

The Executive endorses Alistair Graham's newsletter article as consistent with the TCT's forest policy.

On 29 August, Bryan Green, as minister responsible for Forestry Tasmania (FT), made a formal statement to Parliament: the government had decided to implement 'Option 2' in the 'Strategic Review of Forestry Tasmania' Stage 2 Report prepared by the URS Australia Pty Ltd (URS). The response from Green's leader Nick McKim made it clear that the decision included removing all the land and trees from FT's control – not just the non-commercial bits. The Liberals said the ALP dog was being wagged by the Green tail – again; and the Forest Industries Association of Tasmania (FIAT) suspended participation in the IGA talks – again!

Up until this point, it seems that the non-governmental participants in 'talks' since August last year, aimed at advising the federal and state governments on how to implement their Intergovernmental Agreement (IGA), expected the URS review to result in the 'non-commercial' part of the state forest estate being transferred to Department of Primary Industries, Parks, Water and the Environment – Parks and Wildlife Service while the remaining 'commercial' part would stay with FT. Not exactly an earth-shattering reform agenda – and even less significant in light of FT's self-serving estimate of the split between its four commercial and non-commercial 'cost types', salary: 76/24 per cent, overheads: 87/13 per cent, forest management: 87/13 per cent and harvest & deliver 100/0 per cent, (see p. 43 of the URS Report). In other words, FT says it doesn't really do much non-commercial stuff anyway – except when it comes to explaining why it keeps losing money with all those community service obligations to meet.

Spare a thought for the URS consultants who prepared the report – the title is '... Stage 2 report (Redacted)' meaning that some interesting numbers and quantitative chapters have been blacked out or deleted from the published version. On top of that, URS was obliged to base its comparative financial modelling of options on the unrealistic assumption that FT actually sold all the logs it was legally allowed and contractually obliged to supply.

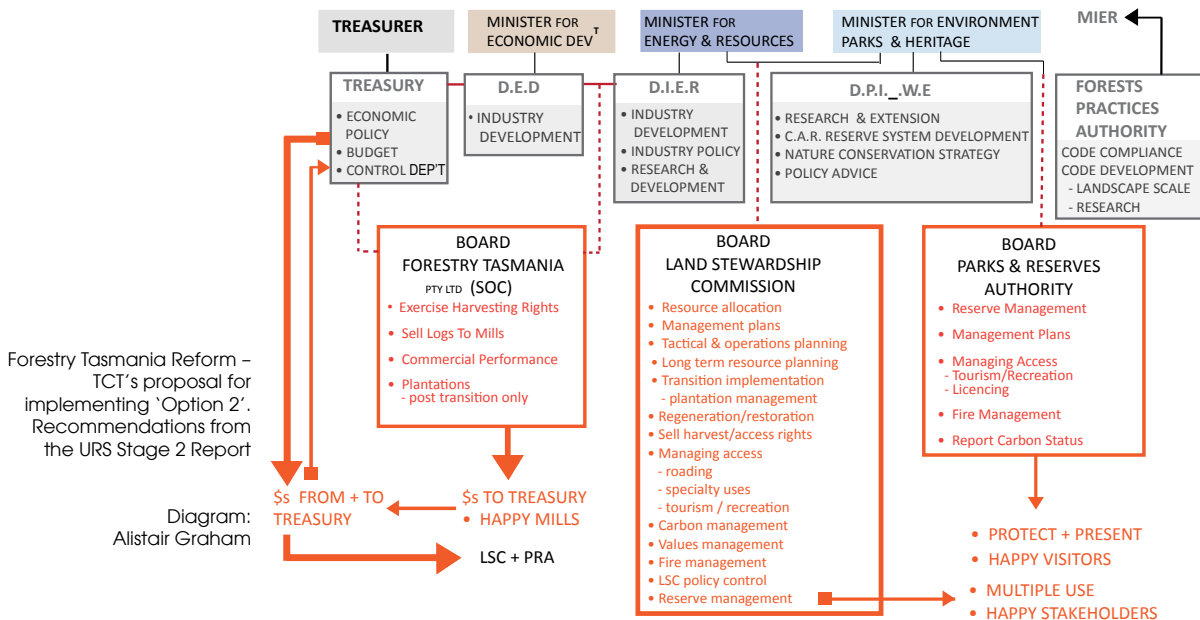
It is hard to convey just how 'brave' it was for the government to agree to a reform model that involved taking all the land and trees away from FT. It is also hard to convey just how (understandably) appalled FIAT members were by the prospect of DPIPWE controlling the forests from which their logs would come – which is what URS Option 2 proposes. Their 'scary' scenario involves Kim Booth becoming the DPIPWE minister in a future government! It is little wonder that subsequently industry representatives have suspended or abandoned participation in the 'talks' and a the Government Business Enterprises (GBE) board chairman has resigned, professing not to trust the minister he works for.

The government has been resolute in subsequently shrugging off immense pressure from industry, its own GBE and the Opposition. A wagging Green tail does not explain this. Imagine, for a moment, the discussion around the Cabinet table finalising the Budget in which cutting frontline services (police, nurses, teachers) has been accepted as inescapable – and then Treasury drops a bombshell by asserting that FT needs \$100 million, over the next four years, just to avoid trading while insolvent. FT had already blown \$100 million from the sale of its joint-venture interest in plantations just a few years earlier. That is to say, FT is a commercial disaster large enough to destabilise the state economy – and the government. The government was left with no choice but to drive change – despite FT.

