



2013

PARLIAMENT OF TASMANIA

**LEGISLATIVE COUNCIL
SELECT COMMITTEE**

**REPORT ON THE TASMANIAN FORESTS
AGREEMENT BILL 2012**

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ABBREVIATIONS

ACF – Australian Conservation Foundation

AFCS – Australian Forest Certification Scheme

AFS – Australia Forestry Standard

ENGO – Environmental Non-Government Organisation

FPA – Forest Practices Authority

FPC – Forest Practices Code

FSC – Forest Stewardship Council

FT – Forestry Tasmania

HCV – High Conservation Value

HQSL – High Quality Sawlog

IGA – Inter-governmental Agreement

IVG – Independent Verification Group

MRT – Minerals Resources Tasmania

PEFC – Program for the Endorsement of Forest Certification

RFA – Regional Forests Agreement

SOP – Statement of Principles

TCT – Tasmanian Conservation Trust

TFA – Tasmanian Forest Agreement 2012

INTRODUCTION

1. On Thursday 17 December 2012, the Legislative Council resolved that a Select Committee be appointed to inquire into and report upon
 - a. The Tasmanian Forest Agreement Bill 2012 (No.30); and
 - b. Any other matters incidental thereto.
2. The order specified that all Members of the Legislative Council (with the exception of the President) be Members of the Committee. The Hon Kerry Finch MLC resigned his Membership of the Committee shortly after the establishment of the Committee and did not take part in any of the Committee's business.
3. The issue of forest practices on public land in Tasmania is a broad and complex one that has been the subject of previous Parliamentary and other inquiries.
4. This inquiry was established with terms of reference to consider the *Tasmanian Forest Agreement Bill 2012* (the Bill). It has also considered other matters incidental thereto, which has included the Tasmanian Forests Agreement 2012 (the TFA) and a range of associated issues.
5. The Committee received a significant response to the invitation for public submissions by two separate public notices in December 2012 and January 2013. In total 136 submissions were received. A list of the submissions received is attached at **Appendix A**.
6. The Committee conducted 12 days of public hearings in Hobart (11) and Launceston (1) during January and February 2013. A minimum of one hearing date was held with each of the signatories to the TFA. Hearings were also held with a range of non-signatory stakeholders and Government representatives.
7. A list of the hearing dates is attached at **Appendix C** and a list of the witnesses who appeared before the Committee is attached at **Appendix B**.
8. The Committee determined to hear from as many witnesses as possible in the limited time available to conduct the public hearings. The Committee endeavoured to speak with a diverse representation of stakeholders. The witnesses all came from one of the following categories.
 - a. The signatories;
 - b. Non-signatory stakeholders from the forest industry;
 - c. Non-signatory stakeholders from the Environmental Non-Government Organisation (ENGO) sector;
 - d. Community representatives;

- e. Scientists and professional foresters;
 - f. Government and political representatives.
9. A significant number of additional requests were made by interested parties wishing to participate in public hearings. Unfortunately, it was not possible to accommodate all of the requests in the time that was available to the Committee.
 10. The Committee obtained a range of information from witnesses and through the submissions that were received that was not previously on the public record. This information has been invaluable in informing the Committee's deliberations and will provide considerable assistance to the further consideration of the Bill by the Legislative Council.
 11. The Committee wishes to thank all of the interested parties who made submissions, who participated in hearings or otherwise expressed an interest in the inquiry and the *Tasmanian Forests Agreement Bill 2012* (the Bill).
 12. Given the significant level of public interest in the inquiry, all of the public hearings conducted in Hobart were broadcast through the Parliamentary Broadcast Service. This was the first time that Committee hearings had been broadcast in the Tasmanian Parliament outside of the Budget Estimates and Government Business Enterprise Committee hearing processes. Unfortunately, it was not possible to broadcast the Launceston hearings for technical reasons.
 13. Further information in relation to the evidence received by the Committee, including the transcripts from the hearings, the submissions and tabled papers received, is available on the inquiry website. Information can be accessed through the Tasmanian Parliament website - www.parliament.tas.gov.au.
 14. The Minister for Environment Hon Brian Wightman MHA and the Minister for Resources Hon Bryan Green MHA were invited to appear before the Committee as part of the public hearings process to discuss the Bill and their involvement as stakeholder Ministers. Both Ministers declined to appear before the Committee. However, Minister Wightman did accompany the Federal Environment Minister to a private meeting with the Committee.
 15. A Committee of the Legislative Council does not have the power to summons a Minister who is a Member of the House of Assembly.
 16. The Committee invited Federal Environment Minister Hon Tony Burke MP to appear before the Committee at a public hearing. Minister Burke advised the

Committee that the Federal Government has a strict policy prohibiting Ministers from appearing before Parliamentary Committees but offered that his Department appear before the Committee. The Committee did hold a private meeting with Minister Burke.

17. The Committee invited Triabunna Investments and Dr Bob Brown to public hearings, given the role of the Triabunna woodchip mill in relation to the residue issue, and Dr Brown in his capacity as a Director of Markets for Change. Both parties declined the invitation to appear.
18. On the eve of the commencement of public hearings in Hobart, the Tasmanian Government provided its submission to the inquiry, which included a series of amendments to the Bill. Although the Government submission will be dealt with separately in this report, it is important to note that the timing of the submission being received led to a number of witnesses (primarily the signatories) being recalled to further hearing dates at their request.
19. This was because they were not provided with the amendments with sufficient notice in advance of their scheduled appearances before Committee, to be able to reasonably comment on the amendments as they related to the *Tasmanian Forest Agreement 2012 (TFA)*. This caused some delay in the hearings being completed and restricted the number of additional witnesses that could be scheduled to appear before the Committee.
20. The Committee has noted that although both levels of Government have participated in hearings and have made submissions to the inquiry upon invitation to do so (with the exception of Ministerial participation), Government has not been proactive in their dealings with the Committee in relation to the Bill.
21. The Government has failed to provide updated information to the Committee in relation to a range of issues where there have been significant developments, unless there has been a specific request from the Committee for that information.
22. This has included important information as it has come to hand in relation to the incremental release of additional funding associated with the TFA, issues associated with the World Heritage extension, Conservation Agreements and work associated with ongoing harvest rescheduling.

23. The Committee undertook at the commencement of the inquiry to complete the inquiry as quickly as possible. The Committee is pleased to be reporting in line with the timeline set of the first sitting week of the Legislative Council.
24. In consideration of the extremely limited reporting timeframe, the report has been prepared in a format that covers a range of issues that have been identified from the evidence. Although the report includes a series of findings based upon the evidence, it does not consider proposed amendments to the Bill that may address the issues identified from the evidence. That will be a matter for individual Members to determine in due course when the Bill is further debated in the Legislative Council.
25. Although there are references to other relevant legislation throughout this report, the reader is encouraged to consider the other legislation impacted by Clause 5 of the Bill, separate to this report. In particular, the *Forestry Act 1920*, *Nature Conservation Act 2002* and *Forest Practices Act 1985* are of particular interest and should be given due consideration in the context of the evidence received by the Committee.

FINDINGS

The Committee acknowledges the work undertaken by the signatories in order for them to reach agreement under the TFA and believes that the signatories demonstrated a level of goodwill in relation to the underlying principles of the TFA during their evidence to the Committee.

The Committee also acknowledges the communities and forestry workers that have been impacted by the downturn in the forest industry.

The Committee is however concerned with a number of issues arising from the evidence received that are reflected in the following findings.

A number of the issues identified may be incidental to the Bill, but others may require further consideration by the Legislative Council, Government and/or the signatories.

As the Bill is currently before the Legislative Council, it will be a matter for individual Members of the Legislative Council to consider the impact of the issues as they relate to their support for the Bill in the first instance.

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;
7. The Signatories' position is that any fundamental amendment to the Bill, which alters the proposed reserve land or the wood supply provisions will be likely to compromise the integrity of the TFA and impact on its durability;
 8. There are inconsistencies between the IGA, the TFA and the Bill;
 9. Funding is inconsistent in that there are various categories of businesses within the forestry industry that are not eligible for assistance or that otherwise missed out on funding.

Proposed Reserves

10. If passed, the Bill will create an additional 295 reserve lots within Tasmania. In the first instance the reserves will be placed under a Protection Order, under which the only prohibited activity is native forest harvesting;
11. The reserves form part of the ENGO Signatory claim and were assessed under the IVG process to determine whether they had conservation value. While the reserves initially were purported to contain high conservation values, it was acknowledged in evidence that many were places of beauty and other importance rather than areas containing scientific conservation values;
12. 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;
13. Under the Bill, the proposed reserves will fall into one of 10 categories under the *Nature Conservation Act 2002* (with the exception of the land included in the World Heritage extension claim);
14. Evidence given by the State Government advised that the majority of these reserves will be placed in Regional Reserves, one of the lower categories of reserve. This category of reserve does not prohibit mining activity;
15. Concerns raised in relation to permissible uses of the land are difficult to address before each lot has been determined and uses will depend on the category under which the reserve is eventually placed;

16. Consultation in relation to the management of the proposed reserves has been requested by the Aboriginal communities represented at the hearings;
17. The Aboriginal communities represented at the hearings have also requested an amendment to Clause 16 of the Bill to enable the Aboriginal community to have a role in the management of certain proposed reserves;
18. DPIPW will be funded an initial \$7 million which will increase to \$9 million per annum indexed to CPI from 2014 (recurrent) for the management of the proposed reserves.

World Heritage Area

19. 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;
20. The nomination appears to use much of the existing 'buffer zone' to form the minor boundary extension;
21. The outcome of the nomination should be determined by the World Heritage Committee in June 2013;
22. 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;
23. Some small parcels of private land were requested to be included in the nomination. This was held to be an unusual and rare request according to the Commonwealth Government.

Funding

24. 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;

25. The State Government will contribute a total of \$55 million towards the funding agreement. In addition to this, the State Government has provided contingency funding under the State Budget to FT;
26. Evidence received demonstrates that funding requested by the signatories in November 2012 has been agreed to by the State and Commonwealth Governments. In some cases additional funding has been allocated beyond that requested;
27. 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;
28. The Governments are continuing in consultation with the sawmilling industry around the packages available to them and the adequacy of that funding;
29. The funding from the Commonwealth will be subject to a National Partnerships Agreement. This funding will not affect future distribution of GST revenue or Specific Purpose Payments;
30. Land transferring from forests managed under FT into reserves will result in a significant reduction in some local councils' rate revenue;
31. Local Government areas affected by the TFA have significant concerns in relation to the implications for their revenue and their ability to provide community services and stated they were not consulted on the implications for their revenue;
32. Funding packages to support and develop local communities have not been sufficiently determined. There is no evidence of any broad scale consultation with community groups outside of the signatories.

Wood Supply

A number of issues were identified from the evidence in relation to the wood supply arrangements under the Bill. A number of other market issues also impact the industry.

33. 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.
34. There is inherent risk to wood supply associated with the headroom allowance of 10 per cent which has been questioned by a number of experts that have given evidence;
35. There is concern amongst the sawmillers that there is insufficient funding available for exit packages to enable the minimum specified sawlog volumes to be met. At the time of reporting, Government had not resolved this issue;
36. The interests of the specialty timber sector were acknowledged but not represented under the TFA process;
37. The TFA and the Bill fail to appropriately consider the wood supply requirements for the specialty timber industry in Tasmania;
38. Blackwood is the predominant specialty timber found in the designated specialty craft and timber zone. There is criticism that this designated zone will be unable to supply the industry's long term requirements for species other than blackwood;
39. Since negotiations commenced in relation to the TFA in 2010, Government has failed to undertake the due diligence necessary to determine a sustainable long term supply of specialty timber for the industry;

40. 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.

41. 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.
42. FT continues to receive adverse criticism in relation to their harvest rescheduling program, despite the TFA and Conservation Agreements between the Commonwealth and State acknowledging the requirement for FT to continue to log in some coupes within the reserve proposal to meet their contractual obligations;
43. There remains ongoing uncertainty in relation to the quality, suitability and future use of the plantation resource in Tasmania, which may impact upon the objectives of the TFA, in particular, the long term wood supply requirements.

The Role of Forestry Tasmania and the Parks and Wildlife Service

44. The Government has not made a decision in relation to the restructuring of FT (the corporation) at the time of reporting, which is a critical consideration associated with the Bill;
45. The Parks and Wildlife Service believes it will have sufficient funding to manage the future reserve system. Whilst the Committee acknowledges this position and the expertise within the organisation, it questions whether the Parks and Wildlife Service will have sufficient resources and experience to maintain the historical levels of infrastructure and services that FT has been able to achieve for its own commercial operations (as well as community service obligations) including
- a. Specialised fire fighting equipment and personnel (also used in the commercial operations);

- b. Roads, bridges and other infrastructure;
- c. Boundary maintenance;
- d. Weed and pest control;
- e. Fuel reduction burns.

46. The terms of the recurrent funding arrangements for the management of the new reserves may enable some funding to be utilised for the benefit of other reserves in Tasmania.

Socio-economic Impact Assessment

47. The socio-economic report commissioned under the TFA used models and data from the IVG process;

48. 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;

49. 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;

50. The authors of the report believe a full socio-economic study should be conducted;

51. Professor Jacki Schirmer withdrew from the IVG process due to the time constraints placed on her ability to conduct what she believed to be a sufficiently rigorous socio-economic study. She has restated the importance of this work being completed;

52. The report used two scenarios compared with a baseline of a specific point in time. These two scenarios made many assumptions that affect the final outcome of the modelled results;

53. Scenario 1 assumed full implementation of the TFA;

54. 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);

55. Both of these scenarios are unlikely to unfold as assumed;

56. The results of the study are modelled predictions which would involve some form of mitigation in reality;

57. 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

There are a number of issues that have been identified in relation to durability under the Bill and the TFA. Key amongst the concerns is the lack of prescriptive definition and the open interpretation of what durability means for the signatories in terms of their obligations and responsibilities.

58. 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;

59. There are a number of difficulties associated with maintaining durability under the TFA and the Bill which are not contemplated including

- a. The timing of durability reports;
- b. What minimum actions the signatories must take to support the TFA;
- c. The issues that must be addressed in the durability reports (currently limited to the interpretation of Clause 42 of the TFA);
- d. The discretion available to the Minister in dealing with durability reporting issues (how the Minister responds to a negative durability report);
- e. Durability is limited to the issues of concern to the signatories;
- f. Special Council under Part 4 of the Bill prescribes the membership of the Special Council as the signatories themselves and any Ministerial appointment, and includes the possibility of further prescribed members (presumably that may include broader community participation) in the years to come once the majority of outcomes sought by the signatories have already been delivered;
- g. Changes in Government and signatory personnel leading to the reinterpretation of Clauses within the TFA;
- h. The TFA is non-binding on the signatories and therefore has no legal enforcement;

- i. There is insufficient protection within the Bill to support the long term durability of the TFA in the event that:
 - I. Forest industry signatories withdrew from the TFA once Government has finalised compensation payments (no mechanism to recoup compensation payments that have already been made);
 - II. The ENGO signatories withdrew from the TFA once the majority of land is placed into reserve under tranche 1 (improbable that the reserves would be reverted to their current status and the World Heritage extension withdrawn by negotiation with UNESCO).

60. 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;

61. 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;

62. 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

Two separate issues in relation to sovereign risk were identified by the Committee.

63. Sovereign risk (as it relates to security for the forest industry) is not addressed in the Bill; and the Government has agreed in principle to support an amendment to address this shortcoming;

64. 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

65. 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*;

66. There is a risk that the integrity of the FPC may be compromised as a result of passing the Bill, through

- a. the *Forestry Practices Act 1985* becoming subordinate to the Bill under Clause 5;
- b. through political pressure to support the TFA by influencing any future reviews of the FPC;

67. The FPA is strongly of the view that a Forest Policy should be developed as part of Tasmania's overarching legal and policy framework to provide a definition of sustainable forest management for Tasmania and objectives for the range of goods and services that the Tasmania community seeks from its public and private forests.

Forest Stewardship Council

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

69. FT have indicated they will seek FSC certification for their production forest estates;

70. Australia does not currently have a national or international standard for FSC certification. FSC Australia cannot advise what those standards will be until they are finalised which is predicted to be in December 2014;

71. Environmentalists support the FSC certification as there is equal representation from environmental, social and economic sectors before certification is determined;

72. FSC certification can incur significant additional financial expense for the land owner;

73. Concerns were raised by some witnesses in relation to the cost and time involved in obtaining FSC certification and the pressure that would place on private forest growers to be competitive in the market;
74. Private forest growers were of the view that if the Government was pursuing FSC certification for Tasmania's public forests it would be helpful if the Government assisted in FSC certification of private forests;
75. Some international markets prefer FSC certified products and without it, access to those markets may be problematic.

Carbon

76. Carbon credits and monetary values associated with them have not yet been determined by Commonwealth regulations;
77. 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

78. 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;
79. The private forestry sector is concerned about the implications of the Bill to their future forestry activities.

Scientific Methodology

80. The areas of native forest estates proposed for protection under the TFA are derived from a log of claims produced by the ENGO signatories;
81. The process to manage the identified areas of 'value' under the TFA is for them to be placed into the highest appropriate land tenure protection. It does not contemplate alternative ways to manage the 'value';
82. The term 'High Conservation Value' was central to the work completed up to and including the IVG process, but is absent from the language of the TFA;

83. 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.

Access Usage

84. The TFA is about forestry activity on public native forest estates and has not taken into account other forms of commercial or non-commercial activity in the future reserves areas.

A CHRONOLOGY OF MAJOR EVENTS

26. In order to be able to consider the Bill and the proposed amendments put forward by the Government, it is important to briefly consider the background to the TFA.
27. The following section outlines the key issues in a chronology of major events associated with the negotiations around a forestry agreement. FT provided a separate chronology of events at appendix 1 to their submission, which provides additional detail on some of the work associated with these major events from their perspective.
28. Following the Tasmanian State election in March 2010, in May the same year, then Premier David Bartlett announced plans for a '*high level strategic roundtable for the forest industry to secure jobs and provide the industry with a sustainable future.*'¹
29. Following this announcement, a series of discussions took place between a selection of representatives from the forest industry and the ENGOs. It is unclear how the representatives were identified and the group formed. However, it is clear that not all of the parties that participated in the early discussions went on to become a 'Signatory' through the later process.
30. In September 2010, the Commonwealth Government became directly involved in the process through the announcement of \$20 million in Commonwealth funding to assist forest contractors.²
31. On 14 October 2010, the Tasmanian Forests Statement of Principles (SOP) was signed between the parties who would later become known as the Signatories to the TFA.
32. The SOP was a series of high level principles that the parties had agreed were required in order to secure a permanent outcome to '*the conflicts over forests in Tasmania*'³. The wording of the SOP referred to it as being an 'agreement' and as such, the SOP became the first of a series of agreements associated with the forest peace process.
33. The terms of the SOP provided the Tasmanian and Commonwealth Governments with a range of obligations/tasks they were required to deliver as stakeholders in the process. This included that they take appropriate steps to

¹ Press Release – Premier David Bartlett 14 May 2010

² Press Release – Minister for Resources, Hon Bryan Green MHA, 22 September 2010

³ Tasmanian Forests Statement of Principles to Lead to an Agreement, p 1

reschedule harvesting out of High Conservation Value (HCV) identified coupes by FT, the implementation of moratoriums on logging operations, the provision of exit assistance to industry and to take appropriate steps to support affected communities.

34. In order to progress the SOP, the Governments appointed Mr Bill Kelty ‘as an honest broker to help build an implementation plan for the Principles’⁴. Mr Kelty went on to be referred to as the ‘independent facilitator’ to the process.

35. After a period of assessment and consultation, Mr Kelty delivered an interim report to Government on 5 April 2011. Included in his analysis, Mr Kelty identified the following key issues that would need to be considered in order to progress a workable agreement

- a. Whether native forest harvesting will continue and if not, the timeframes for a transition;
- b. The long term industry structure;
- c. Is there agreement on a pulp mill in the industry structure;
- d. What are considered High Conservation Value Forests;
- e. Sawlog volumes;
- f. Industry restructuring to meet the requirements in the SOP;
- g. Climate change (the carbon initiative); and
- h. What is the regional strategy to position Tasmania as part of a transition.⁵

36. The report also included the stated positions of the signatories and a selection of non-signatory stakeholders.

37. Around the same time the Kelty report was released, the Premier Giddings announced a strategic review of FT ‘to help the business adapt to the rapidly changing forest industry’⁶.

38. In July 2011, there was a significant development that had the potential to impact upon the durability of any long term agreement when it was announced that Gunns Limited had sold the Triabunna Woodchip Mill to Ms Jan Cameron and Mr Graeme Wood under a company established for the purpose of the acquisition – Triabunna Investments Pty Ltd.

⁴ *Ibid*, p 5

⁵ Tasmanian Forests – Interim Report for Consideration by Independent Facilitator Bill Kelty, p9

⁶ Press Release – Premier Lara Giddings – 13 May 2011

39. The Deputy Premier Hon Bryan Green MHA said of the sale announcement that *'The strategic importance of the Triabunna Mill – particularly for the timber industry in Southern Tasmania – cannot be underestimated.'* and that *'Ms Cameron and Mr Wood have previously indicated a willingness to continue to operate the mill in accordance with the statement of principles.'*⁷
40. On 22 June 2011, the Signatories signed a further agreement - *Signatories Agreement 22 June 2011* that resulted from the negotiations facilitated through the Kelty process. This agreement expanded on the intentions confirmed in the SOP and included three key areas of consideration
- a. Wood supply, contractual requirements and conservation issues;
 - b. Value added prospects for the timber industry;
 - c. The process of adjustment.
41. There were a range of specific issues noted in this agreement in accordance with these three key areas which included
- a. Support for the Triabunna woodchip mill;
 - b. A focus on support for contractors affected by Gunns' decision to exit their native forest business;
 - c. The protection of HCV forests identified by the ENGO Signatories (572,000 hectares) including interim protection of 430,000 hectares subject to independent verification;
 - d. 155,000 cubic metres of high quality sawlogs;
 - e. Industry exits and transitional planning;
 - f. A Regional Development Strategy;
 - g. Legislative support for the Agreement.
42. Unlike the SOP, there was no reference in the agreement to support for a pulp mill.
43. In July and August 2011, The Tasmanian Forest Agreement – Heads of Agreement and Tasmanian Forests Intergovernmental Agreement (IGA) were signed between the Commonwealth of Australia and the State of Tasmania.
44. The IGA set out the following objectives from the perspective of Government in supporting the Agreement that had been reached between the Signatories.

⁷ Press Release – Premier Lara Giddings and Deputy Premier Bryan Green – 16 June 2011

- a. *Forest workers, their families, communities and harvest and haulage contractors experiencing hardship as a result of the restructuring of the Tasmanian forest industry are provided with immediate support;*
- b. *Regional economies in Tasmania broaden their economic base and improve the productivity and income earning capacity of the Tasmanian economy;*
- c. *Native forest with high conservation values is further protected through expansion of the National Reserve System and possible World Heritage listing of appropriate areas;*
- d. *The Tasmanian forest industry has a sustainable and guaranteed wood supply; and*
- e. *Signatories to the Statement of Principles and other Stakeholders including affected communities and local governments are committed to and appropriately engaged in delivering the above.*

45. The IGA was a non-binding agreement between the two levels of Government that confirmed their formal support and the various undertakings of Government associated with the agreement. The undertakings primarily concerned their roles in the restructuring of the industry and the delivery of future conservation outcomes.

46. In early August 2011, Professor Jonathan West was appointed under terms of reference to lead the work of an Independent Verification Group (IVG) to meet the terms of certain Clauses of the IGA (including Clauses 19-20).

47. The terms of reference for the IVG included that they consider the following broad issues (summarised)

- a. Harvesting rescheduling options;
- b. Various issues associated with the verification of the ENGO HCV claim (572 000 hectares);
- c. Advice on whether the following wood supply requirements can be provided for outside of the 572 000 hectares ENGO claim
 - i. 155,000 cubic metres high quality saw logs;
 - ii. 265,000 cubic metres of peeler billets; and
 - iii. An appropriate supply of specialty timber (noting the industry claim of 12,500 cubic metres).

- d. If the supply cannot be provided from outside of the ENGO claim, advice on what can be achieved from within the claim to fulfil their requirements;
- e. Submit a report by 1 December 2011 addressing a range of issues, with a final report by 31 December 2011.⁸

48. In September 2011, the Premier announced a commercial settlement had been reached with Gunns to enable the resolution of a dispute between Gunns and FT in relation to their native forest contracts. The settlement of the dispute enabled their wood supply contracts to be extinguished, thereby reducing the wood supply volume that FT was required to produce annually. The settlement included the payment of \$23 million to Gunns and \$11 million to FT.⁹

49. In January 2012, a Conservation Agreement was signed between the Commonwealth of Australia and the State of Tasmania to provide interim protection for 430,000 hectares 'immediate protection areas' until June 2012, whilst the work associated with negotiating a final outcome to the process was completed. The Conservation Agreement included an exemption under Schedule 2 that identified a list of coupes which were required to meet FT's contractual obligations.

50. In March 2012, the final report on the work of the IVG was released. Following the release of the IVG reports, the signatories continued their negotiations based in part upon the findings to these reports. This included the proposed conservation areas that were found to have value.

51. In May 2012, the Tasmanian State Budget was delivered, which included a contingency of \$110 million in funding over four years for FT.

52. On June 21 2012, the Bill was introduced to the Tasmanian Parliament in line with the 30 June 2012 deadline that was set by the Commonwealth Government in order for certain funding to be released.

53. Following the introduction of the Bill, the Governments consented to a series of extensions of time, to enable the signatories to continue their negotiations in relation to a final agreement. This included ongoing work with FT in relation to modelling scenarios.

⁸ IVG Terms of Reference, 18 August 2011

⁹ Media Release, Hon Lara Giddings MHA – Premier, 14 September 2011

54. In August 2012, the Deputy Premier announced that FT would be restructured in order to put the business on a profitable and sustainable footing¹⁰.
55. In September 2012, the Deputy Premier announced a voluntary sawlog contract buyback program would commence as part of the negotiated outcomes associated with the TFA¹¹.
56. In September 2012 Gunns Limited was placed into administration.
57. By October 2012 it appeared increasingly unlikely that a final agreement would be reached following the departure of several signatories from the negotiations.
58. On November 22, 2012, the TFA was signed and Parliament debated the Bill.
59. In January 2013 a further Conservation Agreement between the Commonwealth of Australia and the State of Tasmania was signed to extend interim protection until 30 June 2013.

¹⁰ Media Release, Hon Bryan Green MHA – Deputy Premier, 29 August 2012

¹¹ Media Release, Hon Bryan Green MHA – Deputy Premier, 14 September 2012

THE TASMANIAN FOREST AGREEMENT 2012

60. The TFA comprises three key areas of interest covering a diverse range of signatories.

The Forest Industry

61. At its centre, the TFA concerns the Tasmanian forest industry and their ability to secure a sustainable future for the industry in Tasmania and support for those stakeholders seeking to exit the industry. The following areas of the TFA are of primary concern to the forestry industry Signatories.

