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SUBMISSION TO INQUIRY INTO THE TRIABUNNA WOODCHIP MILL AND FUTURE DEVELOPMENT OPPORTUNITIES FOR THE TRIABUNNA REGION

GRAEME J ELPHINSTONE

This inquiry should endeavour to provide some closure for the forest industry communities' right across Tasmania in relation to why the Triabunna woodchip mill, but more particularly, the Triabunna export port closed down as well as a positive outcome for the future of Triabunna and the port.

No doubt the members of the enquiry panel are well aware of the history of the woodchip industry in Tasmania but I believe it is worthwhile to note the following -

1. Sawlogging/sawmilling and use of our high grade timber has been going on in Tasmania since first settlers arrived.
2. The sawloggers only took the best quality trees and mainly only trees that would produce mostly sawlog (which was actually degenerating our forests)
3. Export wood chipping started in 1971. Triabunna being the first export woodchip mill in Australia was set up by a group of Southern sawmillers to be able to sell a by-product of sawmills.

There is approximately 40% of log that is mill waste when cutting board timber which is was utilised as woodchips. Prior to 1971 that mill waste was mainly burnt or dumped. On top of this, 40% of the log that was brought into a sawmill there was the head logs and limbs that were left to rot in the bush. Prior to export woodchips it was only viable to take the very best quality sawlogs and it was not viable to put in proper roads; neither was best practice maintained.

What export wood chipping did was create a market for the sawmill waste. It allowed loggers to fall the lower standard trees and recover the sawlog that was in the tree that was previously unviable. There was a market created for lower standard of sawlog. We had many different grades of sawlogs plus the head logs being taken for woodchips instead of rotting in the bush. The trees that had too many faults to be a sawlog or had no potential to be a sawlog were felled for chip logs.

Seed was collected for the areas logged. The coupe had a regeneration fire and was re-sown. When loggers got into areas that had small potential saw logs trees, the areas are selectively logged. This meant the mature sawlogs were felled plus the trees that were not sawlogs and did not have potential to become sawlogs were felled for woodchips. Great care was taken to not damage the small good trees and those were left to grow into sawlog trees for the future.

In 2005 Ta Ann Mills Geeveston and Smithton were started up to take some of the logs that was going to wood chip mills. Ta Ann is rotary peeling these logs for plywood. This is value adding.

Woodchip mills are still a very important part of the cycle taking the waste from sawlogging plus now taking some of the plantation logs that have been grown for pulp fibre.

Woodchip mills are very important in taking thinning logs from the early aerial sown coupes where the trees were growing too thick. The sale of this woodchip material covered costs of thinning so our forests could grow to their potential.

The flow-on from wood chipping has seen many innovations made and developments done - harvesting machines, extraction machines, loaders, grabs, transport trucks and trailers and large safety improvements with some of these developments.

The flow on effect to our overall economy was enormous.

The natural flow on was to build a pulp mill and further value add to our forest resource

TERMS OF REFERENCE OF INQUIRY

- (a) The circumstances surrounding the closure and sale and ultimate dismantling of the Triabunna Woodchip Mill

Gunns Limited had closed the mill prior to putting it up for sale on the basis that there was no World market for woodchips. Leading up to the closure, they had a history of closing the mill for periods of time placing enormous financial pressure on the forest contractors, haulage contractors and others indirectly associated with the forest industry.

In 2004 Gunns announced 'we are going to build a pulp mill and do downstream processing'. Naturally their customers were going to look elsewhere for the woodchip resource as they could see they were not going to have further supply from Tasmania in time to come. There is no wonder that the industry suffered a downturn.

Clause 32 of the Tasmanian Forests Intergovernmental Agreement signed on the 7th August 2011 between the Commonwealth of Australia and the State of Tasmania states - *The Governments expect that the Triabunna mill will reopen and be operated in accordance with the Statement of Principles. If this does not occur, either Government may request a review of the Terms of the Agreement, with a review to occur only if both Governments agree.*

The Signatories Agreement dated 22nd June 2011 - *The industry agreement is premised on Triabunna continuing and the Southwood and Somerset plants to remain open with remaining volume to be placed in a holding facility providing the basis for this agreement.*



The Tasmanian Forest Agreement Act 2013 has a copy of the Tasmanian Forest Agreement 2012 annexed to it at Schedule 4. The most interesting part of this is clause 30 – reproduced below.

30. As a short term interim approach the Signatories call on Governments to urgently seek to achieve access to the Triabunna processing and export facility and to the Burnie wharf facility and short term woodchip stockpiling arrangements. The Signatories call on all relevant parties to do everything possible to facilitate these short term solutions or to put in place suitable alternatives. Progress on this will form part of the Durability Report prior to the Protection Order.

This begs the following questions –

1. Were any negotiations undertaken to achieve clause 30 by the previous government?
2. Was this taken into account by the current government in their recent consideration of the so-called 'un-ravelling' of the forest agreement.
3. What is the current status of the Special Council that had to be formed under Part 5 of the Act?