I have been at pains to point out to industry (and the Greens and our NGO colleagues) that I am equally concerned at the prospect of DPIPWE managing Tasmania's public native forests – if for rather different reasons. The TCT and the Greens have been peppering successive governments with reform proposals for years – to little effect. In the hope that my policy suggestions may no longer fall on such stony ground, I have been updating my reform proposals with a view to suggesting how URS 'Option 2' might best be elaborated and implemented. The diagram opposite summarises my current thinking.

In essence, I propose that all the public land and tree (forest) management responsibilities be removed from both FT and DPIPWE – Parks and Wildlife and transferred to two new land management institutions which would take over responsibilities for both state forest and existing parks and reserves, while FT becomes a state-owned company with a limited role as harvester and seller of wood from available public land. I am proposing a variation from the URS Option 2 (which suggested that DPIPWE should retain this role as well as take on management of unreserved 'commercial' state forest) but am confident that my suggestion is better – and offers the prospect of winning broad industry support. The proposals:

- **FT be converted into a state-owned company (SOC)** with a limited role, just harvesting and selling wood to customers on a fully commercial basis. (As a company or corporation incorporated under company law, it could be sold off later – a factor that could attract industry back to the 'talks'.)
- **Parks division of DPIPWE be converted into a Parks & Reserves Authority (PRA)** that manages the existing formal reserve estate (established under the Nature Conservation Act), including any additional reserves that might eventuate from the Inter-Government Agreement talks. All other parts of DPIPWE to remain with DPIPWE (to get the department properly supporting private landholders is an agenda for another day).
- **A Land Stewardship Commission (LSC)** be established to manage those remaining areas of state forest removed from the control of FT but not transferred to the Parks and Reserve Authority for the full range of uses and values, including sale of



harvesting rights to FT. In essence, the ambition is to take a multiple-use mandate seriously at last.

Note the rhetoric involved in this proposal: company or corporation status for FT (not a GBE) – this is the highest level of ‘independence’ from government but, as a state-owned company, it is not independent; a commission has a limited level of independence from government (it is expected to be subject to government policy but not subject to ministerial direction); an authority has a substantial level of independence from government (the expectation is that policy is set by charter, enshrined in legislation – i.e. only Parliament can change the mission). These three institutions have varying degrees of ‘independence from government’ but they are not independent – they are all subject to ultimate control by government. The intention is to achieve a level of independence appropriate to the role I believe each institution should play.

There are two key issues here:

- **Firstly, budget help is needed.** With a collapse in both the volume and price of wood sales, revenue to cover state-forest management responsibilities – let alone contribute to state coffers – is falling to dangerously low levels. This situation is likely to persist for some time as Tasmania tries to rebuild a regrowth/plantation industrial wood supply at more modest and genuinely sustainable levels – hopefully servicing higher-value markets and based on sensible silvicultural management strategies. Safe and sound public native-forest management will need substantial financing from sources other than wood sales – i.e. budget allocations from consolidated revenue – and that will require an unprecedented level of political support for the conservation management of forested landscapes across Tasmania.

The same situation applies for managing parks and reserves – as the TCT has been telling Budget subcommittees for years. In proposing to elevate the status of such reserved land, from being the responsibility of a mere division of a primary industry department to a proud and powerful stand-alone Parks & Reserves Authority (PRA), giving Tasmania’s system of Parks and Reserves the status and support they warrant and need. This amounts to almost half the state being in such reserves – and the need for the wider Tasmanian community to be prepared to pay for their proper management.

- **Secondly, multiple use is good for you.** The fundamental thought behind proposing a Land Stewardship Commission (LSC) to be responsible for areas of public native forest not in formal parks and reserves under the Nature Conservation Act is to try to ensure that multiple use is properly applied. Tasmanians have grown used to FT’s cynical spin-doctoring, calling forests designated for logging by the RFA multiple use forest; that is a callous corruption of a perfectly honourable approach to managing the use of public natural resources. A LSC could provide a transparent and effective framework for engaging the wider community in assessing the true worth of the full range of uses and values of native forests, with a view to making the most acceptable and viable choices.

Harvesting regrowth forests for industrial wood supply would still be a valid use but only if mills were prepared to pay a fair price, and if it made sense in the light of competing uses and values such as carbon conservation, honey production, wilderness value, wildlife value or tourism. Legislating to set minimum production levels is in conflict with this approach but the hope is that, over time, industry paranoia would abate as businesses realise that resource availability depends on their preparedness to pay – rather than their political clout.

Over the next few weeks, I hope to present these ideas to the politicians and officials responsible for driving change. It is by no means certain that necessary reform of FT – even to stabilise dangerous budget bleeding let alone introduce rational public resource management – will eventuate.

I genuinely hope that there is room for all – especially for a shrunken and battered forest industry – inside the new institutions proposed. But if such a rational, transparent and collaborative future is wanted, we are going to have to fight for it. The best news is that senior ALP ministers now see that the status quo is neither possible nor desirable – even if Premier Giddings had to hear it from our Vietnamese woodchip competitors to be wholly convinced. But saying no to the past is easy – constructing the future is harder.

Alistair Graham