- a. Clause 4 of the TFA is the most significant for the industry in that it sets out the following requirements associated with the minimum wood supply for the industry
 - i. At least 137,000 cubic metres per year ongoing of high quality sawlogs;
 - ii. Peeler wood supply to meet renegotiated contracts arising from the Agreement;
 - iii. A yield of special species timber to meet the needs for special species timber supply (future yield to be determined later).
- b. Clause 5 refers to the issue of category 2 and 8 sawlogs for regional sawmills;
- c. Clause 6 refers to the need to legislate for sovereign risk (to protect long term supply contracts);
- d. Clause 7 confirms that the wood production zones defined in Map A and D are to be legislated as permanent timber zones;
- e. Clause 8 confirms the need to establish as 37,954 hectares shown in Maps A and D 'specialty craft and timber zone';
- f. Clauses 10-13 deal with transitional arrangements to redirect logging schedules outside of the proposed reserve areas;
- g. Clauses 14-16 deal with the issue of industry restructuring including contractor exits and contract buy backs;
- h. Clauses 22-27 deal with the Signatories' requirements for the development of a plantation industry in Tasmania 'as an integral part of the future forestry industry';

- i. Clauses 28-32 deal with the issue of residue, with an emphasis on the development of domestic downstream processing opportunities as an alternative to the export woodchip market. There was again reference to the need for the Triabunna Mill to reopen on an interim basis.

The Environmental Non-Government Organisations (ENGOS)

62. The TFA is also about environmental outcomes from the perspective of the environmental non-government organisation signatories (ENGOS).

- a. Clauses 33-39 of the TFA are of the greatest significance to the ENGO signatories;
- b. Clause 33 confirms the requirement for legally binding protection of 504,012 hectares of native forests as identified in Map A. Of significance, the Clause refers to 'important' rather than 'high' conservation values;
- c. Clause 35 deals with the stages by which the area claimed is to be dealt with under 3 tranches. Importantly for the ENGOS, the majority of the claim is to be dealt with as a matter of urgency under tranche 1;
- d. Clause 36 confirms an expectation that the level of protection be 'the highest appropriate land tenure';
- e. Clause 37 confirms an expectation that 123,650 hectares of the claim be nominated for world heritage listing;
- f. Clause 38 refers to the need for a system to manage the proposed reserves;
- g. Clause 39 deals with an area of 20,183 hectares which is designated as once-off log, restore and reserve, and 1,228 hectares log-of-last-resort zones.

Regional Communities

63. A third area of consideration under the TFA is the communities affected by the outcomes to the TFA following the reduction in the public forest estates under management (primarily regional communities).

64. In the context of the overall TFA, this appears to have been of secondary consideration as the signatories are limited to groups representing forest workers and ENGOS. There are no signatories that specifically represent the interests of the communities outside of the forest workers directly impacted by the TFA.

- a. Clauses 17-21 of the TFA contemplate support for communities;
- b. There is also reference to engagement with the Tasmanian Indigenous Community at Clause 51.

Areas of Shared Objectives

65. There are also shared objectives in the TFA that can be considered common ground or areas of mutual interest amongst the signatories. The areas of shared objectives are described under Clause 1 of the TFA.

- a. *An ongoing, vibrant forestry industry in Tasmania based on native forests and, increasingly in the future, plantation;*
- b. *Protection for significant additional areas of native forest with important conservation values;*
- c. *Strong, resilient communities and decent and secure jobs for workers and contractors;*
- d. *A strong focus on research and development to assist in driving these objectives.*

66. In addition, the following sections of the TFA appear to contain specific areas of shared interest.

- a. Clauses 40-45 set out what is referred to as the 'durability' requirements for the TFA to be implemented and complied with. This includes the establishment of a 'Signatory Council' to produce 'durability reports' (to later be replaced by a 'Stakeholder Council');
- b. Clauses 46-48 sets out the expectations for the management of the remaining forest estate through support for Forest Stewardship Council (FSC) certification;
- c. Clauses 49-50 set out the need for the Government to establish a dispute resolution process;
- d. Clauses 52-55 deal with 'institutional issues including the future role of the Forest Practices Authority (FPA) and the Forest Practices Code (FPC), as well as the role of a forest manager (FT not referred to by name);
- e. Attachment A to the TFA – A Vision for Tasmania's Forests sets out a shared vision for the future industry.

THE TASMANIAN FORESTS AGREEMENT BILL 2012

Background

67. According to the long title of the Bill, it has a variety of specific purposes in relation to the public forest estate described in the following terms.

- a. To amend the *Forestry Act 1920* in relation to continuing wood supply;
- b. To enable certain land to be reserved, for the purposes of the Tasmanian Forests Intergovernmental Agreement entered into by the Commonwealth of Australia and the State of Tasmania;
- c. To create reserves;
- d. To amend the *Nature Conservation Act 2002* for the purposes of benefiting economically from the carbon in Tasmania's forests; and
- e. To amend certain other Acts.

68. In basic terms, the key objectives of the Bill are to create reserves and to provide future wood supplies to the industry.

69. The Commonwealth Government set a deadline in accordance with Clause 30 of the IGA for legislation to be introduced to the Tasmanian Parliament by 30 June 2012.

70. Given this requirement, the Bill introduced by the Government was a general framework legislation that was substantially amended during the Committee stage within the House of Assembly in late 2012.

71. It is most likely for this reason that the long title does not reference the TFA, given it was not in existence at the time the Bill was introduced to the Parliament.

72. The Bill predominantly deals with the following issues associated with the Tasmanian forest industry

- a. Wood supply (on public estates);
- b. The establishment, role and functions of the 'Special Council' (including the issue of durability);
- c. The process by which reserves are proposed and made; and
- d. Amendments to the *Nature Conservation Act 2002*.

73. The Bill also includes the following schedules

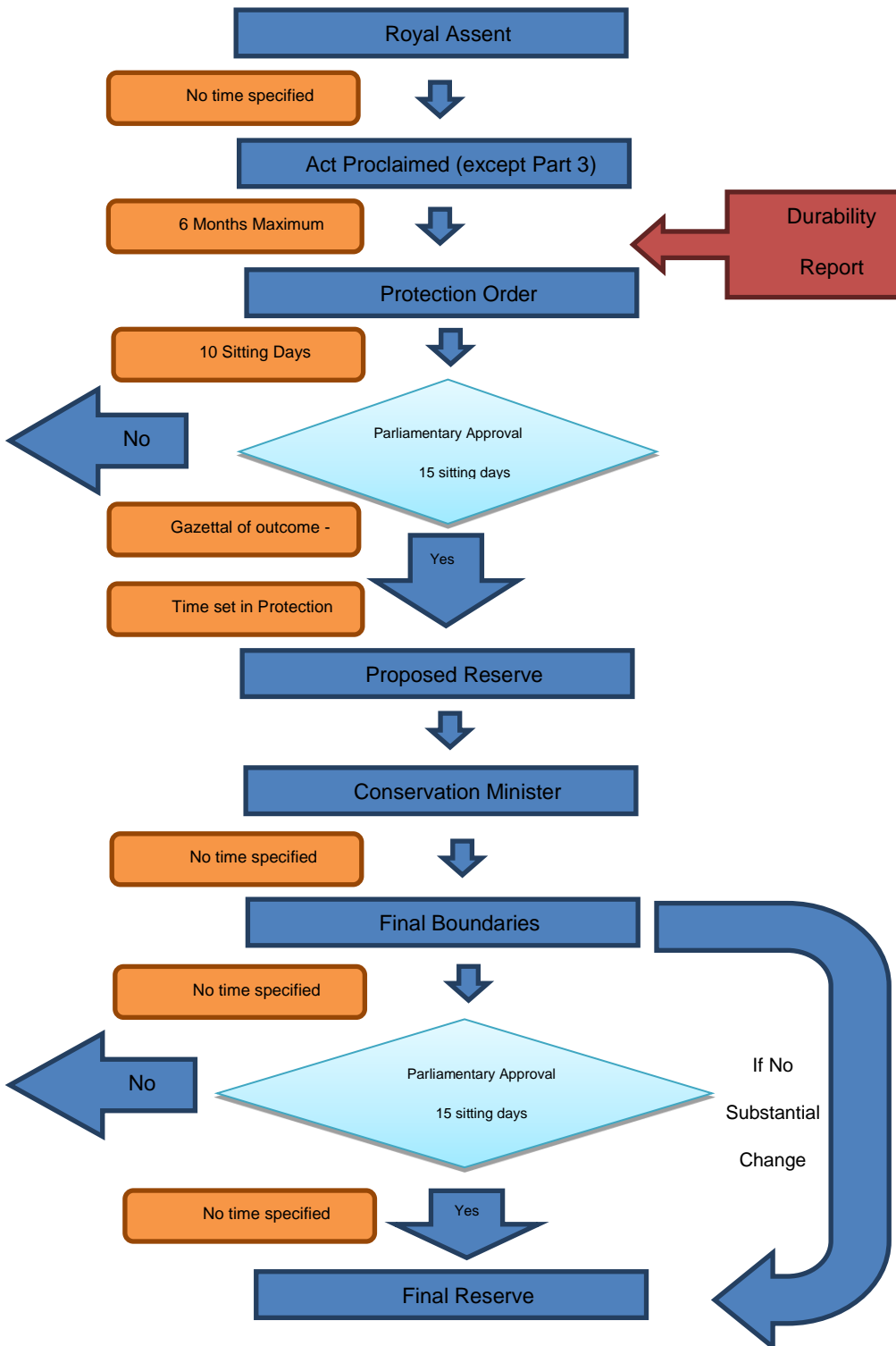
1. Vision for Tasmania's Forests;
2. Savings and Transitional Provisions; and

3. Consequential Amendments.

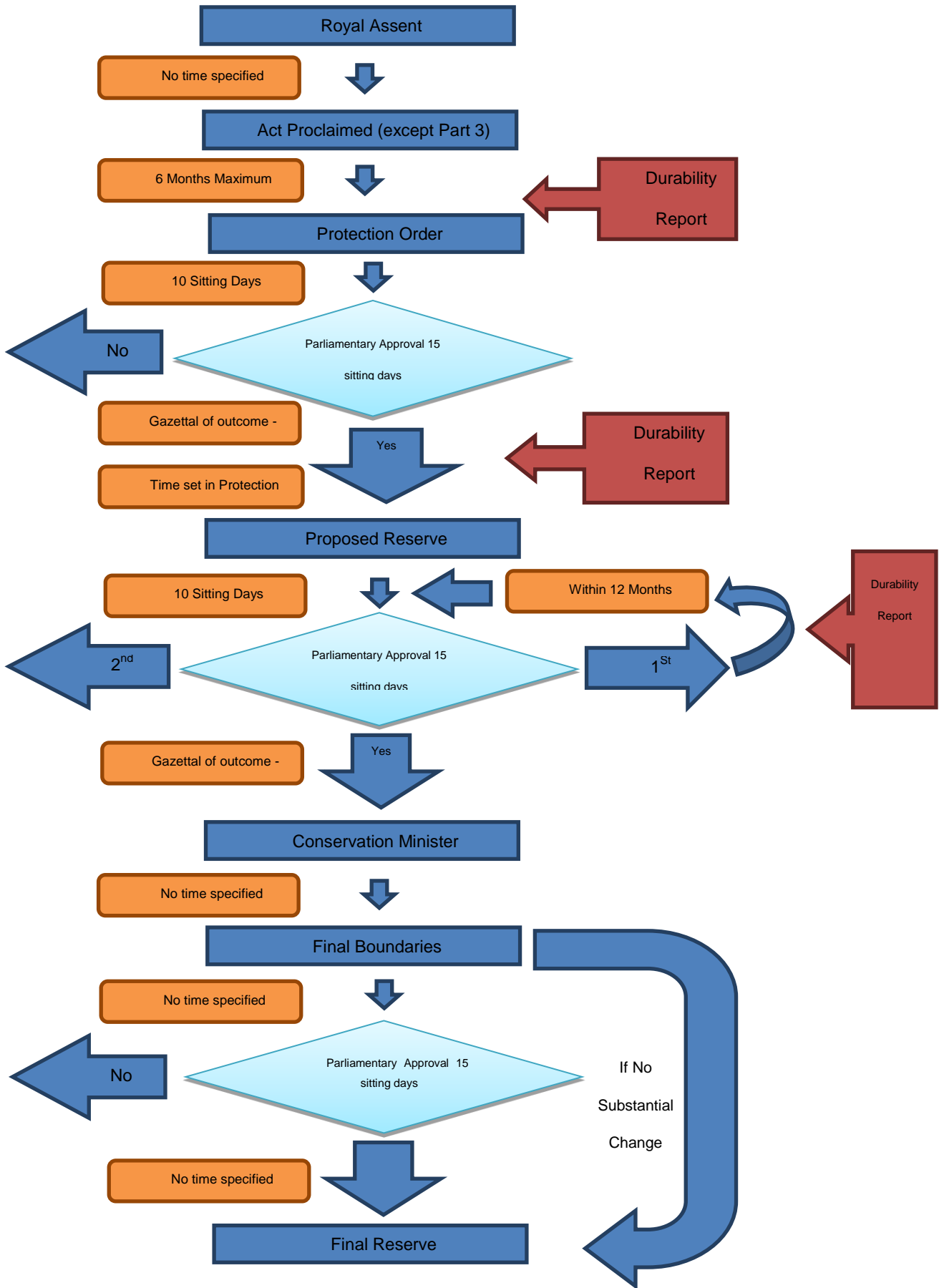
74. The process by which reserves are proposed and made under the Bill is complex but central to the purpose of the Bill.

75. The following process map outlines the reserve process in basic terms broken down by the associated tranches identified as part of the TFA process.

Initial Proposed Reserve Land Process



Second and Third Proposed Reserve Land Process



Explanatory Notes

76. The following information should be considered in conjunction with the process maps.

Making of the Protection Order (Clause 10)

- a. The protection order must be made within 6 months of the Act being proclaimed;
- b. The Minister by order in the State Service Gazette makes the protection order - Clause 10(1);
- c. The land that is the subject of the order is known as 'future reserve land' - Clause 10(9)(a);
- d. Within 10 sitting days the durability report and protection order must be laid before both houses of Parliament - Clause 10(15) and must be dealt with in 15 sitting days – Clause 10(17);
- e. The protection order has effect from the day on which it is made and continues to have effect on condition that it is accepted by both Houses of Parliament – Clause 10(16);
- f. If approved, the 'initial proposed reserve order' (Tranche 1) land listed in the protection order becomes land included in a proposed reserve order – Clause 10(9)(e);
- g. If the order is not approved then the protection order ceases to have effect;
- h. There is no discretion to approve or reject individual parts of the proposal.

Initial Proposed Reserve Order (Tranche 1 Land)

- a. Under Clause 10(9)(e) of the Bill, both houses of Parliament are taken to have approved a proposed reserve order for Tranche 1 land;
- b. The proposed reserves go directly to the Conservation Minister under Clauses 15 and 16.

Second and Third Proposed Reserve Orders (Tranche 2 & TFA Clause 39 Land)

- a. The process associated with the Second and Third proposed reserve orders is the same process except for the timing of each order (2015 & 2022 respectively);
- b. The protection order includes the date by which the making of the proposed reserve orders creating the proposed reserves is to be made - (Clause 10(4)(h));

- c. Once made, the proposed reserves must be approved by both Houses of Parliament. This must be tabled within 10 sitting days – Clause 13(6) and dealt with by the House within 15 sitting days - Clause 13(8);
- d. The outcome must be gazetted within 10 days – Clause 13(11);
- e. If rejected, it can be resubmitted once for approval within 12 months – Clause 14(1). Under these circumstances, a durability report must be completed and also tabled in Parliament – Clause 14(2);
- f. If rejected for a second time, the protection order is removed – Clause 14(5) and the next 30 June wood supply reverts to 300,000 cubic metres – Clause 6(2);
- g. If accepted, the order goes to the Conservation Minister – Clauses 15-16.

Third Proposed Reserve Order (TFA - Clause 39 Land)

- a. The Third proposed reserve order must be made before the date specified in the protection order and must be tabled within 10 sitting days – Clause 13(6) and dealt with by the House within 15 sitting days – Clause 13(8);
- b. The outcome must be gazetted within 10 days – Clause 13(11);
- c. If the order is rejected, it can be resubmitted once for approval within 12 months – Clause 14(1). Under these circumstances, a durability report must be completed and also tabled in Parliament – Clause 14(2).

Conservation Minister

- a. The Conservation Minister is to draw the final boundaries, values and purpose – Clause 16(1);
- b. If no substantial changes are made to the boundaries, values and purpose, then ‘final reserves’ are declared under the appropriate reserve type under the *Nature Conservation Act 2002* – Clause 16(8);
- c. If substantial changes are made to the boundaries, values and purpose, then changes will require the approval of the Parliament – Clause 16(2) and must be dealt with within 15 sitting days – Clause 16(5);
- d. If rejected by the Parliament, then the proposed reserve no longer applies and the protection order is revoked – Clause 16(7);
- e. If accepted by the Parliament, then ‘final reserves’ are declared under the appropriate reserve type within the *Nature Conservation Act 2002* – Clause 16(8).

GOVERNMENT AMENDMENTS TO BILL

Background

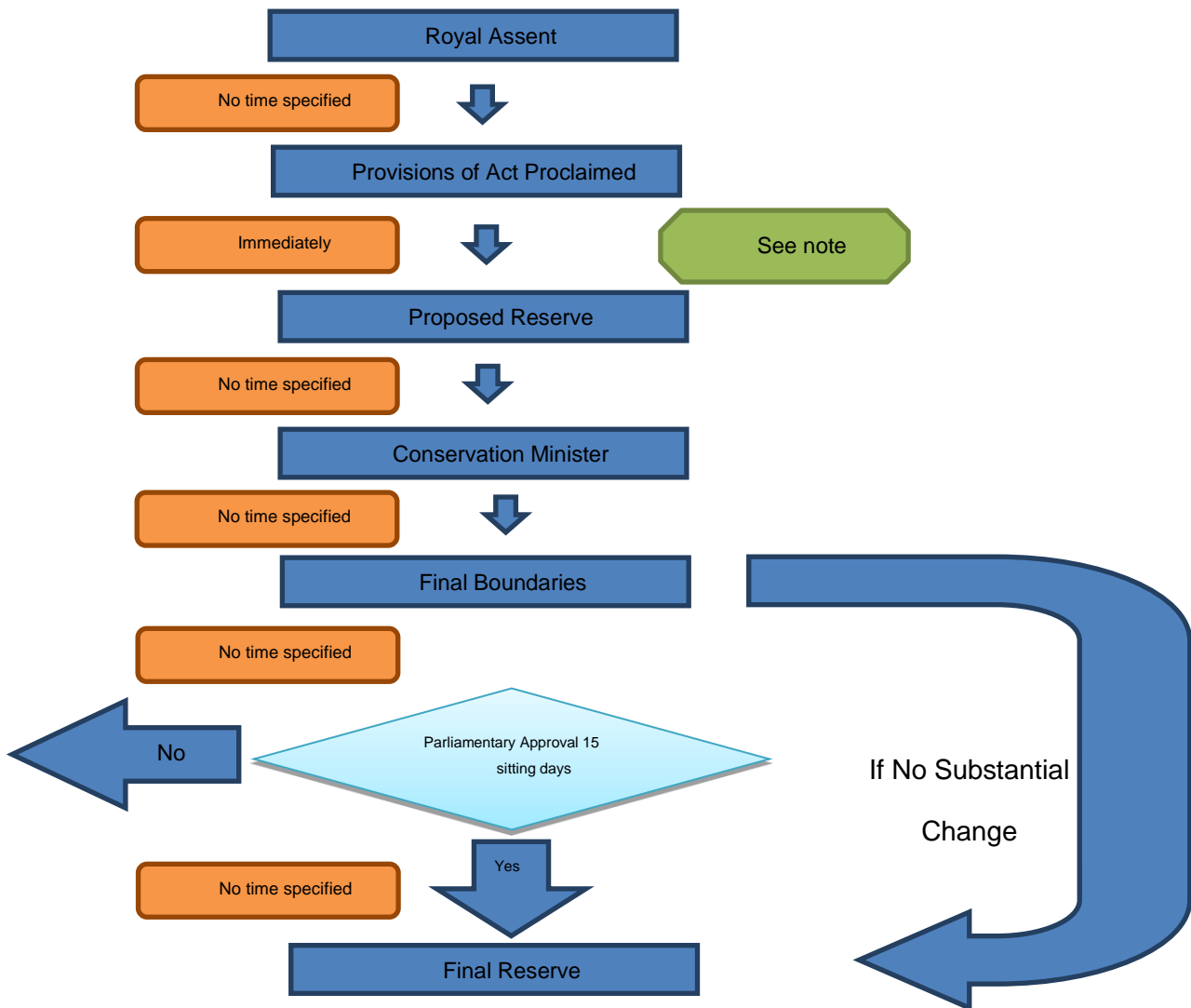
77. On the eve of the commencement of public hearings on 15 January 2013, the Government forwarded their submission to the inquiry. Although the submission will be referred to throughout this report, it is important to consider the core elements to the submission up front that concerned a series of proposed amendments to the Bill.
78. The amendments predominantly relate to the insertion of Schedule A to the Bill – ‘The Future Reserve Land’. The insertion of Schedule A replaces the protection orders process that was prescribed in the original Bill.
79. Schedule A includes the ‘Future Reserve Land’ broken down into 295 lots with information associated with each lot provided for under the following ‘columns’.
- a. Column 1 – Lot number;**
 - b. Column 2 – The future reserved land;**
 - c. Column 3 – The purpose;**
 - d. Column 4 – The values;**
 - e. Column 5 – Prohibited activities;**
 - f. Column 6 - Revocation of certified forest practices plans associated with the future reserved land;**
 - g. Column 7 - Forestry covenants/rights;**
 - h. Column 8 - The date of making of the reserve orders.**
80. The amendments also substantially replace Part 5, Clause 10 of the Bill. The redrafting of Clause 10 enables the Parliament to now have discretion in the approval or otherwise of the individual lots associated with the TFA under Schedule A. This however has possible implications for the broader durability conditions under the TFA and will be considered later in this report.
81. It is important to note that an assumption is made in this report that the amendments included in the Government submission will be the same amendments pursued by the Government when the Bill is further debated upon the tabling of this report in the Legislative Council.
82. The Committee was informed by the Government and Signatories that ongoing meetings between the Government and the Signatories continued to be held to consider further amendments.

83. At the time of reporting, the Government had not informed the Committee of its intention to introduce further amendments.

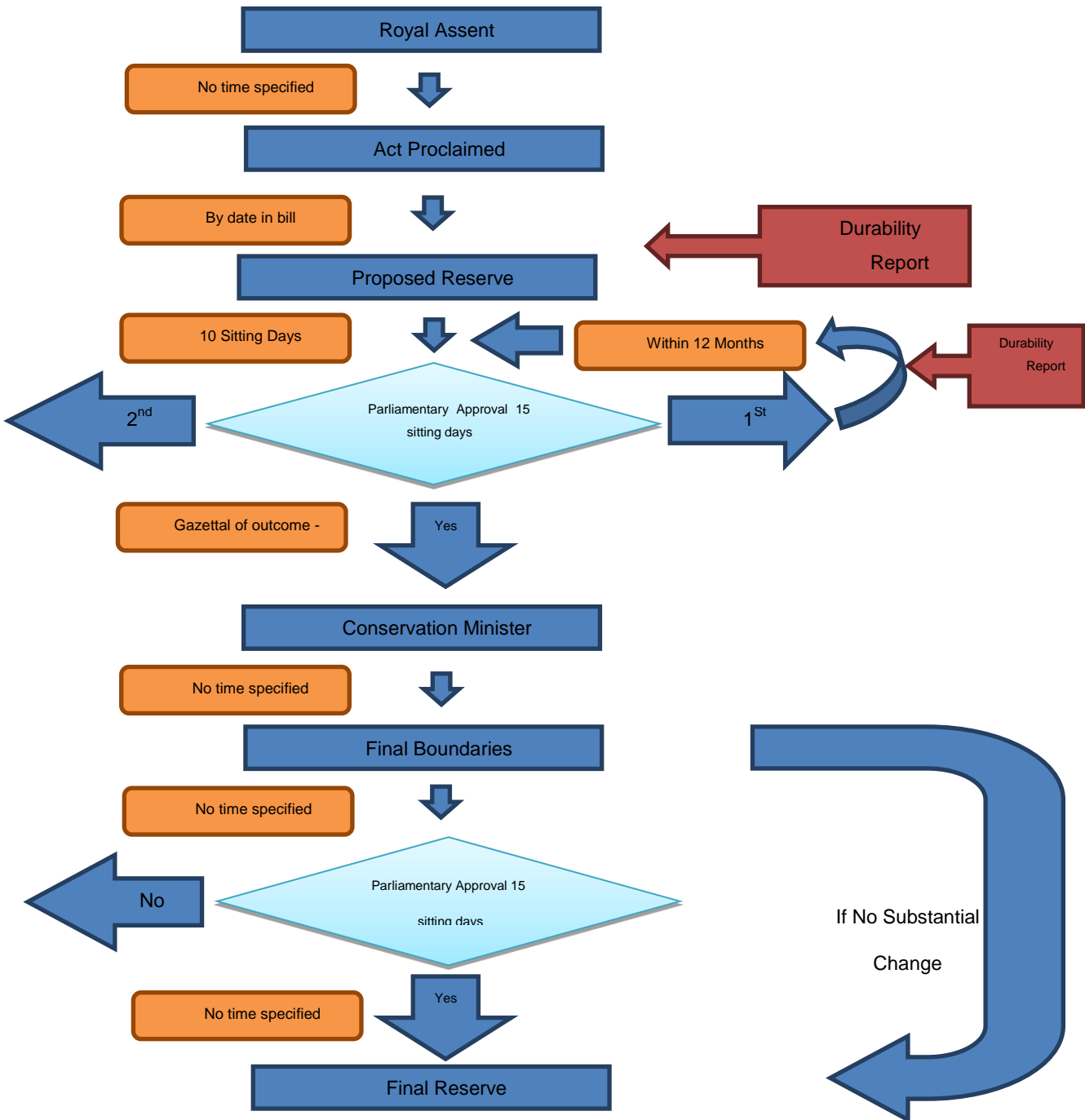
84. It is on the basis of the known amendments, that the following analysis is provided.

85. The process maps outline the reserve process in basic terms in consideration of the proposed amendments.

Initial Proposed Reserve Land Process



Second and Third Proposed Reserve Land Process



Explanatory Notes

86. The following explanatory information should be considered in conjunction with the process maps.

At Proclamation of Schedule

- a. The 'Future Reserve Land' as outlined in Schedule A of the amended Bill is protected;
- b. 'Initial proposed reserve order' (Tranche 1 land) and the 'proposed reserves' that are listed in Schedule A, Column 8 come into effect.

Initial proposed Reserve Order (Tranche 1 Land)

- a. Under Clause 10(2)(d) of the proposed amendments, both Houses of Parliament are taken to have approved a proposed reserve order for Tranche 1 Land;
- b. It is important to note for comparative purposes with the original Bill, that the Government's proposed Schedule A of the amended Bill includes the previous protection order process that under the original Bill, previously required durability reporting. Under the new proposal, the Legislative Council will not have advice from the Special Council prior to approving the initial proposed reserved land;
- c. Proposed reserves go directly to the Conservation Minister under Clauses 15 and 16 of the Bill.

Second and Third Proposed Reserve Orders (Tranche 2 & TFA Clause 39 Land)

- a. The process for Tranche 2 and the Clause 39 land is effectively the same as in the original Bill.

Conservation Minister

- a. The role of the Conservation Minister is the same as in the original Bill.

The Maps

87. Included with the Government amendments as part of their submission was a series of black and white maps – (Annexures 1-25).

