under the TFA;

The Private Forestry Sector

31. The private forestry sector was not consulted during the course of negotiations associated with the TFA, despite various underlying assumptions being made in relation to the future use of private land for timber harvesting;

Scientific Methodology

32. The areas of native forest estates proposed for protection under the TFA are derived from a log of claims produced by the ENGO signatories;

33. Scientists giving evidence to the inquiry have criticised the lack of scientific rigour associated with the reserve decisions and believe that appropriate conservation outcomes are not delivered under the process.