Given that Gunns was a publicly listed company with shareholders, there has always been conjecture in relation to how the Triabunna export woodchip mill was sold to the current owners for \$10million; some \$6 million less than what was on the table from another known purchaser. It would seem that the shareholders should have had a say in this as essentially the Gunns Board was selling the shareholders' assets.

Many in the community believe that Gunns Limited sold it to Wood and Cameron, two of Australia's staunchest environmentalists, to gain a social licence for their pulp mill. Some believe it was a case of selling to the first person to come up with the cash!

Triabunna Investments claim that they spent considerable time and effort trying to get an operator for the mill and did not achieve a creditable applicant. Who assessed the applications and made that judgment?

The statement has been made by Triabunna Investments that *the mill was maintained in working condition for two years and put to tender, but no economically viable tender was received.*

I don't believe anyone who put in an expression of interest ever received the detailed tender documents. The process I recall was that the EoI was called and closed somewhere around 6 January 2012. They were then going to review those EoI's and provide the tender documents for completion. At about that time, Triabunna Investments made a statement that the next stage of the process would take 6 weeks.

Did anyone actually receive the detailed tender documents? That is probably a question that needs to be asked. Who actually received the tender documents?

- (b) Identify development and other opportunities for the Triabunna community and the surrounding region

There needs to be a strong push to ensure that the export wharf is available for use for shipping of bulk commodities; not necessarily woodchips. Whilst it is acknowledged that there may not be a commodity in the near future, with downgrading of other port facilities there may well come a time when this State has a bulk commodity that could reasonably be shipped from Triabunna.

Currently the wharf is land-locked and linked to what is now known as Spring Bay Mill.

1. Did Spring Bay Mill purchase the wharf?
2. If not, are they paying any lease fees to Tasports?
3. If the answer to 2 is no, why not? It is purported that previous owners of the export woodchip mill paid a substantial maintenance lease payment plus an additional cents/per tonne shipped. This facility should not be lost to Tasports either as a working port or an income stream.

There has been significant work done on the town jetties which has enhanced the future of the area in tourism with a push for more visitors to Maria Island and the utilisation by commercial fishermen.

Further development of a marina in the area close to what is known as Dead Man's Isle would not only provide the opportunity for existing and new businesses to evolve but could provide much needed employment in the area. There is an identified need for marina berths and Triabunna has the ideal safe port to establish a large marina similar to Kettering. Dead Man's Isle could form part of an historical focus for visitors to the area as well. The project would need a significant injection of funds to make it a reality but with careful planning and utilising established criteria for marinas it could well turn Triabunna into the jewel in the Tasmanian marina facilities crown.

- (c) And matters related and incidental thereto

The loss of jobs from the public native forest industry impacts on our services like schools, police and health in small rural communities; not to mention the loss of the volunteers to Rural Fire Brigades, Ambulances, SES and the many service clubs like Rotary and Lions.

The Intergovernmental Agreement provided for regional development broadening economic bases in small communities and this must continue to be a major focus for communities like Triabunna.

We have a unique opportunity to have a high value sawlog industry based on mature growth sustainable timber industry as this type of timber is going to be highly sought after in years to come. In addition it will also allow access for our high value specialty timber industry to continue as well as access for tourist operators, bee-keepers and every day Tasmanian's to enjoy.

This State needs a viable means to sell our by-products or develop a pulp mill to use this residue along with using our plantation resources. This must be done without idealistic restrictions.

Companies in Tasmania spent 40 years building and managing a long term sustainable, renewable, carbon negative, environmental sound, world class industry creating primary jobs which was going to create more jobs by down stream processing with a pulp mill saving more carbon and cost which is created by shipping to and from another country for processing.

Due to the intervention of extremists stopping the whole industry with the resultant large hole left in our economy, it would now seem that we cannot take advantage of the pulp industry that is in positive change and could be for the betterment of all of Tasmania.

I hear people saying the industry was subsidised and no one did any good out of it. I have been very fortunate due to export woodchip industry, with my very good team of people, to develop world class on vehicle weighing systems which we now sell into nearly every industry in Australia. This gives me an insight in to almost every industry in Australia and from this experience I can tell you I think our forestry industry is one of the better industries for consistency of work

There is no doubt it had its ups and downs but I have not seen any other industry that does not have the same or worse problems. I have also seen many people do very well out of the forest industry. I acknowledge we did have some who fail but this is no different to any other industry that we work with. Negativity can bring down any industry.

If we are not going to have a pulp mill in Tasmania then there is no reason not to export wood chips. There is a market for them proven by the current situation of the industry interstate. We have the renewable product but to be viable we need an export facility closer to the source of the product in southern Tasmania. We have two choices Hobart or Triabunna.

Thank you for the opportunity to provide this submission



GRAEME J ELPHINSTONE