88. The maps provided some basic information to identify the geographical location of the individual lots under Schedule A as an indicative mapping exercise only. The maps did not however identify information associated with the majority of columns under Schedule A.

89. Additional maps were tabled by the Government during the course of the inquiry that will be discussed later in the report and that to some extent dealt with additional columns under Schedule A.

KEY ISSUES RAISED IN EVIDENCE

90. There were a number of issues raised through the submissions to the inquiry and the evidence obtained during the course of the public hearings in relation to the Bill and the TFA.

91. The following section contains an outline of some of the main issues that were identified from the evidence that will inform the further consideration of the Bill in the Legislative Council.

Methodology in Determining Proposed Reserves

92. The IGA required that an independent verification group would consult with Governments, Signatories, experts and other stakeholders and provide advice to the Prime Minister and the Tasmanian Premier.

93. This process was undertaken by Professor Jonathan West and his team and reported on in the Independent Verification Group Report in March 2012.

94. The Report specified the following in relation to the instruction of assessing the conservation values that were reported on

The Independent Verification Group (IVG) for the Tasmanian Forest Agreement was tasked with evaluating the ENGO claims regarding the conservation values of the proposed 572,000ha of new formal forest reserves. A conservation work plan (Mackey 2012) was developed which specified the conservation values at stake.¹²

95. The conservation values of the 572,000 hectares of forests proposed by the ENGOs for reserves that the IVG assessed was outlined in the IVG Report

The ENGOs claims about the conservation values of these forests that warrant their protection are detailed in the report entitled "Tasmania's Native Forests: Places for Protection. A background on the ENGO identified high conservation value reserve areas, August 2012" published by The Australian Conservation Foundation, Environment Australia (The Conservation Council) and The Wilderness Society (...the ENGO report).¹³

¹² IVG Report, Introduction, p.11

¹³ *Ibid*

96. The IVG process identified 504,000 hectares that were determined to have conservation values and were recommended for reserves.

97. When undertaking the assessment of the proposed 572,000 hectares, the IVG process referred to the ENGO's identified high conservation areas but did not take into account areas outside those identified by the ENGOs and did not consider Tasmania's landscape as a whole during the assessment. This was criticised by forest scientists in submissions before the Committee. Dr Mark Neyland & Co's submission stated.

*Critically, many of the State's highest nature conservation needs are on private land, which has not been considered in the present process at all.*¹⁴

98. Scientist Dr Simon Grove presented evidence to the Committee around the process of selecting the proposed reserves.

Dr GOODWIN - Dr Grove, I was interested in table 1 on page 14 of your submission and it is a comparison of the ENGO approach to reserve selection with a conventional scientific approach. It actually touches on something we heard from the Tas Conservation Trust and their concerns about leaving out private forests, which have some very important biodiversity values. I just wondered if you would like to perhaps elaborate on that and the concerns you have around the approach taken?

*Dr GROVE - I see the ENGO approach has pretty much the reverse of what is good conservation practice. They start with the preconceived idea of the areas that they wanted to see reserved and they worked backwards. Due process really would have said, let's start with an open slate; let's see where the conservation values lie and then we will consider prioritising those and selecting protected areas if we feel reservation is the only way forward for those areas. Had that approach been followed I suggest that very few of the ENGO reserves would currently be considered for reservation. Instead, we would have a different proposal on the table, which would have far more in the way of reservation proposals for private land and far less for public land. That is the essence of it.*¹⁵

¹⁴ Dr Mark Neyland & Co, written submission, p. 5

¹⁵ Hansard Transcript, 23 January 2013, p. 29

High Conservation Value Forests

99. No set definition for high conservation value forests was outlined from the IVG process or during the course of the inquiry. As noted earlier in this report, the term is absent from the TFA and the Bill. In relation to a definition, the following discussion was held between Mr Hesketh of the Australian Conservation Foundation and Hon Greg Hall.

Mr HESKETH - A high conservation value forest?

Mr HALL - Yes.

Mr HESKETH - In the context of the joint ENGO submission into the independent verification group process there was a very strong report put together of research of all of the areas identified in Tasmania that environment groups believed had high conservation values. The definition is in that document. It is quite lengthy; it is not a short line. There are a lot of values identified as being components of what we describe as low conservation value forest areas. I will not go through -

Mr HALL - I asked because a couple of years ago we requested that from environmental groups and they could not give it. I have seen that, and I have to say it is long and drawn out.

Mr HESKETH - The IVG process did not have a problem with that. They recognised each of those components and assessed them against the areas we put forward so it is in that report. I think the objectives there are fairly clear and concise.¹⁶

100. The Australian Conservation Foundation believed that the proposed land to go into reserves contained high conservation values and that it was important to reserve them on this basis

We want these areas prioritised for their ecological importance, their high conservation values.¹⁷

¹⁶ Hansard Transcript, 15 January 2013, p. 14

¹⁷ *Ibid*

Scientific Rigour

101. The lack of a recognised scientific approach to the determination of the proposed reserve areas was raised as a consistent criticism with the Committee by forest scientists. The ENGOs also acknowledged that areas of natural beauty and cultural heritage had been included in the proposed reserves but held that the work done in identifying these reserves had been 'rigorous and comprehensive'.¹⁸

102. Long-time forester Michael Wood stated in his submission

*No one should pretend that the areas proposed for reserves under the TFA Bill represent high conservation value forests, by any reasonable definition.*¹⁹

He went on to say:

*The report of the independent verification group into the conservation values of the areas proposed for reservation is not credible by any scientific measure.*²⁰

103. Forests scientists, Dr Mark Neyland, Dr Peter Volker, Dr Tim Wardlaw, Dr Dean Williams and Dr Paul Adams made comment on the scientific process used by the IVG in determining the proposed reserves.

*There was a complete lack of scientific rigour in the assessment process that led to the current reserve proposals. In particular the independent verification group failed to undertake a scientifically rigorous assessment of either the claimed high conservation values or the claimed heritage values of the reserve proposals. There has been no independent peer review of any of the IVG reports.*²¹

104. In relation to high conservation value of the proposed reserves, Environment Tasmania stated in their evidence that the areas proposed for reserves were audited by leading scientists against 10 conservation criteria.

¹⁸ Hansard Transcript, 16 January 2013, p. 5

¹⁹ Michael Wood, written submission p. 3

²⁰ *Ibid*

²¹ Neyland & Co written submission, p. 1

They assessed it against nationally and internationally recognised policy benchmarks in conservation science. There were 10 key conservation criteria that they looked at for every one of those parcels of forest: representation of forest biodiversity, habitat for threatened species, refugia, old-growth wilderness, outstanding heritage values, connectivity, restoration, ecosystem services and unique features. What they found was that, in large part, the vast majority of those forests did have either one or more of those critical conservation values.²²

Conservation Outcomes

105. Scientists have argued to the Committee that the TFA process of creating reserves will not protect the conservation values and environmental biota of Tasmania's endangered flora and fauna.

106. Forest ecology scientist Dr Simon Grove was scathing of the process and the outcomes delivered by the TFA in his evidence before the Committee.

I am deeply concerned about science, sustainability, climate change and, above all, nature conservation. I am also deeply concerned about democracy, social inclusion and due process. I believe that the TFA bill, in its current form, fails Tasmanians and the planet on all these counts. I have never, seriously, previously encountered such a perversion of science, used in the development of public policy.²³

107. Dr Marie Yee, forest scientist, while positive in acknowledgement of opposing sides working together and the outcomes for Tasmania, stated in her submission to the Committee that the proposed reserves

Will not result in the delisting or down listing of threatened species, like the majestic wedge-tailed eagle, the enigmatic masked owl, the unique swift parrot or the declining Tasmanian devil.²⁴

108. Dr Mark Neyland & Co also expressed concerns that the TFA did not provide the best environmental solutions and stated that the TFA.

²² Hansard Transcript, 16 January 2013, p. 5

²³ Hansard Transcript, 23 January 2013, p. 28

²⁴ Marie Yee, written submission, p. 1

*fails to deliver the best possible outcomes for the people of Tasmania in terms of its biological, social and economic outcomes.*²⁵

Their submission further stated that

*The TFA is likely to worsen conservation outcomes by engendering a public expectation that the agreement, in protecting asserted “high conservation value forests”, is addressing the state’s priority conservation needs.*²⁶

109. Environment Tasmania believed that conservation outcomes were achieved under the proposed reserves. Dr Phill Pullinger noted

*You are talking about some of the world's tallest flowering plants, the largest tract of cool-weather rainforest in Australia, glacial refugia remnant from the last ice age, and areas of forest that are of critical importance to threatened species such as the giant freshwater crayfish, the swift parrot and others. There are also areas of outstanding natural beauty. The work that has gone into the preparation of the conservation case for these areas has been rigorous and comprehensive.*²⁷

110. The Committee sought to confirm that the Australia Conservation Foundation believed that the proposed reserve areas would protect the high conservation values of that land.

Dr GOODWIN - Are you satisfied that the highest conservation value bits are included in this 504 000 hectares?

*Mr SINCLAIR - The point is we support this agreement and we want it to work. There is no shadow document, no shadow agreement. This is the agreement and we agreed to it. This is the agreement we want to work.*²⁸

111. The Australian Conservation Foundation stated they believed that the agreement would protect Tasmania’s forests that reflected verified high conservation values. This was stated on 15 January 2013

²⁵ *Ibid*, p 1

²⁶ *Ibid*, p. 5

²⁷ Hansard Transcript, 16 January 2013, p. 5

²⁸ Hansard Transcript, 15 January 2013, p. 18

By protecting forests that have verified high conservation value the agreement will lessen the impetus for ongoing protests.²⁹

112. The Wilderness Society stated their preferred outcomes for high conservation value forests and that although they did not believe that it had been entirely achieved, they were still supportive of the agreement. Mr Bayley stated

We had aspirations, as you would be aware by the statement of principles, of immediate protection for high conservation value forests, a rapid transition out of native forests, aside from specialty timber, but that hasn't entirely been delivered by this agreement. But I can reassure you that this agreement is our position.³⁰

A Negotiated Agreement

113. The ENGO signatories to the TFA recognised that not all conservation outcomes would be achieved through the agreement and that it was a negotiated outcome. Mr Bayley of the Wilderness Society stated

What this negotiation has been, as we discussed last week, is a genuine compromise, a genuine exercise in understanding each other's needs, issues, challenges, problems and trying to resolve them collectively. We had aspirations, as you would be aware by the statement of principles, of immediate protection for high conservation value forests, a rapid transition out of native forests, aside from specialty timber, but that hasn't entirely been delivered by this agreement. But I can reassure you that this agreement is our position.³¹

114. Environment Tasmania also noted that there would be parties that would not be entirely satisfied with the agreement and that it was a compromise of demands on both sides

Yes, there will be elements on the extremes of both sides of this debate who will never be happy until they achieve their unrealistic demands. But for the rest of the community, the rest of the industry, and the rest of the

²⁹ *Ibid*

³⁰ Hansard Transcript, 17 January 2013, p. 13

³¹ Hansard Transcript, 23 January 2013, p. 14

*conservation movement, it is time to move on together. We cannot afford to be held hostage by the extremes in this or another debate.*³²

115. The view that the TFA was a negotiated agreement that did not present the best possible outcomes for either party involved, was also acknowledged by scientist, Dr Simon Grove

Ms FORREST - It is not all about conservation.

Dr GROVE - No.

Ms FORREST - It is about a negotiation to try and preserve an industry as much as to protect.

*Dr GROVE - Absolutely. I see these as two very different camps that both have their constituencies and their reasons for being engaged.*³³

116. The joint ENGO submission recognized the TFA as a 'collaborative approach to conflict resolution'³⁴ which sought to manage conflicting views and goals to achieve a satisfactory outcome to all parties.

Management Outcomes

117. Concerns relating to the intensification of the management of timber production zones as an outcome of the TFA were also raised. Scientist Dr Susan Baker commented in her submission that

As mentioned in Point 3, the current TFA model is likely to lead to intensified management on areas available for timber production. This will involve shortened rotation lengths, and intensified management with practices such as thinning which involve more frequent management intervention. Wet eucalypt forests might be logged every 40 years with thinning in between, rather than according to the policy of an 80-100 year rotation. This intensive harvesting means there is more frequent soil disturbance, and forests are not allowed to follow their natural successional pathway where different species of plants and animals become established as the forest ages. Rather than decreasing the

³² Hansard Transcript, 16 January 2013, p. 2

³³ Hansard Transcript, 23 January 2013, p. 32

³⁴ Joint ENGO submission, p. 5

*rotation, the TFA should reduce the total area allocated to reserves to allow the rotation length between harvests to be increased in some cases.*³⁵

118. Dr Simon Grove also commented on the harvesting intensity required to produce the required volume of wood from a significantly reduced production area.

*If you spread production over a broader area, you can afford to do it less intensively than if you are constrained spatially because of massive reservations in the wrong place.*³⁶

He further noted that

*The research I have been involved in and the way conservation science generally is going is more towards extensification as the way forward for forestry and conservation, rather than constraining and polarisation and then intensification.*³⁷

Proposed Nature Reserves

119. All reserves created under the *Nature Conservation Act 2002* are given a classification based on the characteristics of the land. This is also required of land under the Bill at Clause 16(13).
120. The protection order under the Bill will give the proposed classification for reserves.
121. The areas selected for reserves were nominated by the Signatories and put forward to the IVG process which determined the final reserve areas. The State Government provided maps to the Committee as part of their submission in relation to these reserve areas. At the request of the Committee, the Government produced further maps showing the current and proposed reserve areas. In addition, the Signatories' Map C and Map D with their nominated reserve areas were also provided to the Committee. These maps are attached at **Appendix D**.

³⁵ Dr Susan Baker, written submission, p. 2

³⁶ Hansard Transcript, 23 January 2013, p. 33

³⁷ *Ibid*

122. It is possible to obtain an indication of potential access restrictions to those reserves from the proposed amendments to the Bill, which includes the insertion of an annexure, known as Schedule A, to the Bill. Schedule A gives each future proposed reserve a class of reserve.
123. The class of the reserve is important to note as each class has objectives for management, which can be used as a basis to gauge permissible uses.
124. The *Nature Conservation Act 2002* - section 16, sets out 10 different classes of 'reserved land'.
125. These are
- National Park
 - State reserve
 - Nature reserve
 - Game reserve
 - Conservation area
 - Nature recreation area
 - Regional reserve
 - Historic site
 - Private sanctuary
 - Private nature reserve
126. Evidence provided to the Committee has confirmed that the land to be reserved under Schedule A of the Bill will consist of following categories.³⁸

Summary of Tenure Categories

Summary of Categories under the TFA

Reserve Class	Total	Area	Category	Total	Area
	(hectares)			(hectares)	
CA	101,435		Tranche 1	392,237	
NP	60,326		Tranche 2	101,244	
NR	205		OOLRR	20,258	
NRA	787		LOLR	1,230	
RR	330,728		Total	514,969	
Total in Tranche 1 and Tranche 2	493,481				

³⁸ Whole of Government Submission, attachment 1

These tables result in the following reserves

- 101, 435 hectares of Conservation Area
- 60, 326 hectares of National Parks
- 205 hectares of Nature Reserve
- 787 hectares of Nature Recreation Area
- 330, 728 hectares of Regional Reserve³⁹

127. Reserves are classed based on their characteristics as described in Schedule 1 of the *Nature Conservation Act 2002* and any reserves made via the Bill process must meet the criteria in the Act (clause 16(13)).⁴⁰
128. The majority of the proposed reserved land has been allocated to Regional Reserve status by the Department of Parks and Wildlife. Under the *Nature Conservation Act 2002*, allowable activities within this reserve category include
- Mineral exploration and the development of mineral deposits in the area of land, and the controlled use of other natural resources of that area of land, while protecting and maintaining the natural and cultural values of that area of land.*⁴¹

Permissible Uses and Land Tenure

129. In terms of the land affected by the Bill, the permissible uses depend on the reserve stage the land has reached under the Act.
130. Under Schedule A of proposed Government Amendments – known as the interim protection stage - the only prohibited activity is native forest harvesting.
131. If the TFA Bill is passed without amendments then the protection order arises at a later stage and will need to include prohibited activities and reserve class, amongst other details. However it is likely the protection order restrictions would mirror those in Schedule A.

³⁹ Source: “Reserve class under the Nature Conservation Act 2002 equivalent to the purposes and values for each Lot” and map ‘Future Reserve Land’ provided by DIPIPWE

⁴⁰ http://www.austlii.edu.au/au/legis/tas/consol_act/nca2002237/sch1.html

⁴¹ Nature Conservation Act 2002, s. 16

132. Once the land achieves reserve status under the Bill it is treated as if it had been created by the *Nature Conservation Act 2002* and is consequently governed by this Act, as well as the *National Parks and Reserve Management Act 2002* and the National Parks and Reserved Land Regulations 2009.
133. Schedule 1 of both the *Nature Conversation Act 2002* and *National Parks and Reserve Management Act 2009* provide values of the land, purposes of reservation and management objectives. Prohibitions of use are contained in the regulations of both those Acts and once a management plan (invoked by the land manager, in this case DPIPWE) is in place, this will also provide further guidance on permissible uses.
134. Proposed activities such as tourism ventures, will need to go through an internal process: for example; a Reserve Activity Assessment, as well as existing statutory processes where required. The Tasmanian Reserve Management Code of Practice outlines the activity proposal process. This Code also outlines allowable uses in the reserves including recreational uses for beekeepers and hunters, scientific research, agistment and commercial tourism.
135. With respect to reserve classification, proposed reserves would be determined under the existing criteria for the *Nature Conservation Act 2002*. The Committee received evidence from DPIPWE witness Ms Penny Wells as follows.

Because the bill required that the process ultimately end up in a reserve classification under the Nature Conservation Act and it requires us to identify the purposes and values as the first step, clearly the intent is that those purposes and values relate to those in the Nature Conservation Act. We use that as a guide and, because they are prescribed in a legislative sense, we used the words that were in schedule 1 of the Nature Conservation Act to help us assign appropriate purposes and values to each parcel of land. For example, in the Nature Conservation Act it says that for class 7, regional reserve, the values of land are areas that have high mineral potential or high prospectivity. We also look to other legislation. We have in Tasmania legislation around strategic prospectivity zones. We have areas that are legislated that are identified as having high mineral potential or high prospectivity. So between the bill, the Nature Conservation Act schedule and existing legislation, such as the SPZ Act, for a parcel of land that we

identified as in an SPZ or had high mineral potential or had an existing mineral tenement, if you look at schedule 1 of the Nature Conservation Act then that would come out as a regional reserve.

We use those existing legislated criteria to assign purposes and values from the Nature Conservation Act that equated to those values in there. An area that was outside an SPZ or did not have high mineral potential but is, say, a large natural area and predominantly in a natural state, would come out as a national park. An area that has high use and has existing recreational use and is not in an SPZ, might come out as a conservation area or a nature recreation area set of purposes and values.

That is the process we went through. It was very much a high-level, desktop exercise. We did use the Mineral Resources Tasmania data sets and then expert advice around mineral potential.⁴²

136. Industry bodies including the Minerals Council and Tourism industry representatives voiced concerns in relation to their business activities within the proposed reserves areas and the categories that may be assigned to them. Hon Adriana Taylor commented on this in evidence.

Mrs TAYLOR - Yes, but whatever it is categorised as, there are restrictions. The point of this bill is to stop forestry activity within these reserves. The tourism industry, for instance, is not arguing about it. The tourism industry is saying that, as far as they are concerned, if for all that 500 000 hectares there was no wood production allowed, that's not a concern to them. Their concern is whether there will be public access and whether there is able to be commercial activity within those sites. That depends, to some degree, on the classification.⁴³

137. Representative from the DPIPWE Mr Mooney stated that the Government's position was

Mr MOONEY - It is fair to say that we have commercial activity in all our classes of land except for nature reserve.

⁴² Hansard Transcript, 16 January 2013, p. 42

⁴³ *Ibid*, p. 44

*We have tourism and commercial activities in everything from national parks right down to regional reserves and conservation areas, so tourism activity is not restricted in the class of reserves that we are talking about here, except for what we call a nature reserve.*⁴⁴

138. The Government representative Ms Penny Wells stated that under the current proposed amendment, the only restriction on activities would be native forest harvesting.

*On page 11 of the amendment that was tabled yesterday there is a definition of native forest harvesting. In the schedule there is a column that lists the prohibited activities. The only prohibited activity that is listed in column 5 is native forest harvesting. We've defined native forest harvesting as meaning any harvesting of native forest that requires a certified forest practices plan.*⁴⁵

Mining within proposed reserves

139. The Tasmanian Minerals Council was concerned that the TFA had made demands on the Government in relation to the land tenure of reserves that was not related to forestry and affected industries other than those who were a party to the agreement. The Tasmanian Minerals Council CEO Mr Terry Long noted.

*What they say is that government should deliver the highest appropriate land tenure protection on state and commonwealth law for the new reserves. The objective was to deliver forestry, it stated in the outset of the agreement, and given that nobody else except forest interests was party to the talks, you would assume it is about forestry and nothing else. But by talking at 36 about the highest appropriate land tenure, they begin to overstep the mark and in my view it is inappropriate because they begin to impact on people who are not party to the talks, are not bound by the agreement and who have no interest or part in the agreement.*⁴⁶

*So we have moved from a forestry agreement to an agreement that has broad impact and we do not believe that to be reasonable.*⁴⁷

⁴⁴ Hansard Transcript, 16 January 2013, p. 44

⁴⁵ *Ibid*

⁴⁶ Hansard Transcript, 16 January 2013, p. 49

⁴⁷ *Ibid*

140. Government representative Ms Penny Wells stated the following in relation to Tasmanian Minerals Council's concerns

Ms WELLS - I have had this conversation with Mineral Resources Tasmania and my understanding of the interaction of the Forest Practices Act and LUPA is such that most of the activities that would be required for a mining operation would go through LUPA and they would not require a forest practices plan. So in the discussions that we have had, it is certainly my understanding that all the examples in relation to a mining operation that we could think of would not require a forest practices plan. It would require other approvals.⁴⁸

Ms WELLS - We could not think of an example specifically related to a mining activity that was for mining, so building a building, clearing, etc etc, all of those activities go through different approval processes but they still have to meet strict environmental guidelines. They do not require forest practices land (sic) plans so they would not be caught up by this prohibited activity.⁴⁹

141. Mr Long noted that the response from the Department was 'untenable'.

You heard in earlier evidence that the Parks and Wildlife Service or the minister will look at the land and decide what it's going to be. We don't believe that they should have an option. If it's in a strategic prospectivity zone, it will have high prospectivity and that's why it's in a strategic prospectivity zone. It may have natural values, in which case it should be a regional reserve, end of story. In our view, to allow the process to run beyond that is untenable.⁵⁰

142. Mr Long further stated that

The reserves that flow from this process will impact on the mining industry if they go into categories like national parks because you will not be able to explore where once you could.⁵¹

⁴⁸ Hansard Transcript, 16 January 2013, p. 45

⁴⁹ *Ibid*, p. 46

⁵⁰ *Ibid*, p. 50

⁵¹ *Ibid*, p. 56

143. The Whole of State Government representatives noted comments in relation to World Heritage listing of current nominated areas that may impact on mining

Mr SWAIN - I understand there is a dolomite production facility in the north of the state and it is currently imported, so there are supplies currently available through retail outlets. In [M]RT when you talk to them they think this is an important resource in the south of the state. It is used primarily for management of soils and would fit neatly with the Midlands irrigation development. Would the farmers subject to that development be unable to access supply? No, clearly because they have them now, but it is still an opportunity for Tasmania.

CHAIR - Will it be compromised if the World Heritage listing goes ahead without exclusion of those areas? As the proposal is, the 123 000 hectares, it includes those very areas I am talking about, does it not?

Mr SWAIN - It does, that is correct.

Mr FORD - The Australian Government's policy position is to not make submissions to the World Heritage Area committee that allow for mining. If the nomination goes ahead covering these areas, in all likelihood from current experience with the Australian Government we would expect that mining would not be an allowed activity in the World Heritage Area.⁵²

144. The Tasmanian Government consequently wrote to the Australian Government requesting that some areas contained within the World Heritage extension nomination listing be removed due to the mining prospectivity within those zones.

Other Stakeholders

145. Evidence was received from other stakeholders in relation to access concerns that may arise within the proposed reserve areas if the Bill was introduced.
146. The Tasmanian Tourism Council during an exchange with Hon Greg Hall noted

Mr MARTIN - In theory, every single layer allows some form of tourism activity, including world heritage areas, so we have a well-known tourism development currently under construction in a world heritage area. I guess

⁵² Hansard Transcript, 22 January 2013, p. 47-48

the position I think we are trying to get across is that under the current access, with each additional layer of protection the requirements of an investor of a development actually to achieve that development - and we are talking a capital investment, guest houses or whatever - is significantly greater. There are other tourism activities that can't happen in further levels, for example anything involving animals, so that includes nature trails, fishing, hunting and shooting, which of course are recreational tourism; also access points for some tourism activities, such as the ability to fly a light plane or a helicopter to access these areas. The short answer to your question is that in theory there is a degree of tourism activity allowed at each level through that agreement.

Mr MARTIN - It is their policy to not have commercial tourism in national parks or in world heritage areas. It is their policy; they oppose it all the time every time someone puts a proposal up. We are saying, you should word this so that there are permitted uses that are around the opportunity to do the commercial tourism activities - buildings in there, et cetera. The one area here we have heard from those NGOs also is that they say, 'You know we are giving away the state's treasures to private ownership'. We do not advocate that, absolutely not. We believe these areas should be in the state and the national control, et cetera.

Mr CURRANT - We absolutely do not advocate that. We believe these areas should be in state and national control. We're saying these operations are not selling away or giving away, there is a length of tenure for leases under which you could operate. It is an absolute no-no. I know many proposed very small operators who are put off by the whole business of trying to even take a walk through a World Heritage area. It is unbelievably expensive and difficult to get through the process.

Mr HALL - I have dealt with that on the ground myself so I know what you are talking about.

Mr CURRANT - Under the access issue that becomes a hot topic.⁵³

147. Concerns were raised by scientists as well as other stakeholders as to the engagement with stakeholders outside of the ENGO and forestry industry in

⁵³ Hansard Transcript, 16 January 2013, p. 5

creation of the reserves. Dr Mark Neyland & Co noted in their submission that recreational users of State forests, beekeepers and local governments would all be affected by the proposed reserves.⁵⁴

148. The Tasmanian Trail Association were also concerned that the proposed reserves would limit or restrict their access and use of current areas for recreational purposes. They submitted to the Committee that

In the event of new reserves being created the Legislative Council give consideration to the nature of the reservation being proposed, to ensure the ethos of multiple use reserves. Horse riding and mountain bike riding should not be excluded.

That if reservations are imposed, which include use restrictions, at least existing recreation uses be protected "as of right".⁵⁵

149. The Tasmanian Beekeepers Association noted in their submission support for the Bill as the proposed reserves would ensure ongoing supply for their industry.

If the legislation is passed, it will secure at least one half of the leatherwood rich forest in the south and west of the present State forest areas. This will give a large degree of security to the beekeeping and pollination industries in the south of the State on which our horticultural industries rely.⁵⁶

150. Submissions outlining concerns with access and usage of areas proposed for reserves were also received from other stakeholder groups including but not limited to the Tasmanian Mountain Cattleman's Association and the Tasmanian Deer Advisory Committee.

151. In relation to other stakeholder concerns, the Commonwealth Government noted in their submission that they are

'aware of concerns regarding impacts on non-forestry sectors, such as beekeepers, recreational hunters and mining. I can assure you that I am committed to working with the Tasmanian Government to ensure that unintended adverse impacts on non-forest sectors are avoided'⁵⁷

⁵⁴ *Ibid*, p. 2

⁵⁵ Tasmanian Trail Association written submission, p. 2

⁵⁶ Tasmanian Beekeepers Association, written submission, p. 2

⁵⁷ Australian Government written submission by Minister Tony Burke MP, p. 4

Land Tenure

152. Under Section 16(8) of the Bill , the land determined by the Minister to be a class of reserved land would be managed under the *Nature Conservation Act 2002* - which would appoint the Department of Primary Industries, Parks, Water and the Environment as land managers of the reserves.
153. The Tasmanian Government stated in its submission that
- When a reserve is proclaimed under the Nature Conservation Act 2002 the Parks and Wildlife Service will become responsible for fire and all other land management activities.*⁵⁸
154. The Aboriginal community within Tasmania have presented an alternative scenario and requested that the Government support an amendment to the Bill to include the *Aboriginal Lands Act 1995* which would allow certain lands to be managed by the Aboriginal community.
155. The Tasmanian Aboriginal Centre Inc stated in correspondence that
- The intention is to authorise the relevant Minister to have to decide, rather than have the decision predetermined, which lands are appropriate to be managed by Parks and which by the Aborigines. Under the present wording, all reserved lands are to be managed by Parks under the Nature Conservation Act.*⁵⁹
156. Further, with respect to land management under the Bill the land described as 'permanent timber production zone land' would replace the current wording in the *Forestry Act 1920* for 'Register of Multiple Use Forest Land' with the term 'Register of Permanent Timber Production Zone Land'.⁶⁰ As FT is currently the land manager under the *Forestry Act 1920* of this land, it is envisaged that FT would continue to manage the Permanent Timber Production Zone Land under this amendment.
157. In this regard, FT was of the view that a viable forest industry could be achieved under the TFA with caveats including

⁵⁸ Whole of Government Tasmanian Government Submission, p. 14

⁵⁹ Tasmanian Aboriginal Centre Inc letter dated 7 February 2013 to the Premier, provided to the Committee in evidence.

⁶⁰ *Tasmanian Forests Agreement Bill 2012*

*FT is confirmed as the statutory commercial agency described in the TFA, with full management responsibility for the proposed Permanent Timber Production Zone, and received full funding for any required community service obligations.*⁶¹

World Heritage Listing

158. Under clause 37 of the TFA, the Signatories call for the Commonwealth Government to nominate, '123,650 hectares of the proposed minor extension to the Tasmanian Wilderness World Heritage Area'⁶² contained in the Signatories Map C, to the World Heritage Committee for consideration in June 2013.
159. The Commonwealth Government is responsible as the State Party for World Heritage Nominations within Australia. Thus, World Heritage nominations fall under the jurisdiction of the Commonwealth.

*Because it is an international convention under the constitution, the Australian Government has the responsibility and the Australian Government is the state party to the convention.*⁶³

160. While this applies, one of the Commonwealth Government representatives before the Committee Ms Veronica Blazely noted

*In general, the commonwealth has agreed in principle that it would not nominate a World Heritage area without the agreement of the state as a policy.*⁶⁴

161. The Signatories proposed a 'minor extension'⁶⁵ to the Tasmanian World Heritage Listing, taking into account pre-existing large buffer zones as the basis for determining the level of extension requested.

⁶¹ Forestry Tasmania written submission, p. 13

⁶² TFA, clause 37.

⁶³ *Ibid*, p. 13

⁶⁴ Hansard Transcript, 28 February 2013, p. 13, p. 14

⁶⁵ TFA, clause 37

162. The World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012 states at 163-164.

Minor modifications to the boundaries

A minor modification is one which has not a significant impact on the extent of the property nor affects its Outstanding Universal Value.

*If a State Party wishes to request a minor modification to the boundaries of a property already on the World Heritage List, it must be received by **1 February** by the Committee through the Secretariat, which will seek the evaluation of the relevant Advisory Bodies on whether this can be considered a minor modification or not. The Secretariat shall then submit the Advisory Bodies' evaluation to the World Heritage Committee. The Committee may approve such a modification, or it may consider that the modification to the boundary is sufficiently significant as to constitute a significant boundary modification of the property, in which case the procedure for new nominations will apply.⁶⁶*

The World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012 states in relation to buffer zones

Wherever necessary for the proper protection of the property, an adequate buffer zone should be provided.

For the purposes of effective protection of the nominated property, a buffer zone is an area surrounding the nominated property which has complementary legal and/or customary restrictions placed on its use and development to give an added layer of protection to the property. This should include the immediate setting of the nominated property, important views and other areas or attributes that are functionally important as a support to the property and its protection. The area constituting the buffer zone should be determined in each case through appropriate mechanisms. Details on the size, characteristics and authorized uses of a buffer zone, as well as a map indicating the precise boundaries of the property and its buffer zone, should be provided in the nomination.

A clear explanation of how the buffer zone protects the property should also be provided.

⁶⁶ World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012, p. 42

Where no buffer zone is proposed, the nomination should include a statement as to why a buffer zone is not required.

Although buffer zones are not part of the nominated property, any modifications to or creation of buffer zones subsequent to inscription of a property on the World Heritage List should be approved by the World Heritage Committee using the procedure for a minor boundary modification (see paragraph 164 and Annex 11). The creation of buffer zones subsequent to inscription is normally considered to be a minor boundary modification.⁶⁷

163. On 31 January 2013, Minister for the Environment, Tony Burke MP announced that a nomination had been put forward to 'extend the protection of the Tasmanian Wilderness World Heritage Area by an additional 170,000 hectares'. Mr Burke noted that

If supported by the World Heritage Committee this will incorporate areas of forest identified through the Tasmanian Forests Agreement for reservation under Tasmanian legislation.⁶⁸

164. In relation to the process the nomination went through, representatives from the Australian Government confirmed that a request for a minor boundary modification had been made and advised the Committee. Ms Blazely commented

Ms BLAZELY - Over a number of years the World Heritage Committee asked the Australian Government as the state party to consider at its own discretion extensions of the World Heritage area into the east, so that was our policy framework outside the forest policy issue. When the intergovernmental agreement and the Tasmanian Forest Agreement was signed we noted that within that there was an intention to include some areas within the World Heritage area. At the request of the minister we developed a nomination, a dossier for putting forward a request for a minor boundary modification. That was the request that he announced on 31 January this year.⁶⁹

The process is that the World Heritage Committee meets annually, generally around June in each year. Any requests for a minor boundary modification need to be made to the World Heritage Committee by 1 February in the year

⁶⁷ World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012, p. 26-27

⁶⁸ Hon Tony Burke MP Media Release, 31 January 2013.

⁶⁹ Hansard Transcript, 28 February 2013, p. 1

*in which it is to be considered. There is then another month in which a state party can prepare any supplementary information. That is the process that we are going through at the moment.*⁷⁰

165. The nomination has been requested to be treated as an extension to World Heritage Listing. Ms Blazely from the Commonwealth Government noted

Ms BLAZELY - The World Heritage committee has a process which allows for minor boundary extensions. They have a rule of thumb that a minor boundary extension might be around 10 per cent.

Mr HALL - This is about 16 per cent, isn't it?

Ms BLAZELY - No, this is 12 per cent. We have asked them to treat it as a minor boundary notification.

166. The Commonwealth Government representatives before the Committee also explained the additional hectares in the nomination that went to the World Heritage Committee that were above the Signatories initial nomination request of 123, 650 hectares. Ms Blazely noted

*We worked with the Tasmanian government to look at a boundary that had integrity and was a sound management boundary. This meant in fact that some additional areas were included in the nomination, areas that were already reserves.*⁷¹

167. Requests from private land owners to have their parcels considered as part of the World Heritage nomination listing were also received and considered: Ms Blazely noted

*We also had letters from Bush Heritage Australia and the Tasmanian Land Conservancy asking us to consider some of their parcels of land in the request for a boundary extension. We did analysis of the parcels that they nominated and agreed to include some of the parcels that they had requested us to include.*⁷²

⁷⁰ *Ibid*,

⁷¹ Hansard Transcript, 28 February 2013, p. 2

⁷² *Ibid*

168. When making an extension to a World Heritage Listing boundary, the operational guidelines do not allow new criteria to be considered. The nomination that went before the World Heritage Committee on the 31 of January 2013 could not list new criteria as it was requested as a minor boundary adjustment.⁷³ This was further explained by Ms Blazely.

*In asking for a minor boundary modification we need to consider how the values in the areas we're requesting be added contribute to the expression of the values that are already in the World Heritage area.*⁷⁴

169. The request from private land owners to have their parcels considered was noted as an unusual and unprecedented process in the seven years of experience in World Heritage by Ms Blazley. The process by which the private land was included in the nomination was outlined as follows.

Ms BLAZELY - In this case the two private landowners wrote to Minister Burke.

Mr WILKINSON - They applied for their land to become part of the World Heritage area. Once they have requested that, does that go out to the public or to landowners surrounding that area for them to make comment?

Ms BLAZELY - It did not in this case.

Mr WILKINSON - Does it normally?

*Ms BLAZELY - This is actually the first time I've had experience with a private landowner writing and requesting, so I couldn't tell you what the normal process would be.*⁷⁵

170. The Committee received advice that in relation to private land owner's requests for their parcels to be included, community consultation was not a legal requirement and as such, no consultation had been undertaken with neighbouring properties or communities in relation to the specific requests by the Bush Heritage Australia and the Tasmanian Land Conservancy.

171. The amount of private land included in the 170,000 hectare nomination was stated as

⁷³ *Ibid*, p. 7-8

⁷⁴ *Ibid*

⁷⁵ *Ibid*

Ms RATTRAY - How much of that difference between the 123 000 and the 170 000 is private, in those two parcels?

Ms BLAZELY - It is four parcels of land and it is less than 2 000 hectares but I will table that.⁷⁶

172. The Commonwealth representatives provided the Committee on the 28 February 2013 with a map which shows the final land lots which have been included in the nomination to the World Heritage Committee. This map is attached at **APPENDIX D** of this report.
173. The World Heritage nomination is scheduled to go before the World Heritage Committee on 14 June 2013, where a decision will be made as to its validity. Once a determination has been made, the area will proceed immediately to World Heritage status if accepted by that Committee.⁷⁷

Exclusion of, or Request to Withdraw Nomination

174. During the evidence received from the Commonwealth Government, a request by the Tasmanian Government to withdraw certain areas from the World Heritage nomination was discussed. Ms Blazely said in response to questioning on the issue.

CHAIR - Is it correct that there is a proposal or an intention to withdraw some of that which has been considered in the first round figure of 170 000 hectares? Is there going to be some withdrawal of areas?

Ms BLAZELY - The Tasmanian government wrote to the minister requesting that some areas be excluded from the nomination. The minister has not yet made a decision on how he will respond.

CHAIR - Are you in a position to advise the committee as to the reasons being advanced by the state government for those withdrawals?

Ms BLAZELY - They fall into three major categories. One is mining, that opportunities for mining should continue to be available. The second is around hydro infrastructure and the third is around a small number of forestry coupes in which it is proposed that forestry still continue for a little time.

⁷⁶ *Ibid*, p. 13

⁷⁷ *Ibid*, p. 17

CHAIR - Can you indicate what area of land that is in terms of hectares? If you are in a position to identify the location then that might be helpful as well. And what is the 'little time'?

Ms BLAZELY - I cannot give you a figure on the hectares, I am sorry. The little time, I believe, in the transitional agreement is 31 August.⁷⁸

175. With regard to the request for the exclusion of the Warra Forestry research site from the World Heritage Listing nomination, Ms Blazely made the following comments.

Ms FORREST - Did the state government make any request around the consideration of the Warra site? That is included in those three areas?

Ms BLAZELY - Yes.⁷⁹

And further

Ms FORREST - Going back to the Warra site, you made the comment earlier that there were forestry areas that could be excluded. You said that was only until June or August.

Ms BLAZELY - The Warra site is in a different category.

Ms FORREST - How would that be dealt with if it was to be excluded?

Ms BLAZELY - That is one of the issues the minister is considering today, so I am sorry but I cannot answer at the moment.

Ms FORREST - So it is not the same as one of the forestry coupes where activity could continue there until June or August; it is a separate category to that?

Ms BLAZELY - Yes. The Tasmanian government has noted that it is a long-term research site and has asked that that research continue there.

Ms FORREST - So they are looking at long-term access for research for that area?

Ms BLAZELY - Yes.⁸⁰

⁷⁸ *Ibid*, p. 3

⁷⁹ *Op.Cit.* p.3

⁸⁰ *Op.Cit.* p.6-7

176. The Committee asked what the implications and process for withdrawing a World Heritage nomination would involve. The Commonwealth Government representatives appearing before the Committee took the question on notice making comment that a withdrawal of a nomination had never been made in Australia so they were not familiar with any requirements to do so.

Dr GOODWIN - I want to ask about the process for withdrawing a World Heritage nomination, because it has been suggested it may well occur if there is a change of government. What are the implications? I know we haven't done it before and the minister made that very clear to us, but I am interested in what other countries may have done.

Ms BLAZELY - I don't know whether there is anything in the operational guidelines about withdrawing a nomination. I could make some assumptions, if you like. Because we've never done it, I don't know what we would do.⁸¹

177. The Commonwealth Government provided the following response in writing to the Committee on 6 March 2013.

The process for withdrawing a world heritage nomination is outlined in paragraph 152 of the Operational Guidelines for the Implementation of the World Heritage Convention.

152. A State Party may withdraw a nomination it has submitted at any time prior to the Committee session at which it is scheduled to be examined. The State Party should inform the Secretariat in writing of its intention to withdraw the nomination. If the State Party so wishes it can resubmit a nomination for the property, which will be considered as a new nomination according to the procedures and timetable outlined in paragraph 168.

The implications of withdrawing a world heritage nomination include that the Committee is unable to consider that nomination.⁸²

178. The World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012 state that the World Heritage Listings shall be deleted as follows

⁸¹ *Ibid*, p. 15

⁸² Commonwealth Government Response to Questions on Notice 5 March 2013, Question 2.

The Committee adopted the following procedure for the deletion of properties from the World Heritage List in cases:

- a) where the property has deteriorated to the extent that it has lost those characteristics which determined its inclusion in the World Heritage List; and*
- b) where the intrinsic qualities of a World Heritage site were already threatened at the time of its nomination by action of man and where the necessary corrective measures as outlined by the State Party at the time, have not been taken within the time proposed (see paragraph 116)*

When a property inscribed on the World Heritage List has seriously deteriorated, or when the necessary corrective measures have not been taken within the time proposed, the State Party on whose territory the property is situated should so inform the Secretariat.

When the Secretariat receives such information from a source other than the State Party concerned, it will, as far as possible, verify the source and the contents of the information in consultation with the State Party concerned and request its comments.

The Secretariat will request the relevant Advisory Bodies to forward comments on the information received.

The Committee will examine all the information available and will take a decision. Any such decision shall, in accordance with Article 13 (8) of the Convention, be taken by a majority of two-thirds of its members present and voting. The Committee shall not decide to delete any property unless the State Party has been consulted on the question.

The State Party shall be informed of the Committee's decision and public notice of this decision shall be immediately given by the Committee.⁸³

Funding Associated with the TFA

179. The Commonwealth and State Governments provided funding package available to industry to assist in the implementation of the TFA was outlined in the IGA signed on 7 August 2012.

⁸³ World Heritage Operational Guidelines for Implementation of the World Heritage Convention as at July 2012, p. 53-54

180. The IGA included a total funding package of \$277 million, \$15.5 million to be contributed by the State Government, with the remainder being provided by the Commonwealth through a National Partnership Agreement.
181. The IVG conducted by Professor West was also funded by the Commonwealth as part of the funding arrangement.
182. Under the IGA, the funding package for the TFA is quarantined from affecting any future grants payments, distribution of GST revenue or Specific Purpose Payments to the State and will not be taken into consideration in the assessment of any such future payments.⁸⁴
183. When the Signatories signed the TFA in November 2012, they requested further funding for implementation of the TFA.
184. On 11 December 2012 the Federal Minister for the Environment, Tony Burke MP announced a further \$102 million of joint funding to support the TFA, with the State Government to contribute \$39.5 million of this total for industry transition assistance. This will bring the State's contribution to \$55 million for the TFA. The additional funding is reliant on the passing of the Bill and is subject to a further intergovernmental agreement between the State and Commonwealth.⁸⁵
185. The original State contribution of \$15.5 million is committed towards transitional and support payments. \$15 million will be provided to ForestWorks Ltd to assist industry workers directly affected as a result of Gunns Ltd's exit from the native forest industry.⁸⁶ A further \$0.5 million from the State will form part of the original \$1 million over two years committed to provide mental health and community well-being support for forest industry workers and associated businesses.
186. The Commonwealth has committed \$120 million towards an Economic Diversification Fund as outlined in the IGA. This fund will be used to fund regional development projects which meet 'rigorous criteria'⁸⁷ including dairy expansion, agriculture in the North West and aquaculture in the South with a 'state wide data sensor network'.⁸⁸

⁸⁴ Tasmanian Forests Intergovernmental Agreement - Clause 51

⁸⁵ W-O-G Submission, p. 12

⁸⁶ Tasmanian Forests Intergovernmental Agreement - Clause 13

⁸⁷ Intergovernmental Agreement, clause 41

⁸⁸ Australian Government Submission, Attachment A

187. In addition to the funding which has been outlined, Senator Burke announced further funding of \$3 million from the Commonwealth on 31 January 2013 to support the specialty timbers industry. This funding will also be expected to assist in the process of obtaining FSC accreditation.
188. A minimum of \$14 million, with a total maximum of \$25 million, has been allocated to providing 'immediate employment and training support'⁸⁹ for industry workers who have been made redundant from eligible businesses. This funding is provided by the Commonwealth for the specific purpose stated.
189. An allocation of \$45 million has been made to assist voluntary exits from the 'public native forests operations for haulage, harvest and silviculture contractors'. This funding is provided by the Commonwealth for the specific purpose stated.
190. Clause 23 of the IGA outlines a High Quality Sawlog Contract Buy-back program for sawmillers seeking to exit the industry. Minister Burke announced on 31 January 2013 that \$15 million had been allocated to the program along with a request to the State for progress. Clause 34 of the IGA provides that \$15 million is the minimum amount to be allocated to the Sawlog Buyback Program and of this, \$5 million has been assigned to support, information and consultation with affected communities. This allocation forms part of a total \$43 million provided to the State to assist in implementation of the TFA.
191. The State Government has also committed to providing FT with additional funding of up to \$110 million over four years in the 2012 State Budget to manage their additional Community Service Obligations arising out of the restructure of the industry.⁹⁰
192. The funding allocations and contributions from the State and Commonwealth Governments, the funding already provided and that which will become available under the Bill if passed, is outlined in the table on the following page.

⁸⁹ Tasmanian Forests Intergovernmental Agreement - Clause 12

⁹⁰ FTA and IGA Funding Schedule

Item	Commitment	Purpose/comments	Total \$M	C'wealth \$M	State \$M	Already provided/ allocated	Available on passage of legislation
Economic Diversification Fund	\$120M	To fund regional developments	\$115M	\$115M		\$24M	\$91M
		\$2M Specialty Timbers Study		(\$120 M less top two items)			
		\$3M Regional Sawmillers Structural Adjustment					
		\$91M Available for additional projects					
		\$24M Already provided and supported by 26 private sector projects leveraging over \$44M in partnership contributions. ⁹¹					
ForestWorks Ltd	\$15M	Provide transition support payments to workers directly impacted by the industry restructure (from the IGA)	\$45M	\$45M		\$45M	
Employment & Training Support	\$14M - \$25M	To provide immediate employment and training support for redundant workers	\$25M	\$25M		\$25M	
Implementation of IGA	\$43M	\$15M High Quality Sawlog Buyback	\$43M			\$28M	\$15M
		\$5M Consultation with communities.				(\$15M not yet provided)	
Reserve Management	\$7M pa indexed	Additional \$2M pa was committed in December 2012 taking package to \$9M pa from 2014. Funding is only calculated for first 4 years, but is ongoing.	\$34M	\$34M		\$7M	\$27M
Voluntary exists	\$45M	For native forest haulage, harvest and silvicultural contractors, managed by C'wealth.	\$45M	\$45M		\$45M	
Mental Health – provided through Rural Alive and Well	\$2M	Mental health counselling and community wellbeing for forest workers and contractors, families and associated business adversely affected by the change. In addition to the IGA, a further \$1M was allocated in December 2012.	\$2M	\$1.5M	\$0.5M	\$1M	\$1M
Regional Sawmillers Structural Adjustment	\$10M	(as requested by Signatories) \$7M is new allocated funding from December 2012 with an additional \$3M allocated from the Economic Diversification Fund.	\$10M	\$10M			\$10M
Support for employees and contractors	\$20M	(as requested by Signatories) New funding from December 2012 to assist employees and contractors that might be affected by sawmill exists plus those who have previously slipped through the net. Additional to the 'Employment and Training Funding'.	\$20M	\$20M			\$20M
Residues	\$9M	For innovative, ongoing residue solutions environmentally and economically sustainable media to longer term (as requested by the Signatories)	\$9M	\$9M		\$1M	\$8.M
Rescheduled	\$4.8M pa	To enable harvesting of areas essential for wood supply for	\$14.4		\$14.4M		

Harvesting		industry (funded for 3 years) (Signatories requested \$18M)					
Manufacturing Innovation & Development	\$22.6M	To assist industry to transition to a greater use of plantation timber in the longer term	\$22.6M	\$16M	\$6.6M		\$22.6M
Signatory Council, communications, FSC certification & contractor accreditation.	\$7M	(as requested by the Signatories) To support the essential durability elements: Forests Stewardship Council, certification of Tasmanian public forests, the Special Council and its role in durability monitoring and reporting, a communications program to promote the Agreement and Tasmanian forest products, and contractor accreditation program.	\$7M	\$3.5M	\$3.5M		\$7M
Transitional funding	\$15M	(as requested by the Signatories) For roading, forest practices plans etc related to rescheduling; plus funding for movement of residues from south to north in short term to Forestry Tasmania.	\$15M		\$15M	\$15M	
TOTAL:			\$379M	\$324M	\$55M	\$163M	\$216M

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193. The Signatories requested additional funding when signing the TFA in November 2012. The allocation for this funding was outlined in their request and amounted to an additional \$102 million.⁹³
194. The additional funding was granted by the Governments in an announcement by Minister Tony Burke, MP on 11 December 2012 which met the Signatories request.⁹⁴
195. The specifics of the funding package were discussed during evidence before the Committee. The State Government representative before the Committee noted that the packages were developed with consultation between Governments, signatories and stakeholders. Mr McIlfactrick commented
- The other areas we have been working on, which are detailed in our submission, are around the funding issues. There is a bit more detail on where the funding will go. I can assure the committee there has been a lot of consultation with the state government, the Australian Government, Forestry Tasmania and the signatories on the elements of those funding*

⁹² Adapted from the *TFA and IGA Funding Schedule*, the Australian Government Submission, the FIAT Package of 2 November 2012 'Additional Funding Sought by Signatories', the IGA and the State Whole of Government Submission.

⁹³ FIAT response to questions on notice, Funding by Australian and Tasmanian Governments schedule

⁹⁴ Hon Tony Burke MP media release of 11 December 2012

*packages and other elements, and there is alignment that these are the best way forward for the industry and for environmental organisations.*⁹⁵

196. Further evidence was received by the Committee in relation to the State Government position around sawmillers' packages, consultation with the industry and when that funding would flow. Mr McIlfatrick commented

A lot of work is on industry transition additional funding put in place. There are two elements to the sawlog buyback program and the regional sawmill program. We took advice from the regional sawmillers just before Christmas that they would like a bit more thought from their side before the package was put out. So we have taken that into consideration and we will not be putting that package out until we are sure the industry is happy with it. That could be around the end of the month. Certainly on the major sawmilling buyback program there has been a lot of detail work done.

No payment can happen until the Act is essentially agreed to but we have enough work behind the scenes happening to understand that if the Act is agreed then those payments can flow.

*Economic transition: we have additional work happening on economic benefits and I guess the scenarios that go around that.*⁹⁶

Adequacy of the Funding

197. The additional funding package of \$102 million announced in December 2012 to assist in the implementation of the TFA was requested by the Signatories. There was discussion by witnesses around the need for support for sawmillers exiting the industry.
198. \$10 million was requested by the Signatories in their schedule 'Tasmanian Forests Agreement 2012 – Funding by Commonwealth and Tasmanian Governments'. Mr Shane Rice from the Tasmanian Sawmillers Association commented

Ms FORREST - We asked Terry Edwards to provide some information around their funding schedule. The section that relates to the support for sawmillers - the exit packages - in your view is that adequate to achieve? The Commonwealth Government has made some commitments around that.

⁹⁵ Hansard Transcript, 15 January 2012, p. 2

⁹⁶ *Ibid*, p. 2-3

*Mr RICE - After our meeting on Friday we still have the information to go through. At the moment, it does not appear to be enough. The federal government assures us that within the \$10 million offered to the regional sawmillers, it can work. We are waiting on information to come back from them to see how they propose that to happen, but at face value at the moment it will be very difficult.*⁹⁷

And further that

Dr GOODWIN - My understanding of what the governments have agreed to provide is up to \$10 million, but in the ask that the signatories came up with, it was - in clause 15, 'Tasmanian forest regional sawmiller exit assistance grants program' - the funding sought was \$12 million to \$18 million. So potentially there is quite a significant gap there -

Mr RICE - And coming from the information we had received on Friday from a questionnaire we put out to the regional sawmills, our initial figures were more reflective of the requirement. Bear in mind that \$10 million also is proposed to buy access to Cat 1. So the \$10 million is not enough to exit, prima facie, but it is also expected to be used to purchase access to other logs for other resource, which compounds the issue.

Dr GOODWIN - There is a high quality sawlog buy-back of up to \$15 million.

Mr RICE - Yes, Stream one - that is to achieve the 137.

Dr GOODWIN - So that original \$12 million to \$18 million that you came up with was based on a survey of -

Mr RICE – Initially, that was on information we had just gathered. It was an estimate at the time of what we felt was appropriate, without knowing which sawmills were really looking at an exit. We were hoping to be in a position at some stage to be able to offer the sawmills a defined resource or a compensable exit and that they would get the opportunity to make a voluntary choice on which way they wanted to go.

Consequently, that is why there is such a large gap between the \$12 million to \$18 million, as there is a big unknown in that area. But since the Friday of last week's meeting, we can narrow that down to a more precise figure. It is

⁹⁷ Hansard Transcript, 15 January 2013, p. 43

in the vicinity of around \$16 million for those who have shown that they would exit the industry with adequate and fair compensation.”⁹⁸

199. \$15 million allocated to the High Quality Sawlog Buyback program under the IGA also attracted comment from the Tasmanian Sawmillers’ Association, Mr Rice noted

To move on to clause 15 of the sawmillers' exit assistance, obviously that is crucial to us to ensure there are sufficient funds in the restructuring of the industry.⁹⁹

200. With regard to the funding concerns and specifically around sawmillers’ packages, the Whole of Government submission to the Committee stated

In support of clause 15 of the TFA, the Government intends to provide structural adjustment assistance to regional sawmillers who wish to either exit the sector or try and secure more certain supply. An amount of \$10 million has now been committed to the regional sawmillers’ structural adjustment program. Negotiations are well advanced with the Tasmanian Sawmillers’ Association (TSA) around the guidelines for the Regional Sawmillers’ Structural Adjustment Program. The Government remains committed to releasing this program as soon as possible, so that, if the Tasmanian Forests Agreement Bill is passed, then the funding will be able to be rolled out quickly to eligible applicants.¹⁰⁰

201. In relation to funding allocated against the request made, Mr Edwards from FIAT noted

We probably did not get the full funding outcome that we hoped we would get.¹⁰¹

202. Another area where concerns were raised regarding the adequacy of the funding was in relation to the amount allocated for management of additional

⁹⁸ Hansard Transcript, 15 January 2013, p. 44

⁹⁹ Tasmanian Sawmillers Association, 15 January 2013, p. 40

¹⁰⁰ Whole of Government Submission.

¹⁰¹ Hansard Transcript, 15 January 2013, p. 24

proposed reserves created under the TFA. The allocation to manage reserves was increased from the original allocation of \$7 million, to \$9 million per year indexed to CPI from 2014 by the additional funding allocated in December 2012. This was confirmed as follows.

The Commonwealth Government will provide an immediate payment of \$ 7 million to the Tasmanian Government in financial year 2011-12 to support management of the additional reserves. Following formal legislative protection by the Tasmanian Government of the areas of reserve identified in Clause 29, the Commonwealth will provide \$7 million per financial year, indexed to CPI, with a review of the base funding after 5 years.¹⁰²

203. The management of reserves under this funding arrangement was questioned by witnesses. Mr Simon Currant, Chairman of the Tasmanian Tourism Industry Council noted

There are two main issues in this that we have put and we put to you last time. One is land tenure and the other is funding for Parks....

We also are very cognisant that Parks, under most reserve areas and indeed on crown land, have the responsibility of managing those areas. Their funding has been reduced and reduced and they have been given additional responsibility for crown land as well. There is a real squeeze on these people and the proposition, as I understand it, going forward will be that they are going to have to take on whatever comes out of this agreement to manage it and the funding that has been mooted for them is a joke. The amount that has been allocated would not even begin to scratch the annual cost of looking after those areas.¹⁰³

204. In relation to the adequacy of the funding to manage reserves, Mr Kim Evans, Secretary of DPIPWE from the Tasmanian Government noted

Mr EVANS - I will ask Peter to talk in a little bit more detail but the original funding agreement provided for \$7 million to manage the reserves arising out the signatories' process with the final agreement that the Australian Government has committed a further \$2 million. That equates in the order of

¹⁰² Whole of Government Submission,

¹⁰³ Hansard Transcript, 16 January 2013, p. 1

\$16 per hectare. I don't think there is a right and wrong answer about how much money you need per hectare but if you take account of the select committee's report itself, it made a conclusion based on the evidence it had received that \$16 per hectare was the sort of benchmark number.

Obviously with those funds there will be a range of things that we would need to do - the management and protection of infrastructure, the servicing of the reserves themselves, and in terms of staffing, planning, et cetera, not the least of those responsibilities being fire. Peter has quite a well-developed process which he would go through in deciding the priorities and the allocations of resources but I think it is fair to say, based on what we know at the moment, we have made a conclusion that \$9 million indexed and into perpetuity would be sufficient for us to appropriately manage those reserves.”¹⁰⁴

Mr Evans further noted that

You are quite right, though; these funds do not relate to the management of the existing Parks assets and resources. That's a separate matter that would ordinarily be dealt with through the state government budget process. These funds would be to manage the new and additional reserves created as a consequence of this particular process.

Dr GOODWIN - So essentially they'd be quarantined for that purpose.

Mr EVANS - Yes.

Ms FORREST - Wes, you are saying with \$16 per hectare for the new reserve areas. What is the average amount that you currently spend - as a comparative figure?

Mr MOONEY - Currently we spend about \$10 per hectare on our current reserve estate.

Ms FORREST - So there is \$6 more per hectare available for these lands.

Mr MOONEY - The new funding would be a quota of \$6 more per hectare than what we provide now.”¹⁰⁵

¹⁰⁴ Hansard Transcript, 16 January 2013, p 31

¹⁰⁵ Hansard Transcript, 16 January 2013, p. 32

Impact on Local Government (loss of rates)

205. The impact of the TFA on Local Government and their ability to generate revenue through rate collection from FT was also raised. Mr Alan Garcia from the Local Government Association of Tasmania noted

Councils wanted to understand, given there was funding available, how and what should be put into those communities. This wasn't a grab for cash; this was more about getting funding to assist those communities restructure themselves.

And further

The obvious direct impact on councils was that a minimal forest industry in this state means a massive impact at the hip pocket for councils. If you take a council such as Break O'Day, which people don't really think about in the context of forestry, the amount of forest activity there is worth approximately \$360 000 a year in rates. It's about \$300 000 in the Huon - this is Forestry Tasmania, not private, so leave Gunns and private landowners out of it. Break O'Day Council, \$470 000; Central Highlands, a small rate base, \$133 000 - on the basis of their relative rate bases and cumulative rate capacity. Circular Head, \$331 000; Dorset, \$264 000; Huon Valley, \$370 000; and Meander Valley, \$160 000. You might say that comes out of the economy, but remember what's left - a relatively disenfranchised, much poorer community than existed before and ideally to retain the same level of service they had they have to make up those shortfalls. We are talking about a significant financial dislocation directly in those communities. At the point in time when they need more services and support there is an incapacity for councils to provide it in a direct sense.¹⁰⁶

206. The Regional Councils Association noted that figures had been worked out by some Councils as to rate losses from land being placed into reserves. Mr Barry Jarvis, Mayor of the Dorsett Council gave evidence that

We are looking at trying to trim half a million dollars out of a \$12 million budget next year purely to compensate for a downturn in the industry and a downturn in the rates directly from these reserves.¹⁰⁷

¹⁰⁶ Hansard Transcript, 17 January 2013, p. 17

¹⁰⁷ Hansard Transcript, 13 February 2013, p. 26

207. The Governments have allocated \$28 million to the implementation of the agreement and \$91 million to projects under the Economic Diversification Fund. The State Government representative Ms Penny Wells before the Committee stated that reserves were not being created from local government land.

*The bill only provides for land to go into the reserves that are state forest, crown land or state-owned business land, so we undertook that verification process and excluded any private land, any commonwealth land and local government land.*¹⁰⁸

208. The Committee heard from the Regional Councils Association who were considerably concerned with where funding was going within their communities. Mr Barry Jarvis stated

I will refer to the government's document for the first \$20 million, which you all have. You can see some of the most severely impacted communities received not one cent. I know a couple of my fellow mayors are very happy with the funding model because it went to Circular Head and the Huon Valley, but the rest of us have been left out to dry a little bit.

*We need a development strategy for regional communities that are being impacted the hardest.*¹⁰⁹

209. No specific funding reference has been made to direct impacts on Councils through loss of rates created by the industry restructure.

Forestry Tasmania

210. The impacts on the ongoing commercial viability for FT under the TFA was noted by Chairman of the Board Mr Bob Annells as requiring additional funding support.

There is no doubt that these reduced supply levels will challenge our commercial viability. We will need funding support during the transition period, especially for our non-commercial functions. However, we accept that government has made the decision to support the TFA in spite of this

¹⁰⁸ Hansard Transcript, 15 January 2013, p. 15

¹⁰⁹ Hansard Transcript, 13 February 2013, p. 2

*downside in order to achieve the goal of peace between deeply divided stakeholders.*¹¹⁰

211. Mr Norm McIlfratrick noted the Government position

Mr McILFATRICK - We have allocated up to \$15 million to FT and some of that funding has been endorsed by government leading up to the summit to allow us to avoid as much as possible the coupes that will be reserved, but you cannot have a cliff that appears and suddenly work does not carry on and you get a stand-down of workers and closures of mills. That is recognised by the signatories. The fringe groups will certainly or probably object but we have to deal with that.

Mr HARRISS - You have just indicated, as you have said, 'We have done this work' to ensure that FT's rescheduling, if you like, is minimised. What involvement has FT had? I would contend that they are the expert forest manager.

*Mr McILFATRICK -We are taking advice from FT.*¹¹¹

212. Under the funding package, \$15 million has already been provided to FT to assist in rescheduling.

Wood Supply

213. Up until the signing of the TFA, the figure of 155,000 cubic metres was consistently referred to as the minimum supply requirement for industry.

214. A figure of 265,000 cubic metres of peeler billets was also referred to consistently.

215. This was confirmed in the IGA at Clause 17 and prior to that time, the agreement associated with Kelty process.

¹¹⁰ Hansard Transcript, 17 January 2013, p. 32

¹¹¹ Hansard Transcript, 15 January 2013, p. 5

216. Clause 4 of the TFA and Clause 6 of the Bill provide further reductions in the volume of wood supply to 137,000 cubic metres of sawlogs, an unspecified volume of peeler wood supply and an uncertain volume of specialty timber (over the long term).
217. Part 2, Clause 6 of the Bill – Continuing Wood Supply (Production Policy) prescribes the volume of wood to be supplied in order to comply with the terms of the TFA. The obligation in relation to supply under this Clause resides with ‘the corporation’ (FT is not referred to by name).
218. In accordance with Clause 6 of the Bill, Section 22A of The *Forestry Act 1920* is to be repealed and replaced with the following
- a. *For the veneer and sawmilling industries, a minimum aggregate quantity of eucalypt sawlogs, from multiple use forest, that meet the prescribed specifications; and*
 - b. *For a prescribed industry, the prescribed quantity, prescribed type and prescribed specification of other prescribed timber.*
219. Sub-section 2 prescribes the minimum aggregate quantity of high quality sawlog in accordance with Clause 4 of the TFA as follows
- a. *137,000 cubic metres; or*
 - b. *If another quantity is prescribed, the prescribed quantity*
220. In order to fulfil the minimum supply requirements associated with the TFA, the Signatories identified the agreed wood production areas defined in ‘Map A’ and ‘Map D’ to be set aside under legislation. The terminology that is used for the identified areas is ‘*Permanent Timber Production Zone*’ and ‘*Specialty Craft and Timber Zone*’.
221. A series of wood supply scenarios were modelled by FT upon the request of the signatories in order to confirm the supply scenarios in which FT (or a future corporation) could fulfil the minimum supply requirements under the Bill.
222. Underpinning the minimum wood supply volumes from the timber production zones is an increasing reliance on plantation timber resources – Clauses 22-27. It appears there is also underlying assumptions in relation to private forest resources into the future.
223. Underpinning the minimum wood supply volumes are the provisions in the TFA for voluntary industry restructuring (exit assistance for regional sawmillers). The Government confirmed the importance of the voluntary program to buy back

high quality sawlog contracts that had been put in place in order to support the delivery of the 137 000 cubic metre volume on a sustainable basis.

...negotiating the buy back program as soon as possible will help support the introduction of the minimum 137 000 cubic metre volume, as well as assisting timely rescheduling by Forestry Tasmania.¹¹²

224. In their submission, the Government provided a breakdown of the projected wood volumes across a range of wood types under the new wood supply scenario.¹¹³

	Public Estate	Private Estate
Native sawlog volume	Minimum 137 000 cubic metres high quality sawlogs, plus >42 000 cubic metres* lower quality logs	30 000 cubic metres* (includes veneer and special species)
Domestic peeler	160 000 cubic metres	
Export peeler	>157 000 cubic metres	
Native pulpwood	>315 000 tonnes*	100 000 tonnes*
Special species	>10 000 cubic metres*	
Plantation Hardwood sawlog	Significant volumes after 2020	300 cubic metres*
Plantation Hardwood pulpwood	>120 000 tonnes	250 000 tonnes*
Plantation Softwood sawlog	19 000 cubic metres*	384 000 cubic metres*
Plantation Softwood export sawlog	17 000 cubic metres*	
Plantation Softwood pulpwood	255 000 cubic metres*	328 000 tonnes*

225. With this background in mind, there were a number of issues raised in relation to wood supply that the Committee considered during the course of the inquiry.

High Quality Sawlog Supply

226. Of primary interest to the Committee was the reduction in sawlog volumes to a minimum of 137,000 cubic metres and whether this figure was sustainable.

¹¹² Whole of Government submission

¹¹³ *Ibid*,

227. The figure of 137,000 cubic metres volume was derived from a series of modelling scenarios completed by FT during the course of negotiations upon the request of the Signatories.
228. In its submission to the inquiry, the Government confirmed its continuing support for the wood supply volumes outlined in the Bill and the TFA. The Government did however note some conditions associated with the ability of the 'corporation' to supply the minimum wood supply volumes into the future.

Forestry Tasmania has advised the Signatories that, in order to meet this minimum requirement, 7000 cubic metres of sawlogs will need to be sourced through traditional cable logging for the next 15 years. The Tasmanian Government has agreed to initially provide up to \$4.8 million a year over the next three years to Forestry Tasmania to enable the harvesting of these areas to supply sawlogs at no additional cost to industry.¹¹⁴

229. This starting position was tested during the course of the hearings. Signatory Mr Vica Bayley from the Wilderness Society expressed his concerns with the Government position.

The evidence before the signatories from Forestry Tasmania is that there is alternative wood to that supplied by cable harvesting. There is absolutely sufficient in-spec high-quality sawlog according to the modelling provided by Forestry Tasmania to provide more than 137 000 cubic metres of sawlog for sawmills, but at this point the industry is refusing to accept that. That is their prerogative, but there are alternative wood supplies. Also, this is not a blank cheque; we have not signed a blank cheque. If we have concerns and problems with cable harvesting or clear-felling we have a right and a responsibility to raise those concerns, but via this agreement we have decided that we won't do it by media release or by individual representation to government to try to change the law. We will do it via dispute resolution via the signatories' internal process. We are genuinely trying to change the paradigm here where we do not run straight to the media to try to get our way; we try to continue the paradigm we have created in articulating our concerns, understanding each others' issues and trying to resolve them in a collaborative and consensus-based way.¹¹⁵

¹¹⁴ *Ibid*, p. 10

¹¹⁵ Hansard Transcript, 16 January 2013, p. 20

230. More broadly in relation to the minimum supply volume that was arrived at, another signatory, Forest Industries Association of Tasmania (FIAT) Chief Executive Officer Mr Terry Edwards, explained his organisation's rationale behind supporting the reduction in volume and confirmed it was a difficult negotiating point in relation to the TFA.

*In exchange for the reduction in wood supply to industry we asked for a number of durability issues to be resolved to our satisfaction. They were resolved.*¹¹⁶

231. Mr Shane Rice from the Tasmanian Sawmillers Association outlined the complexities associated with meeting the minimum supply volume in relation to the sawlog volumes. Mr Rice also highlighted the importance his Association placed on the voluntary industry restructuring Clauses of the TFA in order to ensure enough supply was maintained.

*Through the negotiations we were of the understanding that there was sufficient contracted log volume offered back in the vicinity of 59 000 cubic metres below the 137 000 cubic metres required to the extent that there should be 28 000 cubic metres available to reissue back to the regional sawmillers or sawmillers generally. That was our expectation that they would mean the area that the regional sawmillers fit within the restructured industry and still achieve the 137 000 and not anything in addition. Since then we have become aware that the Government only intended to buy down to the 137 000 and not anything in addition. So that has put us in a precarious situation where we find ourselves at the moment with no category 1/3 log resource.*¹¹⁷

232. Mr Ken Padgett from the Tasmanian Forest Contractor's Association provided a different perspective in relation to the overall reduction in sawmill volumes in Tasmania.

In terms of sawmillers, if you take Gunns out of the equation – Gunns took themselves out – the business has always been around 150 000 – 160 000

¹¹⁶ Hansard Transcript, 15 January 2013, p. 24

¹¹⁷ Hansard Transcript, 15 January 2013, p.39

*cubic metres to other millers. I really see a great opportunity for the millers who remain.*¹¹⁸

233. The Committee was also intent on clarifying FT's position on the minimum volume. The Chairman of FT Mr Bob Annells confirmed in his evidence that the figure of 137 000 was deliverable although it was noted that there were concerns and conditions associated with their capacity to supply the prescribed minimum volume. This did not provide the Committee with a great deal of confidence in relation to the long term ability of FT to deliver the minimum volumes.

*We are certainly saying the 137 000 from the productive forests that are left is tight, but it is manageable. We have no crystal ball if there is some fundamental change in forest practices or in another area like environment or water or whatever because then the whole thing would be back on the table because we would not be able to meet our legislative requirement. It would have to come back to parliament because we would be in breach.*¹¹⁹

Low Quality Sawlog Supply (Category 2 & 8)

234. Although much attention has been given to the issue of high quality sawlog supply under the Bill (category 1 and 3), the important issue of the low quality sawlog supply (category 2 & 8) was considered by the Committee.
235. The issue of category 2 & 8 sawlogs was of primary concern to the Tasmanian Sawmillers Association, who was the main stakeholder to raise the issue in their evidence.
236. The Tasmania Sawmillers Association highlighted the importance of supply certainty for Category 2 and 8 low quality sawlogs to maintain a number of viable businesses as part of their written submission. They noted the importance of the lower grade sawlogs and the risk of the resource being '*vulnerable to leakage for example as export peeler logs*'.¹²⁰
237. They highlighted the importance of resource security as negotiated under Clause 5 of the TFA which states.

¹¹⁸ Hansard Transcript, 15 January 2013, p 51-52

¹¹⁹ Hansard Transcript, Mr Bob Annells, 17 January 2013, p49

¹²⁰ Tasmanian Sawmillers Association Submission – 18 January 2013

The Signatories acknowledge the requirements of regional sawmills for secure supply of low quality sawlogs (Category 2 and Category 8). These log grades are to be prescribed in legislation in accordance with Forestry Tasmania's current specifications.

238. The Tasmanian Sawmillers Association raised concern with the lack of reference in the Bill to these categories of sawlogs.

We are concerned about leakage going into other products - export peelers and the like - so we are after the cat 2 and 8 specifications as Forestry Tasmania's specifications of 24 October 2012, which from my understanding are still the current specifications. We need those specifications in legislation so if we identify logs going into other lower-grade products, once again the sawlog, even the low-quality sawlog, the stumpage would give the state a higher return than export peel log, for argument's sake, or a pulp log. So, it comes back to our view that it should be in the state's interest. Obviously it is in our interest that all these logs are identified rather than going to a lower-grade product.¹²¹

239. The Government confirmed in their written submission that the Tasmanian Sawmillers Association had ongoing concerns in relation to their resource security that were still the subject of ongoing negotiations.

Negotiations are well advanced with the Tasmanian Sawmillers Association (TSA) around the guidelines for the Regional Sawmillers Structural Adjustment Program. The Government remains committed to releasing this program as soon as possible, so that, if the Bill is passed, then funding will be able to be rolled out quickly to eligible applicants.

There are, however, a number of issues around funding and future sawlog supply which the TSA are seeking more certainty around before they are willing to finalise these negotiations.¹²²

240. Avoca sawmiller Mr Grant Richardson provided his own personal account as a regional sawmiller in his written submission, of the need for industry assistance

¹²¹ Op.Cit. p.37

¹²² Op.Cit. p.17

and confirmed his support for the TFA and for financial assistance to exit the industry in order to meet the reduction in volume that is required.

241. The Committee also received submissions opposing the TFA that noted their support for financial assistance for sawmillers seeking to exit the industry. This included a submission from country sawmiller Mr Todd Blair – DJ and PH Blair and Sons.
242. The Tasmanian Sawmillers Association also noted the assumptions associated with their required wood supply as part of the industry transition process.

During the course of negotiations the Industry Signatory Representatives made clear the position of Regional Sawmills. The supply need is not less than 20 000 m3 of HQSL available to Regional Mills ie. Those mills without long term wood supply contacts for HQSL. This can now only be achieved through the “STREAM 1 HQSL Buy Back Program” and relies on a sufficient volume being offered for surrender in addition to 30 000 m3 to be paid out by the Commonwealth Government. Initial expressions of interest revealed a buyback (surrender offer) of 59 000 m3 from existing holders of long term wood supply contacts. In doing so the target figure of 137 000 m3 could be achieved (168 000 m3 less 59 000 m3 + 28 000 m3).¹²³

Industry Growth

243. The issue of future industry growth from native forest wood supplies was considered in the context of the prescribed minimum wood supply volumes.
244. Mr Norm McIlfratrick noted the Government position on the question of future growth and effectively ruled out any industry growth being derived from the public native forest sector.

There is definitely a need and an understanding that in the future there will be plantation hardwood and pulpwood coming from private forests, which was happening anyway under the RFA and other things, and over time plantations would substitute for native forests but certainly under the bill there is not an allowance for the minimum 137 000 cubic metres to grow over time. That will be substituted by private estate and by plantation resources.¹²⁴

¹²³ Op.Cit. p.4

¹²⁴ Hansard Transcript, 15 January 2013, p.15

245. This evidence supported the view of a limited volume native forest industry (at best) derived from public land in which the term 'minimum 137 000 cubic metres' was at best optimistic. This supported the view that the industry could only grow through negotiated outcomes with private land owners or the expansion of the public plantation estate over time.

246. Dr Hans Drielsma from the Australian Forest Products Association also expressed an opinion in relation to the prospect of future growth.

*The downside risk now is much greater than the upside risk. There is virtually no upside in terms of growth. We can assume, pretty confidently, I think that 137 000 is the maximum that will be produced at least in the next couple of decades, probably for the next 50 years, from the estate and if we do not manage it carefully and make sure that other things do not impact on it, it could be less.*¹²⁵

247. Mr Shane Rice from the Tasmanian Sawmillers Association also expressed a view in relation to the potential for growth associated with the TFA.

Mr MULDER - So these volumes, which would have a high-quality saw log involvement, the 137 and the bit of that that is high-quality saw logs, is an insufficient supply to maintain, let alone grow the sawmilling industry?

*Mr RICE - It is insufficient. Before we go down to the 137, the current volumes are insufficient to maintain the industry as it is. For more than 12 months, sawmills have been inadequately supplied logs to be viable businesses. It is anecdotal, but the majority of our members and non-members that we met the other day all assure us that markets are acceptable; they are a little bit soft, but not too bad considering. The markets are part of business cycles and we can all wear those.*¹²⁶

248. In general terms, a number of submissions raised concerns about putting additional volume limitations that would inhibit the future expansion of the native forest industry.

¹²⁵ Hansard Transcript, 15 January 2013, p.37

¹²⁶ *Op.Cit.* p.40

Specialty Timber

249. The issue of specialty timber resource allocation under the Bill and the TFA was a significant concern raised during the course of the inquiry.
250. Specialty timber wood supply is a complex issue. The specialty timber sector is currently reliant upon the FT Special Timbers Strategy 2010 to meet their ongoing supply requirements. Under the strategy, the intention has been to maintain an ongoing long-term supply of special timbers from a new special timber zone of approximately 100,000 hectares that would include
- a. About 80,000 hectares of blackwood forest and rainforest that is managed to optimise the production of special timbers on a sustainable basis;
 - b. About 20,000 hectares of eucalypt forest rich in special timbers to ensure maximum recovery and the continued representation of special timbers within the regenerated stands, which will be grown for at least 200 years;
 - c. Using non-clearfell silviculture to the maximum extent feasible, consistent with species requirements for health regeneration and the health and safety of forest workers;
 - d. Creating additional special timbers sources by enhancing the future production of blackwood from selected regrowth areas.
251. Under the strategy, the annual supply targets (aspirational) for special timbers species millable logs have been in accordance with the following table.

Table 2. Annual supply targets for special timbers millable logs for the ten-year period to 2019.*

Species	Annual volume (m3)
Blackwood	10,000
Silver Wattle	500
Myrtle	500
Sassafras	500
Celery-top pine	500
Huon pine	500
King Billy pine	Arising only
Other species (including figured eucalypt)	Arising only

** Millable logs include 'Category 4' sawlogs and 'utility' logs.*

252. The majority of special species wood supply is extracted from the Murchison and Huon districts, reflecting the limited areas in which the resource can be extracted.¹²⁷

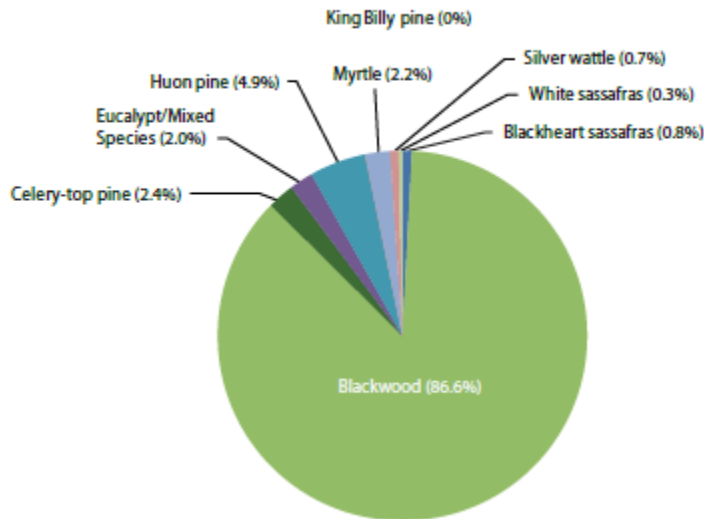
	Bass	Derwent	Huon	Murchison	Total
Special species(m ³)	84	381	756	11,265	12,486

253. The ability to supply certain special species has trended downward over time, with the exception of Blackwood supplies. For this reason, ongoing certainty of resource supply has remained an ongoing concern for those stakeholders involved in the sector that require certainty of reasonable supply volumes. The exception has generally been those business or individuals involved in the sector that have required negligible supply volumes for small scale enterprises.¹²⁸

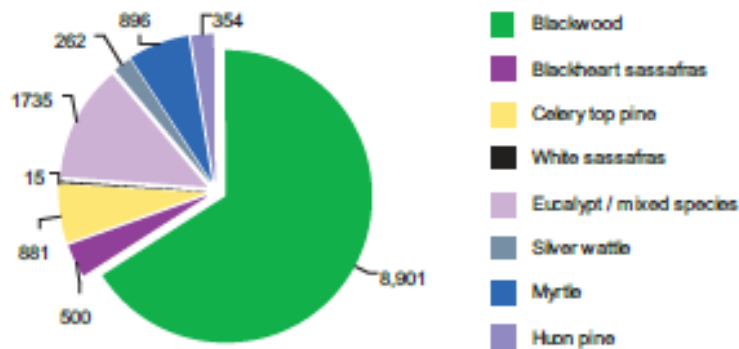
¹²⁷ Forestry Tasmania Stewardship Report 2011/12

¹²⁸ Forestry Tasmania Stewardship Report 2011/12

Production of special timbers sawlogs in 2011/12



Production of special timbers sawlogs in 2008/09.



254. It is noted that a representative from the specialty timber sector is not a signatory to the TFA.

255. Consistent with other aspects of wood supply volumes, earlier stages in the process, such as the IGA, referred to a minimum supply objective for the specialty timber sector, although it was couched in aspirational terms. Clause 17 of the IGA noted that

A specialty timber supply, noting that the industry claim is 12,500 cubic metres per year, subject to verification.

256. Although the wording of this Clause may be open to some interpretation, it is reasonable to conclude that it should be read as the Government supporting a supply volume of 12,500 cubic metres per annum, but that this would be subject to verification.

257. The TFA also refers to specialty timber requirements at Clause 4(3), but notably, did not prescribe a minimum volume. Instead, Clause 9 detailed a process to determine the required yield involving ‘the Forest Manager; and the Stakeholder Council after the Bill had been passed’.
258. The only comfort found in the TFA for the specialty timber sector is at Clause 7 and 8, which identifies an area of 37,954 hectares of land under Signatories Maps A and D, to be designated as a ‘Specialty Craft Timber Zone’.
259. The relevant Clauses in the Bill in relation to the specialty timber sector are limited to the following
- a. Clause 8 of the Bill – Amendments to forest management plans which prescribes ‘*To the extent that existing forest management plans are inconsistent with Clause 8 of the Tasmanian Forests Agreement in relation to forest production management, including special craft and timber zone land, the Minister is to direct the Forestry Corporation to prepare and submit a proposed amendment to those forest management plans to remove that inconsistency within 12 months, or such other period as the Minister may determine, from the commencement of section 7.*
 - b. The other reference is under Schedule 1 – Vision for Tasmania’s Forests at Clause 3, which states ‘*A sustainable annual supply of high and low quality hardwood sawlogs, peeler billets and special species timber from native forest and plantation sources on State forests in accordance with the terms of the Tasmanian Forests Agreement 2012.*
260. Of significance when comparing the specialty craft timber zone designated area with the original objectives of the 2010 Specialty Timber Strategy, is a notable reduction in the identified land area. Mr Steve Whiteley from FT commented on the reduction in area

At the moment we have remaining around 35 000 of the original 100 000-odd in the production zone so defined. Within the other identified special timbers craft zone, of 38 000-odd about 23 000 of that coincides with the previously identified special timber zones. Probably 60 000 hectares is available, so a little over half.¹²⁹

¹²⁹ Hansard Transcript 17 January 2013, p39

261. The Committee also noted with concern the difficulties raised by FT in relation to their ability to provide the ongoing wood supply level in accordance with the 2010 strategy on an interim basis. Mr Whiteley stated the following in relation to this issue.

Mr WILKINSON - Clause 4(c) of the TFA requires the interim supply of SST in accordance with the FT special timbers strategy of 2010. I have some figures here: blackwood, 10 000 cubic metres; silver wattle, myrtle, sassafras, celery-top, 500; Huon pine, 500; and king billy, arisings only. Can you provide an assurance that FT can meet that supply obligation given the proposed reserves area?

Mr WHITELEY - No is the short answer. There is obviously an impact on that so the proposal in the TFA is that there is a reassessment made. There is a view in the short term in terms of customer needs that that should be the prescribed level. As I have indicated, at present because of the rescheduling activities a much lower level of activity is possible and we need to remedy that. At present there is nowhere near that level of supply likely to occur in the next 12 months or the following period without significant work and potentially some review of some of the restrictions in place currently.¹³⁰

262. Former FT employee Mr Michael Wood expressed similar concerns with the uncertainty associated with the wood supply for the specialty timber sector during his evidence (in a private capacity).

My clear understanding is that at least half of the area that has been nominated for the specialty timber and craft zone contains relatively little, if any, special timbers. Why it has been nominated I do not know, but I think it creates significant issues for this particular group of stakeholders. We are talking about a flagship sector of the Tasmanian timber industry of course, and I think that's another gross oversight which has to be fixed.

The opportunity to fix it might be gone if the land that we are talking about immediately gets put into protection zones and is on a path to reservation. To say that the answer is that Forestry Tasmania would be given some money to do a review of its resource and come up with some new numbers isn't enough because the new numbers would just be smaller than the old numbers. What

¹³⁰ Op. Cit. p.34

*is really needed is something that delivers some certainty to that sector of our industry and community about the resource that they rely on. The thing that I would be very careful of and which may well not be sufficiently transparent, is that you may end up with an acceptable number for the quantity of special timbers that could be available and it will be composed almost entirely of blackwood and silver wattle. The risk that we face is that we make a decision that sounds like it has done the right thing by the specialty timbers community but includes almost no myrtle, sassafras, celery top pine and all the other species. I think that's a very real risk.*¹³¹

263. The Committee also noted that although there may in theory be specialty timber resources available outside of this designated zone in the short term, those wood production zones would be unlikely to support a sustainable specificity timber production volume if they are managed under high rotation management planning.
264. Compounding this challenge was the announcement by Federal Environment Minister Tony Burke MP of the decision to proceed with the World Heritage nomination extension application. Mr Steve Whiteley advised the Committee of their assessment of this development as it related to the specialty timber resource.

Mr WILKINSON - It would seem to me that a great deal of specialty timber is in the new World Heritage area. We don't have much say on the World Heritage area listing because it is in another jurisdiction. Therefore, is there enough specialty timber left in the areas outside world heritage to properly support the industry?

Mr WHITELEY - I am just referring to something I was sent this morning, which was something we have just done. Of the 100 000-odd hectares that were identified there are about 15 600 of those picked up in the world heritage area claim.

Mr WILKINSON - And in amongst that there is significant cubic metres of specialty timber trees?

Mr WHITELEY - Yes, it was within the eucalypt component, so there was the mixed eucalypt which is the most accessible part of the current special timber

¹³¹ Hansard Transcript 13 February 2013, Mr Michael Woods, p.1

*supply; there is about 18 000 hectares previously identified and around 6 600 hectares of that is part of the World Heritage Area, so quite a significant proportion of the currently most accessible areas. Of the rainforest areas which generally were currently less accessible but nevertheless rich in special timbers it was around 9 000 of 71 000 hectares, so again a reasonable proportion has been picked up in the World Heritage Area.*¹³²

265. The Government confirmed in their written submission that although financial support was to be provided to the sector after the introduction of the Bill, the Government did not currently have a plan in place to support the sector.

*The Governments have agreed that the Australian Government will provide \$2 million, from the Economic Diversification Fund, to support the development and implementation of the special timbers plan.*¹³³

266. Of concern, the role of advising the Minister on the specialty timber sector is to reside with the Special Council under Part 4 of the Bill, but of note, does not include a prescribed membership from the specialty timber sector.

It is intended that the Special Council, to be established under Part 4 of the Bill, will be responsible for providing advice to the Minister in relation to the review of the special timber yield and preparation of the special timbers management plan.

267. This concern is reinforced under Clause 9 of the TFA and was raised in evidence by the President of the Tasmanian Special Timbers Alliance Mr Andrew Denman.

*With the agreement now being drawn up and signed, we are finding that the specialty timber issue has still not been sufficiently dealt with. Clause 9 enables a group of the signatories, with no special timber experience, to decide the fate of my industry.*¹³⁴

¹³² Hansard Transcript 12 February 2013, Mr Steve Whiteley, p.58-59

¹³³ Whole Government written submission, p 16

¹³⁴ Hansard Transcript 5 February 2013 – Mr Andrew Denman, p1

268. Mr Denman went on to highlight his concerns with the lack of consideration of the specialty timber resource requirements as part of the TFA.

*I have looked long and hard through every bit of documentation that is available in the public arena and I cannot find one scrap of evidence to show that the signatories have considered properly the needs of the specialty timber industry. There has been no demand study. There has been no verification of the amount of timber that is required. We have heard in evidence from Steve Whiteley, of Forestry Tasmania, that FT does not know what timber is out there. We had evidence last year from Mike Peterson, the man who is responsible for mapping the special timber resource in Tasmania, and who is probably the best expert that we have. He said that there was virtually no specialty timbers contained within the proposed specialty timber and craft zone and what is there may support a small cottage industry, and that is about it.*¹³⁵

269. Mr Denman did however outline what he viewed as a solution to the problem through amendment to the Bill.

*All we are asking is for those areas that contain specialty timbers that are known to provide our industry with its supply, let us not reserve them now. We are not saying do not reserve them - let us not reserve them now, let us put them into tranche two, or wait until such time as the socio-economic impact study has been done, the industry demand study has been done and the mapping of the resource has been completed. Not just doing the high level, up in the sky, desktop audits, that have been done so far. We want to see boots on the ground.*¹³⁶

270. Mr Bern Bradshaw noted his concerns for the future of the specialty timber sector more generally arising from the TFA in his written submission.

271. The Committee also sought to clarify the ENGO signatory perspective on the question of a future specialty timber industry in Tasmania. Dr Phill Pullinger from Environment Tasmania appeared to provide a degree of support for the industry post Bill implementation subject to a number of conditions.

¹³⁵ Ibid p.2

¹³⁶ Ibid, p.31

The specialty timber issue has been a very difficult one in the negotiation process. It is clearly recognised from us that the specialty timber and craft sector is critically important for Tasmania and a critically important part of the industry. On the other hand, there is also a balance there around the fact that there would be a big marketing challenge if you had the industry based around the logging of World Heritage rainforests, for example. It was a pulling point or tension in the negotiation process and a lot of back and forth. Where the signatories landed was in relation to clause 4c, that there will be a yield of specialty timber needed to meet the supplies for the industry and that yield will be determined by the process outlined in clause 9. Pending that determination the supply targets in the interim will be as per the FT special timbers strategy.

And that

In addition to the 500 000 hectares of native forest in the permanent timber production zones there is also that special zone outlined in the agreement to be looked at. A lot of that area is very sensitive in terms of its nature conservation values and we were very sensitive in terms of its nature conservation values in the negotiations because some of that stuff came up highly on the conservation assessment but because the industry pushed us very hard in the negotiations around the specialty timber and gave us assurances that this zone and the way it was managed would be looked at very carefully, we were prepared to make that concession in that zone. There is a lot of work that needs to be done in that process. ¹³⁷

Peeler Wood Supply and Ta Ann Tasmania

272. The interests of Ta Ann have been central to the negotiations associated with the TFA and the Bill, given they are the major customer for peeler billet log supplies in Tasmania.
273. Clause 4 (b) of the TFA confirms the terms of the peeler wood supply but does not prescribe a wood volume due to the need to renegotiate Ta Ann's contract in the event that the Bill is passed (requiring compensation from the Commonwealth).

¹³⁷ Hansard Transcript 16 January 2013, p11

274. Ta Ann are motivated by two major interests associated with the TFA. Firstly, the issue of compensation to extinguish parts of their existing wood supply contract entitlements with FT is of paramount interest to them.
275. Secondly, is Ta Ann's belief that the TFA will deliver certainty to their overseas markets.
276. Ta Ann established two rotary veneer mills in Tasmania in 2007/08 (Southwood sites). The first mill was established in the Huon Valley and the second in Smithton the following year.
277. The establishment of the mills followed a decision by the Tasmanian Government through FT, to pursue downstream processing opportunities in Tasmania, for wood that would previously have been classified as pulpwood.
278. This in turn had followed long term criticism of the Tasmanian forest industry by some observers, in relation to the reliance the industry had historically placed on the export woodchip market, in the absence of downstream processing in Tasmania.
279. The following chart outlines Tasmania's veneer exports which includes Ta Ann and some other minor veneer exporters.

Table 6.1.d.1 Wood products exported from Tasmania

Product		2006-07	2007-08	2008-09	2009-10	2010-11
Roundwood	Quantity (m ³)	404 000	123 100	28 400	69 600	239 700
	Value (\$)	18 200 00	13 263 000	4 338 000	4 299 000	24 364 000
Sawnwood	Quantity (m ³)	15 000	16 300	12 000	13 400	12 600
	Value (\$)	12 835 000	14 300 00	11 083 000	11 445 000	11 146 000
Woodchips	Quantity (tonnes)	2 241 800	2 410 895	1 979 415	1 586 771	1 459 300
	Value (\$)	366 362 000	393 926 000	344 548 000	252 790 000	227 708 000
Veneers	Quantity (m ²)	21 900	33 500	84 800	88 300	116 730
	Value (\$)	14 034 000	13 532 300	32 368 000	38 542 000	45 999 032
Particleboard	Quantity (m ³)	9	20			
	Value (\$)	8 230	10 348			
Doors and Frames	Quantity (number)	No	Data			
	Value (\$)					
MDF	Quantity (m ³)	Manufacture	ceased	in	previous	report
	Value (\$)		period			
Paper – Printing/writing	Quantity (tonnes)	37 300	42 400	27 500	47 900	2810
	Value (\$)	37 164 200	42 085 500	27 609 300	43 232 800	2 986 872

Source: ABARE (Data was sourced from the ABARES through both published and unpublished data. Where possible the ABARE publication 'Australian Forest and Wood Products Statistics' 2006 & 2011 were the sources.

Source: State of the forests Tasmania 2012, FPA, October 2012.

280. According to the recent economic study completed by Dr Bob Smith, Dr Tony O'Hara and Mr Martin Farley, Ta Ann employs 91 persons at the mills for the processing of 157,000 cubic metres per year.¹³⁸
281. Since the establishment of the mills, Ta Ann Tasmania has been the subject of ongoing domestic and international protest action in relation to their Tasmanian operations, which had continued to impact upon their business operations. The protest action in relation to Ta Ann Tasmania has also sought to link the forestry activities of their parent company in Malaysia.
282. Ta Ann's export contracts have consistently focused on the Japanese markets.
283. Executive Director Mr Evan Rolley spoke of the challenges associated with the development of new markets during the course of his evidence.

*Markets are not developed like a corner store where you refit, refurbish, bring in supplies and open the door and customers walk in. Markets for wood products, whether national or international, require many years of work. There are significant barriers to entry, technical barriers, user and supplier relationships that have to be built up, supply chains that have to be established and competitive positions developed. It is not an easy thing to develop markets.*¹³⁹

284. Ta Ann was clear in its evidence that it required market certainty in Japan on the basis of the expectations or demands of their customers there. FT Chairman Mr Bob Annells confirmed this position in his evidence from his recent visit to Japan with Ta Ann and representatives from the ENGO signatories.

These people were very well informed, scarily well informed, and some of the questions we got were extremely penetrating. How would I imagine two people from Panasonic would turn up if they had made their mind up that they were out of here. They can get their product from a lot of places. They do not have to get it from Ta Ann. I took in the fact that these people had turned up. I might say there was another major customer who did not turn up and said,

¹³⁸ Key Socio-Economic Impacts in Transitioning to Wood Supply Arrangements Detailed in the Tasmanian Forest Agreement (TFA), 11 February 2013, p.12

¹³⁹ Hansard Transcript 28 February 2013, Mr Evan Rolley, p.21

*'When you have peace in the forests secured, then we will talk. We are not coming to a talk fest'. They knew where this process was.*¹⁴⁰

285. Although the Committee was not privy to the details of Ta Ann's commercial arrangements, it was apparent from the evidence that Ta Ann does not currently have a business with diversified clients within the international marketplace and they are exposed to a variety of risks associated with the Japanese market.
286. Ta Ann was very clear in its evidence of the importance of the Bill being passed to the security of their future in Tasmania. There were two aspects to their concern; their 2013 supply contracts and the long term future of their veneer mills in Tasmania.
287. Ta Ann noted the following points on these issues in their written submission.

TAT was specifically asked by the Legislative Council members what would happen if the legislation was not passed before 31/12/12. We replied that we expected Tasmania would lose international orders for timber flooring products as Catalogues for 2013 season in Japan could not be reliably filled with committed Tasmanian supply. Whilst this advice has been interpreted as a "threat", the commercial reality is that it has happened with formal notification in late December 2012 that another customer is removing Tasmania hardwood product from sale in Japan due to perceived "sovereign risk".

*The Company was also asked about the future of the two hardwood veneer mills under current commercial arrangements if the legislation was not passed by the Legislative Council. TAT replied to the Legislative Council that it expected that it would have to close down business operations in Tasmania. Some have commented that this was "just another threat" but again the commercial reality is that had it not been for the extra ordinary efforts from State and Federal governments, Forestry Tasmania, Unions, our employees and the ENGO's, the decision to close would have already been made.*¹⁴¹

¹⁴⁰ Hansard Transcript 12 February 2013, Mr Bob Annells, p.42

¹⁴¹ Ta Ann Tasmania written submission (undated)

288. FT was questioned at hearing about the consequences for its business should Ta Ann exit Tasmania. Managing Director Mr Bob Gordon said in response to that scenario

CHAIR - If Ta Ann packed up and went if this bill did not proceed, they are probably your major customer now with Gunns out of the equation, so what would that mean to Forest Tasmania's business with them out, presuming there was no replacement for the value-added downstream processing?

Mr GORDON - It would be very difficult to keep the harvesting contractors profitable because we pay them a higher rate per tonne for segregation of high quality sawlogs and Ta Ann peeler-grade logs. We would have to downgrade that product into woodchip logs which is where it came from originally before Ta Ann because all the logs they take used to be classified as pulpwood-grade logs and I suspect we would have great difficulty keeping a viable forest industry, in my view.¹⁴²

289. FT were also questioned about the take or pay provisions in its contract with Ta Ann in the current circumstances and the impact on FT. Mr Annells noted the current situation

They are not going to take it and I doubt whether we could supply it at this time because there is a direct relationship in many ways. The economic provision for us of that amount of wood to Ta Ann is dependent upon taking a much higher level of sawlogs out. I think that's a bit academic. The issue for us about 'take or pay' is we have come to an arrangement with Ta Ann which gets us through to 30 June this year. We won't be enforcing the 'take or pay' in that context but there are other benefits that they are giving us, which is commercial in confidence here so I am a little constrained. I am very happy with the position we have arrived at with Ta Ann between now and 30 June. Beyond that all bets are off. We need to see what happens with this legislation.

We need to see what [happens] if the legislation doesn't get up. There will be as well issues to do with the commonwealth buyback funding scheme and whether they come to an agreement with Ta Ann. We are not party to that. So there is a whole range of things that will come to fruition between now and

¹⁴² Op.Cit. p.48

30 June. *That will go to the question of whether Ta Ann and we ourselves are back at the negotiating table over 'take or pay'. It's not clear-cut and there is no point in driving Ta Ann to the wall over an issue which, quite frankly, is likely to cause us just as much pain as them in trying to provide the supply.*¹⁴³

290. Although the broader question of durability will be discussed separately in this report, Ta Ann also spoke of their experience in relation to the preliminary commitment of the ENGOs to supporting their Japanese markets. Executive Director Mr Evan Rolley said of the experience to date

The final point to make to members is one of the interesting side benefits of the period since the agreement was first struck is that we sit here now, some months after the initial agreement between the parties, and while there are varying degrees of scepticism about the durability of the agreement, on the evidence our company has the ENGOs have delivered on every single commitment they have made.

You are aware of the letters that were prepared and sent to our market last year. We have briefed you on the preparedness to come to Tokyo and speak in favour of our company, our operations, and of the agreement. Only a week or so ago further letters were prepared and sent from the ENGO signatories in support of our company in the market.

*We based our view about the future on the evidence of the durability and the commitments that have been given to us and on the evidence the ENGO signatories have delivered on each of the issues at critical times, even though they have been subject obviously to some significant other criticisms that we are all aware of.*¹⁴⁴

291. The ENGO Signatories were also questioned about their commitment to Ta Ann as part of the TFA. Mr Vica Bayley from the Wilderness Society said of his organisation's support and commitment

We have made a number of public statements. Going back even before the signing of the agreement, around Ta Ann for example, we acknowledge the legitimacy of Ta Ann and the fact they are going to be a part of the future

¹⁴³ Op.Cit. p.52-53

¹⁴⁴ Op.Cit. p. 27-28

*forestry industry landscape in Tasmania. We have written letters to Ta Ann's Japanese customers asking them very clearly to hold tight, not to cancel any contracts that would adversely affect Tasmanian companies. That is in the context of the negotiation. That has always been about 'there is a negotiation happening; there is this great opportunity; we are not there yet but hold tight over that period'. We will continue to do that kind of thing throughout this extended period of non-implementation of the agreement and the legislation. We will absolutely continue to reassure not only international markets but domestic markets that there is this agreement; it offers great opportunities; these are the conservation outcomes; these are the industry outcomes; these are the community outcomes, and we ask you to hold tight until we get a decision one way or the other as to whether the agreement is going to be implemented.*¹⁴⁵

292. By contrast, the position of some non-signatory ENGOs with influence in the overseas markets was also tested during the course of evidence. Ms Jenny Weber from the Huon Valley Environment Centre said of Ta Ann

*Definitely our actions will remain exactly the same on the issue of Ta Ann. We are very much in opposition to that company and we don't see that we have a future here in Tasmania that is based on ethics with Ta Ann being here. We are very concerned about the future of Ta Ann being here and the environmental endorsement they will receive out of this agreement. Furthermore, we remain committed to being in the forests and seeing what is going on in those forests; that is what we do. We spend time in those forests and assess the values and we will respond as we see what happens regarding environmental threats.*¹⁴⁶

293. Ta Ann was also questioned on the issue of protest action by Japanese ENGOs that were also not party to the TFA.

CHAIR - In that respect as to durability, I am aware of an organisation in Japan called the Japan Action Network. Are they on board with where you're travelling?

¹⁴⁵ Hansard Transcript, 16 January 2013, p. 26

¹⁴⁶ Hansard Transcript 12 February 2013, Ms Jenny Weber, p.4

Mr ROLLEY - Japan Action, JATAN and others have thus far been in the Markets for Change camp. One of the tasks the environmental signatories to this agreement has - I know it's understood because the ACF has flagged it - is that they will need to sit down with their counterpart organisations in Japan, subject to the legislation being passed, and resolve with them that question of their current support. At the moment they are still in that Markets for Change-Huon Valley Environment Centre court. You will see their letterhead in some of their publications. That is clearly one of the tasks for the signatory ENGOs if the legislation is passed - to draw that together at the international level either directly in Japan or through the OECN. I know that is understood to be a task and would be one of the signs of the durability if that was delivered.

I absolutely understand there will continue to be people outside the process who will be critical of it. As a company the judgment we've made is whether we have the vast bulk of support with the ENGOs who are at the current table. At this stage we appear to have that support.¹⁴⁷

Wood Residue

294. One of the significant issues of concern to the Committee has been the issue of wood residue (also referred to as arisings).
295. The wood residue market has been affected by a range of factors for some time including the Australian dollar, market conditions (including low native woodchip prices), protest action and the closure of the Hampshire and Triabunna mills.
296. This has resulted in significant trading difficulties for the producers of wood residue (from FT to small regional sawmillers), given the importance of residue to their overall business on the basis of
 - a. Cash flow;
 - b. Capacity to physically dispose of residue.
297. The closure of the mills created the greatest challenge for operations in southern Tasmania, to be able to economically dispose of their residue, and resulted in the subsidy by Government for the transport of residue to northern Tasmania for export.
298. Residue has also increasingly been left on the forest floor due to there being no mechanism to dispose of the product.

¹⁴⁷ Op.Cit. p.40

299. The Government confirmed in their submission the importance of residue markets to the viability of the harvesting and processing operations involved in the Tasmanian forest industry.¹⁴⁸
300. Clauses 28-32 of the TFA concern the issue of residue. The Clauses in summary note the following
- a. Residues are derived from native and plantation operations and require economically viable and environmentally sustainable solutions;
 - b. Medium to long term residue solutions should focus on downstream process opportunities in Tasmania;
 - c. The Triabunna mill and the Burnie Wharf facilities are critical short term solutions to the residue issue that needs to be resolved by Government;
 - d. The Signatory Council will play a central role in determining solutions to the residue issue;
 - e. A 'Value-Adding Fund should be established in accordance with the funding schedule to facilitate regional projects to find solutions to the residue issue.
301. The Bill is silent on the issue of residue with the exception of Clause 5 of Schedule A which confirms a 'Vision for Tasmania's Forest's' to include
- a. A forest products supply chain, processing capacity and markets which allow for the full, sustainable utilisation of all harvested forest resources and their downstream processing and value adding to maximise value for Tasmanian communities.
302. Mr Ken Padgett from the Australian Forest Contractors Association summarised the current predicament with residue during his evidence
- In terms of the contracting businesses, they can do nothing until we get a steady market for the residue. The contracting game has had it until we can get rid of that residue into a steady market - end of story. We cannot keep doing what we are doing. FT is sponsoring it now and they are paying people to take wood back into the forest. It is just nuts. We have to get access to these markets and this process is the button we need to push to say we are back in business.*¹⁴⁹

¹⁴⁸ Op.Cit. p.18

¹⁴⁹ Hansard Transcript 15 January 2013, Mr Ken Padgett, p.51-52

The Closure of Gunn's Woodchip Mills

303. The progressive closure of Gunn's woodchip mills in Tasmania (particularly the Triabunna and Hampshire mills) during 2010-11 led to significant challenges and uncertainty with the commercial disposal of wood residue in Tasmania, until alternative solutions for the disposal of residue could be found. It was not however the only factor affecting the wood residue process chain as discussed earlier.
304. The Committee sought to obtain further information in relation to the Triabunna mill situation given its importance as an interim solution to the residue issue in Tasmania.
305. The Government position on the Triabunna facility was emphatic and expressed clearly under Clause 32 of the IGA.

The Government 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 require a review of the terms of this Agreement, with a review to occur only if both Governments agree.

306. The importance of the Triabunna Mill to a future agreement was supported by public comments made by the Minister for Resources Hon Bryan Green MHA in mid-2012.

Forestry Minister Bryan Green conceded that if the mill remained shut "it makes it almost impossible for us to reach an agreement around the IGA (Intergovernmental Agreement on forestry) or any other process".¹⁵⁰

307. As indicated in the introduction to this report, the Committee invited Triabunna Investments to a hearing to discuss the issue of the Mill's closure. Mr Alec Marr was initially invited as the Manager of the site but was repeatedly unavailable.
308. The Committee subsequently invited the owners of Triabunna Investments Ms Jan Cameron and Mr Graeme Wood as an alternative but did not receive any response to the invitation.
309. Despite apparent attempts to negotiate the reopening of the mill with the new owners (Triabunna Investments), it was confirmed during the course of the

¹⁵⁰ Advocate Newspaper, 24 May 2012

inquiry that there had been no progress on the mill reopening under a new operator.

310. Mr Norm McIlfratrick confirmed the current position in relation to the Triabunna mill from the perspective of the Government

Triabunna is owned by private owner investments and our understanding is that there is still a hiatus there in opening. It has been indicated that under certain circumstances, providing the providence of the material going through, they would be prepared to open for a short time, up to five years, but that hasn't happened yet and, to my knowledge, is not likely to happen in the short term.¹⁵¹

311. Mr Terry Edwards from the Forest Industries Association of Tasmania elaborated further on the difficulties associated with Triabunna during the course of this evidence.

I heard the evidence of the government officials this morning indicating, I think their words were, Triabunna was problematic. I won't take it any further than that.

What I will say is as part of our negotiations process we met twice with Alec Marr and one of those occasions was in conjunction with Graham Wood in which we tried to explore possibilities and what might be needed to get them to open Triabunna as an export woodchip facility, albeit it for a short term period, and basically that issue is still alive, problematic it may be but alive, but depends on the passage through this parliament of the reserves. I hope I am not misquoting Alec Marr when I say that from his point of view one of the fundamental important issues is the World Heritage nomination issue. Until the deliberations of this committee are concluded and this issue is debated and dealt with through the parliament I suspect Triabunna will remain an issue. We are negotiating earnestly with Tasports to try to obtain access to the Burnie wharf. That is an ongoing issue and there are commercial elements involved so I will not go into any detail, even if I knew them which I don't really anyway, but that is ongoing.

We are dealing with the Tasmanian and Commonwealth Governments over issues of trying to take residues from the south of the state to the north

¹⁵¹ *Op.Cit.* p.53

*possibly using rail as opposed to road for a whole lot of road safety-related issues and social issues associated with large numbers of trucks moving north. So we are looking at using rail as an option and I guess to some extent the coincidence of chairmanship between FT and TasRail might assist us in that regard perhaps.*¹⁵²

312. Mr Vica Bayley from the Wilderness Society was also questioned about the issue of Triabunna reopening from the perspective of an ENGO signatory.

Mr WILKINSON - There have been a couple of comments in relation to residues. It is a problem, as you know, for Southern Forests because they can't get rid of the residue without paying much higher costs than previously. What have you done in relation to that?

Mr BAYLEY - Nothing at this point. In terms of formal structure we have been focussing on the legislation and this process, so nothing formal has been convened in terms of the process that we have agreed to look at the residue issue and solutions.

Mr WILKINSON - But the IGA agreement says that Triabunna could be open at any time, or words to that effect, and that was part of the original agreement. But we have seen that nothing has been done in relation to that leaving people with jobs in the Southern Forests at a loss to understand why there hasn't been any assistance in relation to residues.

*Mr BAYLEY - Triabunna is a privately-owned entity and similar to the conversation about private land conservation, certainly no-one has been prepared to force Triabunna into reopening*¹⁵³

Research and Development for Residue

313. Given the evidence confirming the important issue of residue was in no way resolved prior to the introduction of the Bill, the Committee sought to obtain further information in relation to the research and development work the Committee assumed would be underway to provide economically viable downstream processing opportunities for wood residue in Tasmania.

¹⁵² Op.Cit. p40

¹⁵³ Op.Cit. p.24-25

314. The Committee viewed this as critical given the collapse of overseas markets for residue and the desire to value add to the residue as a substitute for residue exports as chips and logs.
315. The Committee was surprised by the lack of progress on research and development to establish new market opportunities for residue. The Committee noted the significant period of time since negotiations around an agreement first commenced in 2010, and the period of time it had been a known problem.
316. Apart from the reference in the Government submission to \$60 000 in funding to undertake some preliminary investigations, there was no reference to any meaningful work on this area having been initiated by Government.
317. Whilst the funding schedule confirmed an allocation of \$9 million to investigate the residue issue, this was again confined to a post legislative stage in the process.
318. This assessment of the situation was supported during the hearings when Mr Gary Swain confirmed the work that was being undertaken on the issue of residue.

Mr SWAIN - There is some other work going on. I understand DED is doing a small consultancy looking at alternative uses for residues. The signatories have certainly expressed an interest in the outputs of that work and in their own agreement and view of what their councils should do going forward they have expressed the view that they would like to participate in finding a solution to residues.

In the department we have certainly been thinking about this and there are two bodies of work you could do. There is alternative markets and the prospectivity and timing of those markets and there is what sort of bridging arrangement you might need and for how long to get to those alternative markets, so things like ethanol are being looked at and we are picking up anecdotally but we have not documented that there are some sawmillers round the state already finding alternative markets themselves. I think Britton Bros is already partnering up with the area operations for some of their residues. I think it would be fair to say that Triabunna looks very difficult and there are other avenues being explored.¹⁵⁴

¹⁵⁴ Op.Cit. p.55

319. Mr Bob Gordon from FT did however indicate some work was being undertaken by his organisation in relation to the production of wood pellets for wood pellet fires.

They're scheduled to be produced for this winter. Pellet Fires Tas has been working with us. Because of some changes in the forest industry, some millers couldn't get rid of their residue so we're actually building it at a sawmill. There is capacity for a lot more than that and if we're thinking a bit outside the square, there's no reason that all of Launceston's heating couldn't be from pellet fires. They're cleaner, in general, than gas. If anyone's got time while they're down the Huon, our new office down there has got pellet heaters. There was a bit of objection from some of the staff before they got put in and no complaints afterwards. They said, 'You turn them on the night before and they start at 6 o'clock in the morning so it's warm when we get to work, and did you see our electricity bill?'. So there are some different ways to address the bio-energy issue. I think John Lord and his group have been talking about various bio-diesel and bio-ethanol types of concepts.¹⁵⁵

320. Ms Jane Calvert from the CFMEU confirmed her organisation's support for investigating residue solutions as an outcome to the TFA as a Signatory.

We support trying to give assistance to build some domestic use for the residue that is economically viable. We think a component of the funding package should go to that to try to tease out those markets here domestically, whether they be mainland or Tasmania. In the same vein, we are certainly not averse to support or assistance from governments, whether it be policy, direct funding or R&D for manufactured wood products. We support that.¹⁵⁶

Residue for Biomass and the Renewable Energy Credits question

321. The other important issue associated with wood residue, was biomass production and the issue of financial dispensation under the renewable energy credits scheme.
322. The Government was questioned on this issue during the course of their evidence. Mr Greg Johannes said in response to questioning

¹⁵⁵ Op.Cit. p.44

¹⁵⁶ Hansard Transcript 24 January 2013, p.8-9

Mr MULDER - During this whole debate the whole issue about forest residues and the fact that, at the moment, the renewable energy is basically that there'll be no carbon credits resulting from renewable energy. Is there any suggestion that as part of this deal, given the fact that it's the future of the forest industry and we do have some desperate issues like the residues, that the Commonwealth will make any shift in terms of accepting biomass energy generation?

Mr JOHANNES - My understanding is no because they specifically changed regulations during passage of the clean energy plan, which is basically their climate change package, a year or two ago to preclude burning forest waste as qualifying for credits. That was part of the price, as I understand it, of general legislation through the senate. I suspect the answer, Mr Mulder, is no.¹⁵⁷

323. Senator Richard Colbeck was questioned on the issue of residue for biomass and provided the following evidence in relation to the Liberal Party policy position on the issue.

Mrs TAYLOR - We keep being told our fine sawlogs are not in trouble, that there's a market for those, and that's good. Rather, it is the residue, not only residue from sawmilling but also on the forest floor. So we have to do something eventually about R&D for other processes. All kinds of suggestions have been made - biomass being one. At the moment biomass is not an answer because it is not going to get carbon or green credits. Would a future coalition government fund downstream-processing R&D and maybe seed funding so that we can produce for the domestic market rather than rely on overseas markets?

Senator COLBECK - In respect of biomass we are already on the public record to say that we will reverse the current regulations around native forest biomass. That is part of a deal that the current government did with the Greens when they signed up to get the carbon tax done, and that is another deliberate attempt to take away revenue stream from industry.¹⁵⁸

¹⁵⁷ *Op.Cit.* p.38

¹⁵⁸ *Op.Cit.* p.7

Headroom

324. A critical issue in relation to the ability of FT (the corporation) to supply the minimum wood supply volumes under the Bill is the issue of headroom.
325. According to the 'Review of Tasmanian Forest Estate Wood Supply Scenarios' report completed as part of the IVG process by Professor Mark Burgman and Professor Andrew Robinson, '*Headroom refers to the reduction that wood supply planners apply to account for unanticipated constraints and constraints that go beyond the existing Forest Practices Code. That is, headroom accounts primarily for future, unanticipated changes, and also for tactical and operational constraints that are known at present but are not captured by area discounts*'.¹⁵⁹
- 326.
327. The percentage of headroom associated with the modelling completed by FT in order to supply the required wood volumes under the Bill is 10 per cent.
328. Dr Hans Drielsma from the Australian Forest Products Association said of the determined headroom under the TFA

I mentioned the tightness of the resource constraints and it is very tight. You would be aware of a lot of the discussion around the idea of what the appropriate headroom should be, and the figures incorporate 10 per cent headroom. If everything else had been equal, we would prudently have adopted probably 20-30 per cent headroom, but for the sake of getting an agreement we have agreed to accept 10 per cent headroom, which has built into it a lot of risk that the future resource won't emerge in the way the modelling has suggested it would.

That modelling has been done assuming a certain management regime, which is the regime that Forestry Tasmania as an independent statutory corporation with commercial imperatives, fiduciary duties, contracts, et cetera, and a forest practices act and code, has modelled. The proposals to fundamentally restructure the way the production forests are to be managed would change the dynamics of decision-making and throw all that modelling into the wastepaper bin, as far as we are concerned. We would have absolutely no confidence that a whole new set of structural arrangements placed over that permanent timber production reserve would produce the production outcomes

¹⁵⁹ Review of Tasmanian Forest Estate Wood Supply Scenarios, Professor Mark Burgman and Professor Andrew Robinson, p.41

*that have been modelled. That is one of the fundamental concerns we have about various proposals that would change the way decision-making around that production resource would go forward. It has been on that basis that we were able to convince our colleagues and environmental groups we had to support a structure for the forest management that would be consistent with the modelling and produce the production outcomes built into this agreement. They are a very fundamental element.*¹⁶⁰

329. Mr Alistair Graham from the Tasmanian Conservation Trust supported Dr Drielsma's concerns in relation to the headroom calculations during his evidence to the Committee.

*I think if you listen to what Hans Drielsma was saying going down to 10 per cent headroom is already in dream world. Forestry Tasmania has never been managed at 10 per cent headroom and it won't manage at 10 per cent headroom. It is stunningly obvious what will happen and it is a stunning inevitability that the industry will go to the minister time and time again saying, 'Look, we know this is the rules but I'm sorry we just can't make it if we do this.' This law will allow the minister to go, okay. It shouldn't be allowed. It's just not right that one commercial clan should be given a free ticket when no-one else gets a free ticket.*¹⁶¹

330. FT Chairman Mr Bob Annells stated the position of the organisation in support of the calculated headroom figure during his evidence.

Last year we provided about 110 000 cubic metres. That was what the market sought, but that was with Southwood mill being shut for a large proportion. If you add, in theory, that 40 000 back into it that brings you to roughly 150 000 on the current basis. The 137 000 has been modelled at a broad level and we are satisfied that that can be provided. We make the point - and Steve makes the point every time he talks to me about it until I'm sick to death of hearing about it - that this has assumed the 10 per cent headroom concept, which I assumed was a physical thing; it's not. It's a planning tool. It actually assumes that when you look at the model you assume that various things may well happen. That means in our case that 10 per cent of the potential supply

¹⁶⁰ Op.Cit. p.9-30

¹⁶¹ Op.Cit. p.15

is not going to be available. Is that the right number? That is a crucial issue for us.

The real concern in that regard is much more to do with whether there are likely to be regulatory changes that would include that 10 per cent going forward. That is why we talk about a triple bottom line being absolutely critical in terms of assessing forest practices et cetera. We are satisfied that that is the right number today, but clearly if things happen outside of our control and which prove that that was too conservative, then we would struggle with the 137 000.¹⁶²

331. Mr John Hickey from FT was also questioned on the issue of headroom during his evidence from his experience as a Forester and noted some concerns.

Mr HICKEY - We will have the continuing evaluations under the code and define such areas and set them aside, but it's all getting very constrained. I think everyone understands the 10 per cent headroom view now. I think we can just get there with this sort of measure, but then if we have continual social unrest and if we go down the FSC path that says, 'Well, we weren't actually part of the agreement - you will have to do a HCV evaluation, and, look at that, you have a whole lot of HCV areas in your residual estate', then it is going to be very difficult. We do have high conservation values in the rest of our state and I was just thinking this morning - and let's not be too frightened by that - we have 200 000 hectares of formal forest reserves. If you take the important relic rainforests of north-eastern Tasmania they sit happily in the Mount Maurice, Blue Tier and Mt Victoria forest reserves, which aggregated all that land and they have high conservation value.¹⁶³

332. The issue of headroom under the Forest Practices Code was also referred to in the evidence by various witnesses.

Harvest Rescheduling

333. Clauses 10-13 of the TFA contemplate the issue of harvest rescheduling arrangements for FT's harvesting operations.

¹⁶² Op.Cit. p.48-49

¹⁶³ Hansard Transcript, 12 February 2013, p 37

334. The key issues associated with the rescheduling program have been
- a. The ability of FT to meet its contractual obligations (considered in Clause 10 of the TFA); and
 - b. The ability of FT to reschedule harvesting operations out of coupes identified under the Signatory reserve claim (considered in Clause 11 of the TFA).
335. The Committee noted that the issue of ongoing harvesting activities within the proposed reserves associated with the TFA had been the subject of ongoing criticism against FT, despite the need for transitional arrangements being acknowledged under the TFA. The dispute in relation to transitional arrangements appeared to centre on the question of timing.
336. The Committee questioned witnesses in relation to the issue of transitional arrangements and as a starting point, noted the following information from the Government submission.
- a. Harvesting activities should be redirected outside of the proposed reserves as soon as possible but that the Signatories recognise that this will take some time to avoid job losses and mill closures;
 - b. Factors affecting rescheduling include
 - i. The sawlog buyback program;
 - ii. Changed and renegotiated contacts for peeler wood;
 - iii. Progress in resolving wood residue issues;
 - iv. Practical and operational constraints;
 - v. Funding support from Government.
 - c. FT has been developing a transitional plan including a schedule of coupes within the reserve systems required to supply industry;
 - d. The coupes on the finalised schedule will not be excluded from the proposed Conservation Agreement and Future Reserve Land under the Bill;
 - e. \$15 million has been provided by the State Government to support the transition process.¹⁶⁴
337. Mr Gary Swain confirmed the Government position further during the course of his evidence.

¹⁶⁴ Op.Cit. p.18

The signatories agreement, as you know, recognises the need for some transitional coupes to allow contracts to be honoured, but what the government has done is have discussions with Forestry Tasmania and indicate some support for re-roading where that is possible to minimise the number of those coupes. The work is being done to minimise that number but you cannot remove the number entirely. It is an analogous, as you quite correctly point out, to the conservation agreements we have previously had. You can reduce the number but you cannot entirely remove it because of practical constraints like the meeting of roads and forest practices plans and so forth.¹⁶⁵

338. FT Chairman Mr Bob Annells confirmed the organisations financial requirements and the timeframes for a transition to be completed.

...we require transition funding so that we can reschedule harvesting away from the proposed new reserves. We have received assurance of this funding from government and based on this have started planning road construction for alternative coupes. This process will take up to 18 months to complete.¹⁶⁶

339. Dr Phill Pullinger from Environment Tasmania supported the Government position on the need for transitional arrangements associated with the rescheduling task for FT.

Dr PULLINGER - The understanding that I have is that basically there is and we have recognised that - and this has been difficult all the way through the process - and this is where we are now and this is where we are going to get to, that there is time for the industry and land management of Forestry Tasmania to reschedule logging operations outside of those reserve areas into new forest areas. There is a recognition that there is a time cross-over period there, that it cannot be a case of just clicking your fingers and there is a cessation; the contractors finish up entirely after the operations that they are working on and move them to coupes outside the area.¹⁶⁷

¹⁶⁵ Op.Cit. p.5

¹⁶⁶ Op.Cit. p.32

¹⁶⁷ OP.Cit. p.7

340. Mr Vica Bayley from the Wilderness Society also provided his perspective on the transitional arrangements associated with the TFA.

Well this is where the transitional schedule comes in. We have agreed that in the real world situation we are trying to turn around the FT planning steamship it does take some time. We have had frustrations in this space for several years but we are feeling like we are collectively making some really good progress. It is not going to happen immediately although we would like it to happen immediately. It is going to happen over some months or indeed a year or so.

Logging may continue in there for some time but we are still working on minimising the amount of logging and I guess shifting it into the production forests as rapidly as possible. That is where the transitional schedule section of the agreement comes into play and some of the funding around transitional funding et cetera.¹⁶⁸

Plantation Resource

341. The issue of industry transition away from native forest harvesting to a plantation based industry is central to the objectives of the TFA. The shared objectives to the TFA under Clause 1 note
- a. *An ongoing, vibrant forestry industry in Tasmania based on native forests and, increasingly in the future, plantation.*
342. Clauses 22-27 of the TFA specifically deal with the transition to a greater use of plantations.
343. Clause 22 notes the need to develop a plan ‘*for utilisation of existing and future plantations as an integral part of a future forest industry*’. The Clause also notes the development of the plans will be overseen by the Signatory/Stakeholder Council.
344. Clause 23-7 related to plantation related funding initiatives including
- a. the need for funding research and development program to focus on plantation wood supply for value added products;
 - b. the need for policy incentive for the development of plantation resources;

¹⁶⁸ *Op.Cit.* p.23

- c. direct investment in a 'Public Plantation Management Fund' to support investment in the sector;
 - d. direct investment in a 'Plantation Manufacturing Innovation Fund' to encourage private sector investment in value added products;
345. Clause 27 notes the need to develop the skills of the workforce in relation to the greater use of plantations.
346. The issue of public plantation estates was raised in the evidence in relation to the quality and suitability of supply.
347. The Institute of Foresters of Australia noted in their written submission, that in their opinion, '*plantations will not meet supply shortfalls in the near future*'. They went on to note the following points.
- a. *Australian domestic softwood timber supply is expected to remain relatively static for the next decade and beyond, based on current policies, due to the areas of plantation which produce timber for housing having increased by only around 10% over the past 15 years. Established hardwood plantations are mainly focused on paper fibre production and management regimes make these timbers unsuitable for structural purposes;*
 - b. *Sawn timber from plantations (both hardwood and softwood) takes at least 25 years to grow. New plantations need funding and suitable land, neither are they easy to find.*¹⁶⁹
348. Forester Mr Don Frankcombe expressed a similar view in his written submission in relation to the plantation resource.
- The Tasmanian hardwood plantation estate covers about 232,000 ha of which 178,000 ha has been established under the MIS finance for short rotation pulpwood sale. 54,000 ha has been established on State owned land but more than half of this area has been financed by MIS. Thus there is a very limited area of plantation which can be pruned and thinned to supply potential sawlog or veneer. Only two species viz. *E globulus* and *E nitens* have been planted in Tasmania. The viability and suitability of these species as a*

¹⁶⁹ Institute of Foresters of Australia written submission – p.6-7

*substitute for 90 year old Ash eucalypt species in sawn timber remains unproven.*¹⁷⁰

349. The challenges associated with the plantation estates under a transition away from public native forest harvesting, were the subject of detailed consideration as part of a Legislative Council Committee inquiry into public native forest transition during 2011. The evidence of that Committee should be considered in relation to this issue.

The Private Forestry Sector

350. There are various issues in relation to the TFA that have the potential to impact upon private land owners. Issues such as the possible implications under the FPC, plantation estates, boundary, fire and infrastructure concerns are dealt with separately in this report.
351. The central issue that was raised however was is in relation to the future use of the forest resources on private land.
352. The TFA does not contemplate the private forestry sector with the exception of a brief reference at Clause 1 of Attachment A which states an industry vision of
A strong, competitive forest sector based on sustainably managed publicly and privately owned native forests and plantations, profitable production and infrastructure and capable of innovation and investment.
353. The Bill also does not contemplate the private forestry sector with the exception of any indirect implications under Clause 5 as it relates to other legislation.
354. The Government did not address any possible issues associated with the private forestry sector as part of their submission, with the exception of a table that outlined the projected wood supplies from private estates.¹⁷¹
355. The majority of concerns in relation to the private forestry sector were raised by the Tasmanian Farmers and Graziers Association, who noted a number of concerns with the consultation process associated with the TFA.
356. The following key points (in summary form) were noted from the submission

¹⁷⁰ Mr Don Frankcombe written submission, p.3

¹⁷¹ Op.Cit. p.11

- a. The reduction in public native forest resource will impact upon the wood resource on private land;
- b. The level of available wood resource across the entire forest estate is directly tied to investment decisions;
- c. The reduction in volumes from the public native forest estate will impact upon the markets and opportunities for downstream processing from the private estate;
- d. The prospect of increasing plantation estates on private land into the future cannot be assumed due to the fact that plantations compete with other crop options that are available and there may be future barriers to private land being converted to plantations in the future.¹⁷²

357. Ms Davis further elaborated on her concerns during the course of the hearings

*As a headline, we remain concerned and to some extent offended by the fact that the private forest sector has been excluded from all elements of not only the debate around the agreement but also the drafting of this bill, despite the fact that we are clearly part of the industry. That term is used quite loosely, without any recognition of the exclusion of the key stakeholder group that provides in some cases up to 50 per cent of the forest resource, so how we can be talking about transition plans and industry renewal without any engagement with that significant part of the industry represented by my members is beyond our comprehension.*¹⁷³

358. Concern was also raised by Ms Davis about the possibility of increased environmental action in relation to the private native forest estate.

*The ENGOs have already made it clear, now they have done this deal, that they now believe the most important land remaining is private land and they are after that private land next. We feel the fact that the durability report does not encompass activities outside the signatories and the public estate is a major flaw in this bill.*¹⁷⁴

¹⁷² Tasmanian Farmers and Graziers Submission – January 2013, p.15-16

¹⁷³ Op.Cit. p.18

¹⁷⁴ Op.Cit. p.19

The Roles of Forestry Tasmania (the corporation) and the Parks and Wildlife Service

359. Given the significant roles that FT (the corporation) and the Parks and Wildlife Service are envisaged to fulfil under the TFA, the Committee sought to obtain further information in relation to their future roles.

The Forestry Tasmania Review and the future role of 'the Corporation'

360. It is noted that FT has been in a difficult financial position for some time now. There are a range of factors that have impacted upon their bottom line and that have been the subject of previous reports.
361. The Government confirmed in their submission that the URS Consultancy Report – 'Strategic Review of FT (Stage 1 Report)' recommended '*the separation of Forestry Tasmania's commercial and certain non-commercial activities, as well as governance and other changes*'.¹⁷⁵
362. The Government also confirmed that the 'FT Transition Oversight Committee' had been established to '*prepare an implementation plan for transition*'.¹⁷⁶
363. Clause 55 of the TFA sets out the Signatories expectations in relation to the role of a future forest manager and importantly, separates the commercial and non-commercial functions under the responsibility of different organisations. FT is not referred to by name in the Clause, or for that matter, anywhere else in the TFA or the Bill.

The Signatories agree that the production forest estate and the reserves forest estate should be managed by institutions that provide secure and durable management outcomes consistent with the intended purpose of those respective forest areas. The signatories recognise the government's strategic review process, and believe that the general notion of separating the commercial and non-commercial functions of the forest manager is appropriate, where it does not undermine the capacity or efficiency of the production forest manager. Specifically in respect of Permanent Timber Production Zone Lands, such management should be by a statutory commercial body, with an independent board with fiduciary duties, maintaining full management and control of such lands, together with full funding of any

¹⁷⁵ Op.Cit. p.14

¹⁷⁶ Op.Cit. p.14

required community service obligations. Specifically in respect to the reserves estate, the management of new reserves arising from this agreement should be under the management of a properly funded dedicated Parks agency, with direct reporting responsibility to the Minister, and adequate capacity.

364. Clauses 6-8 of the Bill have been the subject of earlier consideration in this report and prescribe the role of the 'corporation' as they related to wood supply volumes.

365. Schedule 1 – Vision for Tasmania's Forests is also relevant at Clause 12 which states

Management and regulatory agencies/institutions whose decision-making is efficiently integrated at a landscape level, while providing confidence and security to production and environmental outcomes.

366. Schedule 2 – Savings and Transitional Provisions deals with the issue of asset and contract transfer arrangements associated with the anticipated future changes to roles, functions and responsibilities for the management of the forest estates and future reserve systems.

367. The Committee questioned the Government in relation to the progress towards an outcome of the restructure of FT during the course of the hearings. In response, Mr Norm McIlfatrick described progress in the following terms.

Ms FORREST - Is that review of the structure and governance of FT ongoing?

Mr McILFATRICK - There is a separate process reporting to ministers on that forestry transition - it is a committee I chair. Over the last month there has been a lot more focus on the signatories' process, but we have been in constant engagement with Forestry Tasmania on the best way forward for the future industry of the forest body including FT and the related bodies. A lot of work has been going on. We have not yet taken our recommendations to the cabinet subcommittee on the future of Forestry Tasmania and also the management of reserve lands, etcetera, where the split is. The ERS (sic) report, as you may recall, recommended the separation of production of forest management from reserve management and have had people who have done a range possibilities under that.

Ms FORREST - Do you have a time frame for that?

Mr SWAIN - Yes.

Ms FORREST - What is that?

Mr McILFATRICK - We meet regularly. In the last few weeks we have been dominated by a few other issues including bushfires. But we would probably be ready to recommend to our minister within the next two to four weeks. We have done enough work to understand where the most - what we have been asked for is not what the Victorian model is or what the Western Australian model is. We have asked what the appropriate model for management of forestry activities in the Tasmanian context.

Ms FORREST - Is that regardless of the outcome of this process? If the bill was supported and extra areas reserved as opposed to -

Mr McILFATRICK - It has been independent of the process that we would have needed to look at the future of Forestry Tasmania anyway, but of course it is influenced by this other process.¹⁷⁷

368. Despite the Government's indication on a timeframe for an outcome to be determined, at the time of reporting, the Government remained silent on their decision.

Future Reserves Management – The role of the Parks and Wildlife Service

369. Given the clear intention for the future reserve systems to be managed by the Parks and Wildlife Service in accordance with Clause 55 of the TFA, the Committee also sought to clarify their future role.
370. The Committee was interested in the financial support for the management of reserves and how issues such as road construction and maintenance, fire fighting and other infrastructure issues might be dealt with.
371. The Government confirmed the following major points in relation to the future role of the Parks and Wildlife Services in the management of the future reserve land as part of their submission.
- a. The reserves will be incorporated into the Parks and Wildlife Service management program of the reserve estate;

¹⁷⁷ Hansard Transcript, 22 January 2013, p31

- b. A work plan will be developed to assess the risk profile and the management requirements for each reserve;
- c. The Parks and Wildlife Service will be responsible for fire and all other land management activities;
- d. The Parks and Wildlife Service fire capability would need to increase to manage the new reserves;
- e. \$9 million in Commonwealth funding per annum is proposed to manage the new reserves created by the legislation.¹⁷⁸

372. The Parks and Wildlife Service were questioned directly in relation to the funding allocation provided to them to manage the new reserve systems and the scope of their role as the reserve manager. Mr Kim Evans from Department of Primary Industries, Parks, Water and Environment said in response to questioning

I will ask Peter to talk in a little bit more detail but the original funding agreement provided for \$7 million to manage the reserves arising out the signatories' process with the final agreement that the Australian Government has committed a further \$2 million. That equates in the order of \$16 per hectare. I don't think there is a right and wrong answer about how much money you need per hectare but if you take account of the select committee's report itself, it made a conclusion based on the evidence it had received that \$16 per hectare was the sort of benchmark number.

Obviously with those funds there will be a range of things that we would need to do - the management and protection of infrastructure, the servicing of the reserves themselves, and in terms of staffing, planning. et cetera, not the least of those responsibilities being fire. Peter has quite a well-developed process which he would go through in deciding the priorities and the allocations of resources but I think it is fair to say, based on what we know at the moment, we have made a conclusion that \$9 million indexed and into perpetuity would be sufficient for us to appropriately manage those reserves.¹⁷⁹

373. In relation to the question of whether the new funding was quarantined from their other operations, Mr Evans went on to say

¹⁷⁸ *Op.Cit.* p.14

¹⁷⁹ Hansard Transcript 16 January 2013, p.31-32

No, there are no specific rules in place about quarantining of the funds. Our expectation is that the funding that they provide would go towards the management of the reserves and that the management of those reserves would be effective with the funding that they provide us. As Peter said, there's not going to be a couple of new fire crews as a consequence of these funds that are dedicated solely to fighting fires in those new reserves.

We have a similar current example with the world heritage funding. We get \$3.4 million from the commonwealth per year to manage the World Heritage area, 1.3 million hectares. It's fair to say that we spend many more hundreds of thousands of dollars of state money with that \$3.4 million to look after the World Heritage area but there are training and skills of staff in the World Heritage area gained that they utilise on the state reserves, for example. They might be paid by the commonwealth to do that function but they will spend some of their time in state reserves during their working life. There is a cross benefit.¹⁸⁰

374. FT raised several significant issues in relation to the future role of the Parks and Wildlife Service, given the change in management from a commercial operator to a Government Department operating in a non-commercial environment. They noted in their written submissions that
- a. Many multiple use opportunities may be foregone under the reserve system due to the reduction in roading;
 - b. The Parks and Wildlife Service would need to substantially increase their fire fighting responsibilities.

375. The Tasmanian Farmers and Graziers Association raised several concerns with the proposed change in estate manager from FT to the Parks and Wildlife Service. Ms Jan Davis said of the TFGA concerns

We have been vocal in general about the importance of the public land owner - the government - being required to act as any neighbour does and participate in fencing arrangements, fire prevention, weed control, and management of browsing animals coming out of the public land. Quite clearly, we are unhappy with the current situation. There is no commitment by government to undertake any of these activities. Putting into a broader public estate a huge area that is going to increase that neighbour fence-line is

¹⁸⁰ *Op.Cit.* p.33

*concerning to us, particularly when we note the meagre funds available through the deal for dealing with things such as fire prevention, et cetera. There is no provision for fencing or any of those sorts of things. That is a serious concern for us and one that we will be looking at highlighting in our submission.*¹⁸¹

376. Mr Brett Hooper from the TFGA also raised concerns in relation to the comparative operations of FT in managing land for harvesting as opposed to the Parks and Wildlife Service in managing reserve systems.

*Mr HOOPER - If you have a boundary with Forestry Tasmania, you can get on well with clearing the new fence line. I understand some farmers have negotiated fence-sharing arrangements with Forestry Tasmania. Also, the idea that you are managing a forest for production is a different attitude than managing it for reserves. The two land managers are so different that it would make a big impact. Also, I would have to observe that Parks are so underfunded anyway it is really hard for them*¹⁸²

377. The Parks and Wildlife Service were questioned on the maintenance of boundaries with private land owners as part of the new reserves. In response to questioning on this issue, the Parks and Wildlife Service advised

Mr MOONEY - It is quite a complex situation. The Boundary Fences (sic) Act in Tasmania is a classic example. It is a very black and white act which has been in place since Tasmania started managing private parcels of land. A lot of our neighbours do not agree with that act but that is something that we apply everywhere and we are very consistent with that. No doubt there may be some people who would not be happy with that new arrangement with us. But I doubt very much whether forestry would share fencing cost with every neighbour they had, for example.

Ms FORREST - What about restrictions for private landowners who adjoin Parks land? Is there any set-back or weed control and wildlife?

Mr MOONEY - No. The two biggest agreements and negotiations we deal with is fire protection measures along boundaries and then the other

¹⁸¹ *Op.Cit.* p.20

¹⁸² *Op.Cit.* p.25

*measures are the movement of wildlife and we deal with other parts of our agency to manage that as well because for crop protection requirements, there is a significant level of negotiation that is required there. All I can say is, generally speaking, they all work out fine in the long run. They start from a position, right through to a whole process of ongoing mechanisms put in place to manage that issue. But it is fair to say, the fire one is usually the highest priority in the beginning and then it moves through to other mechanisms such as the wildlife and impacts of that.*¹⁸³

378. The Meander/Liffey Branch of Timber Communities Australia also raised concerns in relation to private landowners and the future capacity to manage reserves including

- a. Fencing;
- b. Wildlife encroachment;
- c. Managing fire risk and the potential loss of specialised fire fighting skills and equipment from FT;
- d. A lack of fuel reduction burns.¹⁸⁴

379. Private land owner Mr Roderic O'Connor also provided an insight in relation to the increasing burden being placed upon private land owners in relation to a range of issues following the declining budget position of FT.

*Even for me in my private enterprise we are seeing that with the demise of some of the funding of either Forestry Tas to do things or whatever that we are taking over some of those roles even on the buffer with state forest, but it is starting to cost significantly. It would be nicer to have a joint venture where we could fund that properly, but it just doesn't happen. It's either weeds or fire, but particularly the roading and the infrastructure is not a cheap exercise when you're not earning any money.*¹⁸⁵

380. A Legislative Council committee reported on – 'the Operation and Administration of the Tasmanian Parks and Wildlife Service' in late 2012. The evidence received by that Committee should also be considered in relation to the future role of the Parks and Wildlife Service.

¹⁸³ Hansard Transcript, 16 January 2013, p34

¹⁸⁴ Meander/Liffey Branch, Timber Communities Australia, written submission, p.6

¹⁸⁵ Hansard Transcript 7 February 2013, p.67

Socio-economic Impact Assessment

381. Under the TFA, the Signatories agreed that the regional and state wide impacts of the agreement be assessed. The socio-economic model which was developed for the IGA process and used by the IVG as part of their Socio-Economic Work Stream Progress Report was agreed to be used.

Terms of Reference and Timing of the Report

382. As part of the IGA, the Commonwealth agreed to fund a social and economic analysis into the impacts on the industry of implementing the TFA. The State Government noted in their submission

*The Australian Government has commissioned Dr Robert Smith to conduct the socio-economic work envisaged in Clause 9 of the TFA. It is understood that the Australian Government will have the work finalised in January 2013.*¹⁸⁶

383. Dr Bob Smith's report was finalised on 11 February 2013 and provided to the Committee on 26 February 2013, following which it was publicly released by the Commonwealth Government on 27 February 2013.

384. Dr Smith noted that in his evidence to the Committee that

*This study arose out of the Tasmanian Forests Agreement and it had very restricted terms of reference. The study is, because of the time constraints, basically a job study. The deeper socio-economic impacts and the individual communities could not be done; so I think it is important in that context.*¹⁸⁷

385. The terms of reference for the study as stated in the report and reiterated by Dr Smith before the Committee on 28 February 2013 were limited to clause 17 of the TFA which states

¹⁸⁶ Whole of Government submission

¹⁸⁷ Hansard Transcript, 28 February 2013, p 1

*The IGA Socio-economic Modelling (to be) run and publicly released to assess and report on the regional and state-wide impacts of the agreement.*¹⁸⁸

386. The State Government representative Mr McIlfatrick advised that

Mr McILFATRICK - As part of our joint government agreement, the Australian Government has undertaken to commission, and pay for, a social and economic study. The consultant has been appointed and the work is being carried out at the moment.

*Mr SWAIN - That will look at regional employment effects under a number of scenarios and they are intending to provide that work to this committee.*¹⁸⁹

387. When questioned on what scenarios the Government considered would be covered in the study, Mr Gary Swain advised

*Yes. They are looking at a number of scenarios, including scenarios with and without the agreement.*¹⁹⁰

388. Government representative Mr Norm McIlfatrick made the following comments around the availability of the report on the 22 January 2013

*Mr McILFATRICK - All that we have confirmed with the minister is that it would be available around the time advised last time, which was towards the end of the month. Whether they have a draft or not, I do not know. We asked was it going to be available for this committee around the end of the month and they confirmed yesterday that was the case. If that is the case, it may well be true that they have a draft. It will probably take a fortnight to get it through our bureaucratic processes.*¹⁹¹

389. The Committee made multiple requests to the Commonwealth Government Department of Sustainability, Environment, Water, Population and Communities in early February 2013 as to the whereabouts of the finalised report. Signatory

¹⁸⁸ Key Socio-Economic Impacts in Transitioning to Wood Supply Arrangements Detailed in the TFA Report, p. 8

¹⁸⁹ Hansard Transcript, 15 January 2013, p 19

¹⁹⁰ Hansard Transcript, 15 January 2013, p 19

¹⁹¹ Hansard Transcript, 22 January 2013, p. 43

representative Mr Jim Adams of Timber Communities Australia stated the following in relation to the delayed report.

Mr ADAMS - He has been working on it for two or three weeks and I believe it was projected to only take about that time.

Dr GOODWIN - It was projected to be ready by the end of January. I thought you might have some inside information to say it is finished.

Mr ADAMS - No. Initially it was set up to assess the impacts of the proposal. What they are now also trying to do is say, 'Okay, what would the impact be of doing nothing?', which has meant that they have to go back and do some additional work. You have to make some assumptions about that, and getting informed people at this point in time to put their hands up and make assumptions is pretty difficult because you are putting your neck out there.¹⁹²

390. When Dr Smith presented evidence before the Committee on 28 February 2013, he stated that his terms of reference had not been changed and he had received no instructions from his client (the Commonwealth Government) in relation to what scenarios should or should not be run and reported on.

Methodology

391. The models used in the IVG process used data produced by Professor Jacki Schirmer in May 2011. The model estimates impacts from 'changes in log supply from public and private forests in Tasmania'¹⁹³ using a point in time.
392. The IVG created models in collaboration with Professor Jacki Schirmer and her data which included ground level community assessment from May 2011¹⁹⁴ to produce the Socio-Economic Work Stream Progress Report which ran a number of scenarios related to the IVG process.
393. Dr Smith explained the data and modelling process which developed the baseline used in the study

What we used was Jacki's work and Tony's model which developed employment levels and certain coefficients for the amount of timber which

¹⁹² Hansard Transcript, 5 February 2013, p 11

¹⁹³ Socio-Economic Work Stream, Progress Report, Appendix 1, Jobs and Investment Changes Model, p. 1

¹⁹⁴ Socio-Economic Work Stream, Progress Report, Appendix 1, Jobs and Investment Changes Model, p. 1

*was processed by employees and also the volumes carted by contractors. Those coefficients were used to generate the volumes in the baseline.*¹⁹⁵

394. Professor Schirmer noted her concerns with the methodology associated with the modelling in her evidence.

With that model I was involved up to the point where it was developed but I then actually withdrew from the IVG process.

And further in explanation of her withdrawal from the process

I withdrew because I was really unsatisfied with the level of assessment being done and with the way it was being commissioned. I was asked to come on board the IVG process to work as part of the group in, from memory, about December 2011.

*We were asked to produce an assessment by January or February, or a very short time frame, and given a very restricted set of parameters that we could assess. There were a lot of reasons for that. I spent my time in there trying to convince people we should do something more comprehensive, similar to what I have stated publicly, and when I was unsuccessful in doing that I decided to withdraw from the process because I felt I was not going to be able to get the type of assessment done that I felt needed to be done*¹⁹⁶.

395. In relation to a deeper socio-economic study which Professor Schirmer referred to, Dr Smith made the following comments

*I think what Jacki was talking about, and I was involved in that work with the verification group, that in her professional sense she wanted to do a much more detailed study of the community impacts, which is a full-blown socioeconomic study. Because of time constraints this has been restricted mainly to what I would call an 'economic' model, which is jobs.*¹⁹⁷

¹⁹⁵ Hansard Transcript, 28 February 2013, p 4

¹⁹⁶ Hansard Transcript, 6 February 2013, p.39-40

¹⁹⁷ Hansard Transcript, 28 February 2013, p. 11

396. The report was created using modelling from the IVG process and the model created by Tony O'Hara using Professor Jacki Schirmer's community sourced data for the 'Jobs and Investment Changes Model' which is Appendix 1 to the IVG Socio-Economic Work Stream Progress Report of February 2012.
397. The model estimates the impacts at 'a point in time' from a Baseline. The Baseline used for the Key Socio-economic Impacts Report commissioned for the TFA used data from early 2012 and assumed that the operating environment would be consistent with that of the last quarter of 2012.
398. The 'core driver' of the report's analysis 'is changes to employment levels'¹⁹⁸. To achieve these outcomes which reflected estimated changes in employment under different scenarios, two models were used. The Investment Changes Model and the Input-Output Model both developed as part of the IVG process.
399. The Investment Changes Model was used to produce the estimated impact on direct jobs within the forestry industry. The Input-Output Model was used to estimate the indirect jobs that would be affected by the outcomes of the direct job losses.
400. Two scenarios were run, one which took into account forecast changes which would flow from the implementation of the TFA, and a second scenario which assumed no support for the TFA and no interference with the industry from changes in government policy or practice. It also assumed the publically stated closures of companies and drop in market demand would occur as a result of non-implementation of the TFA.
401. In relation to the assumptions made by the authors in the scenarios that were reported on, Dr Smith stated

Scenario 2 is a judgment based purely on the author's report of one potential outcome if there is no agreement. In our judgment, there will be market disruption and the supply will mainly come from areas outside the areas identified as part of the TFA. Also, access to residue markets will be highly restricted. There are other scenarios which can be run. For instance, you could say that peeler logs of Ta Ann players could be exported that would generate more employment; I think it is important to understand that. That is the basis of it.¹⁹⁹

¹⁹⁸ Key Socio-economic Impacts Report, 2013, p. 3

¹⁹⁹ Hansard Transcript, 28 February 2013, p. 1

402. In relation to the decision to report on two scenarios, Dr Smith noted

CHAIR - Staying with that theme and comparisons with scenario 1, were you limited by any instructions from your client to only model two scenarios?

Dr SMITH - No. We ran a lot of scenarios internally that weren't developed to the extent these were. The whole focus of the report was the difference between the baseline and scenario 1. Scenario 2 was put in purely to demonstrate some of the potential impacts if TFA wasn't done.²⁰⁰

403. As to the likelihood of the estimates of scenario 2 being fulfilled in the event that the Bill was not passed, Dr Smith responded to questioning.

CHAIR - Can I then go to the question in a neutral way? If you were providing commentary on this document, would you characterise the outcome, in the event the Legislative Council does not pass the bill, as to immediately assume scenario 2 will be the effect?

Dr SMITH - No, I don't think you can assume that. That has a particular set of assumptions and you can do other actions to mitigate those impacts.²⁰¹

404. The further assumptions under scenario 2 that relate to wood supply for the industry were commented on.

Dr SMITH - No, scenario 2 is our estimate of what can be supplied, and scenario 1 is Forestry Tasmania. Forestry Tasmania did not comment on scenario 2 in terms of specialty timbers.

Mr VALENTINE - That assumes, under scenario 2, that the 504 000 hectares is not available for extracting specialty timbers from?

Dr SMITH - That's not their assumption, it's ours.²⁰²

And

CHAIR -Scenario 2 suggests, as I recall, no harvesting within the 572 000 hectares as identified by the ENGOs.

Dr SMITH - Yes.

²⁰⁰ Hansard Transcript, 28 February 2013, p. 6

²⁰¹ Hansard Transcript, 28 February 2013, p. 6

²⁰² Hansard Transcript, 28 February 2013, p. 14

CHAIR - Why would that be the case? Because with scenario 2 there is no bill that passes the parliament; there are no reserves. What is the prohibition on logging within the 572 000 hectares?

Dr SMITH - It is a policy decision. Where we were coming from was the potential for market disruption - people trying to get stability and non-controversial sources of wood. Your comment is very relevant. Forestry Tasmania or the government might decide that they continue business as usual and allow logging in the whole 572 000 hectares. That would actually change scenario 2.

Again, I will repeat - as it is important - that scenario 2 is just an illustration. By changing the assumptions, you can change it quite significantly. It is the probability of those actions being able to be implemented - I think that is where the judgment is.²⁰³

405. The Committee questioned the authors of the report on their instructions and final report produced.

Mr GAFFNEY - Bob, you have clearly articulated that it is not a full-blown socioeconomic study. There were some time limitations and restrictions. You are clearly saying there was no direction from the federal government for any result other than you commissioned the study?

Dr SMITH - Yes, very much so. It is our body of work and our professional expertise.²⁰⁴

406. Dr Smith reinforced that the report was a 'jobs losses report' which was based on implementation of the TFA and not a full socio-economic report conducted at an in-depth and ground level, which may also include allowances for mitigating actions as part of both scenarios.

This report is simply, as I said earlier, basically a jobs' impact report - an assessment of changes to current employment levels in the industry if you move to scenario 1. That is the main body of the work.²⁰⁵

²⁰³ Hansard Transcript, 28 February 2013, p. 17

²⁰⁴ *Ibid*, p. 14

²⁰⁵ *Ibid*, p. 8

407. The Committee questioned the State Government on the level of analysis and whether any community consultation would be conducted under the commissioning of the socio-economic study. The Government provided this written response.

At the request of the Signatories to the Tasmanian Forest Agreement, the Australian Government has commissioned Dr Bob Smith to run his model on the direct jobs impacts which could be expected as a result of the implementation of the Tasmanian Forests Agreement. In conducting this report, the Australian Government has advised that Dr Smith has consulted with key people with expert knowledge to ensure that the model reflects the operations of Tasmania's forest industry.

Dr Smith's work builds upon initial work provided as part of the Independent Verification Group process. It will provide an estimate of the impacts on jobs (direct primary processing and contractors jobs) from changes to log availability to industry that would be anticipated with the implementation of the Tasmanian Forest Agreement.²⁰⁶

Findings of the Report

408. The report made the following findings in relation to its modelling on basic job losses under each scenario modelled.

²⁰⁶ DIER response to questions on notice, dated 21 January 2013, p. 3

Jobs and Financial Reductions From Baseline: Scenario 1

Reductions from Baseline per year	Processing	Contractors	Combined Direct	Industrial Flow-on	Reduced Consumption	Direct + indirect
Jobs	80 (± 5%)	62 (± 10%)	142 (± 5%)	147	116	405
Output (\$m)	\$28.2	\$26.7	\$54.9	\$40.0	\$24.4	\$119.3
Wages/salaries (\$m)	\$4.0	\$5.5	\$9.5	\$8.3	\$5.7	\$23.6
Value-add (\$m)	\$8.1	\$11.6	\$19.7	\$15.6	\$12.8	\$48.1

Jobs and Financial Reductions From Baseline: Scenario 2

Reductions from Baseline per year	Processing	Contractors	Combined Direct	Industrial Flow-on	Reduced Consumption	Direct + indirect
Jobs	364 (± 5%)	314 (± 10%)	678 (± 7%)	697	559	1933
Output (\$m)	\$129.8	\$135.3	\$263.1	\$189.8	\$117.2	\$570.1
Wages/salaries (\$m)	\$18.2	\$28.0	\$46.2	\$39.4	\$27.4	\$113.1
Value-add (\$m)	\$37.0	\$58.8	\$95.8	\$73.7	\$61.2	\$230.6

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409. The total combined job losses from the Baseline to Scenario 1 which assumes the implementation of the TFA and that all agreed outcomes will be delivered, estimates total direct and indirect losses to equate to 405 jobs.
410. The total combined job losses from the Baseline to Scenario 2 which assumes no implementation of the TFA and that no other action will be taken by Government or industry to mitigate circumstances, and also assumes no harvesting of wood supply within the proposed reserve areas.

Publicised Comments on the Findings of the Report

411. In explaining the estimated outcomes which are outlined in the Report, Dr Smith warned

²⁰⁷ Key Socio-economic Impacts Report 2013, p.16

*Scenario 1 and scenario 2 are modelled results, and you can't directly correlate two modelled outcomes. You can't measure the difference between them. They indicate the change from a baseline to an outcome. That is what that caveat talks about.*²⁰⁸

412. This caveat on page 15 of the Report strongly advises that comparison between the two scenarios is not an accurate reading of the report or its findings. It goes on to say that to imply measurable correlations between the scenario findings would be invalid.²⁰⁹
413. When releasing the Report, the Commonwealth Government stated in a media release dated 27 February 2013 - 'Tasmanian forests agreement to save more than 500 forestry jobs'. The State Government also provided a media release on 27 February 2013 stating, 'Tasmanian Forest Agreement would protect 500 jobs'. In both Governments releases, the findings of scenario 1 of implementing the TFA are directly contrasted with the findings of Scenario 2. When applying the caveat of the Key Socio-economic Report, both these statements published in official media releases are invalid under the modelling of the report in question.

Durability

414. The issue of durability was raised frequently through the submissions and public hearings as a critical issue associated with the TFA and the Bill.
415. There are several broad concepts associated with the issue of durability from the perspective of the Signatories.
- a. That the reserve outcomes associated with the TFA are delivered and maintained (including a number of associated sub-issues);
 - b. That wood supply requirements and support for industry under the TFA is delivered and maintained (including a number of associated sub-issues).
416. Clauses 40-45 of the TFA contemplate the issue of durability and includes the following principles.

²⁰⁸ Hansard Transcript, 28 February 2013, p. 8

²⁰⁹ Key Socio-Economic Impacts Report, p. 15

- a. A 'Signatory Council' (Special Council) is to be formed to oversee durability;
 - b. Durability reporting will be provided through the Signatory Council to the Government and should consider all elements of the TFA;
 - c. A Stakeholder Council with broad membership should replace the Signatory Council within 2 years to ensure long term durability;
 - d. Adequate funding should be provided by Government to support the work of the Signatory/Stakeholder Council;
 - e. Failure to provide the periodic durability reports will preclude the progression of the implementation of the TFA.
417. Clause 41 of the TFA in particular is critical in terms of providing some guidance on the issues to be considered as part of the durability reporting process.
418. There are also dispute resolution provisions under Clauses 49-50 of the TFA.
419. The Bill also deals with the issue of durability under Part 4 – Special Council, Clause 9 (1), which contemplates the role of the Special Council to include
- a. The preparation of durability reports;
 - b. Promoting the vision for Tasmania's forests under Schedule 1;
 - c. Provide advice to the Minister in relation to the implementation of the TFA;
 - d. Providing the Minister with advice in relation to the orders (presumably limited to Clause 9).
420. Clause 9(2) prescribes the Membership of the Council which is limited to the Signatory group unless the Minister nominates an additional member;
421. Clause 9(3) contemplates future changes to the membership of the Special Council associated with the process of measuring long term durability;
422. Clauses 9(6)-9(12) prescribe the administrative requirements for meetings of the Special Council.
423. The Bill is silent on the frequency of durability reporting and the issues that must be considered as part of those reports, although Clause 42 of the TFA prescribes the broad issues that should be considered as part of the reporting process.
424. There are also linkages between durability and the making of protection orders, such as prescribed under Clause 10(7).

425. The first durability report was originally proposed to be completed under Clause 10(7) as part of the protection order process, no later than 6 months after the commencement of the Act.
426. Chairman of FT Mr Bob Annells noted the organisation's general position on the issue of durability.

....we also support the TFA on the basis that its durability provisions can be delivered through the signatories' support for FSC certification. We are encouraged by indications of initial support and intend as a consequence to pursue FSC certification in the immediate future. We call on the signatories to show leadership to the non-signatory activist groups to ensure the durability provisions are delivered. The permanent cessation of market attacks and workplace invasions must occur in order for the TFA to be implemented successfully and reduce risks to investors.²¹⁰

427. Mr Vica Bayley from the Wilderness Society provided his perspective on durability reporting during his evidence.

All I can say is our durability report will be measured against the agreement we signed. If there is a different outcome, whether it is from a wood supply, conservation, or any other perspective, then we are obliged to report on that accurately and our response to it how problematic it will be I can't pre-empt; we will have to determine that at the time. I would imagine it would be very problematic for us as signatories and indeed very problematic for some of our constituencies who are sitting on the outside and are very sceptical about the process we have been in and the role that some of you as Legislative Councillors would play in terms of delivering and implementing our agreement, and this is a massive signal that something is happening and that this is real.²¹¹

428. Mr Terry Edwards from the Forest Industries Association of Tasmania noted that prior to the Government amendments, he was satisfied that the Bill had delivered on most issues raised by his organisation in relation to durability. In response to a question on notice in relation to the issues that would be the

²¹⁰ Op.Cit. p.32

²¹¹ Op.Cit. p.7

subject of durability considerations from his organisation's perspective, the following issues were covered.²¹²

- a. Legislated Vision;
- b. FPA Reform;
- c. Residues;
- d. Legislated Production Forest Area;
- e. Production Forest Manager;
- f. Sovereign Risk Protection;
- g. FSC Certification;
- h. Market Support;
- i. Durability Reporting;
- j. Scheduling Issues;
- k. Plantations Investment;
- l. Voluntary Buyback Programs;
- m. Sawmill Exit Program;
- n. Funded Communication Campaign;
- o. Reasonable Long Term Access for Special Timbers.

429. The Committee also noted a number of specific issues from the evidence in relation to durability that were of concern to Signatories.
430. Mr Edwards noted the importance of Government policy and judicial support for appropriate penalties for unlawful workplace disruptions to ensure the underlying principles of durability.

*... I deliberately said we will judge the activities of the signatories ENGOs and the actions of Governments. If Governments and their judiciary do not back up this agreement it will spell a lack of durability and we will assess it as that.*²¹³

The Wilderness Society considered that support for FSC certification is also an important durability issue.

Mr MULDER - In backing this agreement all the way, is the Wilderness Society saying that they will back things like the practices that are going to occur in the short term in those forest production zones, that that will be okay in terms of the forest security (sic)[practices] code? In other words, you are not going to

²¹² FIAT correspondence (question on notice), 17 January 2013

²¹³ Hansard Transcript, 22 January 2013, p. 51

go and undermine the agreement when we go into the FSC process by saying that they are unacceptable forest practices? You have signed up to them.

Mr BAYLEY - We are not, that is right. We have signed up to this agreement. We think it doesn't preclude working within the process to improve forest practices, to change forest practices, to minimise those impacts, to maximise sustainability or, indeed

...

Mr MULDER - If you were to go the Forestry Stewardship Council and say, 'No, don't give those forests certification because these practices we don't like', that would be undermining the agreement and would be a case of failing to support it and durability.

Mr BAYLEY - It would absolutely be a breach of the agreement and that is not something that we would propose to do.²¹⁴

A similar position was held by Environment Tasmania.

Mr MULDER - It comes down to that there is a recognition in this agreement that for at least a while in some of the timber production zones, there will be a continuation of clearfelling, cable logging and those sorts of practices. I think you have made it clear in your commitment to the agreement, you are clear in things that you will work toward towards FSC certification for the remaining timber production forests - is that so?

Dr PULLINGER - Yes, that's absolutely right.

Mr MULDER - The question which flows from that is: if you did do anything to try to undermine the achievement of forest certification for the production forests, wouldn't that be an unequivocal breach of durability?

Dr PULLINGER - Yes²¹⁵

431. There were two further issues in particular that were the subject of consideration by the Committee, namely Government amendments to the Bill and market protests.

²¹⁴ Hansard Transcript, 16 January 2013, p. 24

²¹⁵ Hansard Transcript, 24 January 2013, p. 30-31

Government Amendments to the Bill

432. The Government advised the Committee in its submission that it proposed amendments to enable the inclusion of what was originally to be the Protection Order as a new set of schedules known as 'Future Reserve Land'. The Government noted this would enable the Parliament to amend the proposed areas of land by individual lot in response to previous concerns raised.²¹⁶
433. The effect of the amendments was that Clause 10 of the Bill was removed and instead, replaced with a new Clause that dealt with the issue of Future Reserve Land. The consequence of this amendment as it relates to durability was that it removed the initial durability reporting obligations of the signatories under Clause 10(7).
434. Mr Gary Swain confirmed the Government perspective on durability in light of the amendments that were proposed and what may occur if durability was not to be maintained.

Mr SWAIN - The cabinet also considered some of the other proposed amendments from yourself and Ms Forrest yesterday and also, because of some of the issues you are raising, determined that it would support the proposal for an annual durability report in the event there had not been any durability report in a particular year. The amendment is still consistent with the overall process of having a durability report coming back to the parliament and the reserves themselves coming back to the parliament to the extent that there is a change from anything the parliament has approved on the way through.

Mr MULDER - Let's say all these things are in reserves, everything is going along swimmingly, we get two annual durability reports saying things are going swimmingly, and then it fires up again. In year three we get a durability report that says one side has not kept their side of the bargain and the deal is done. What legislative mechanisms do you have to trigger a revisiting of this thing so that we make sure that the bargain is met by both sides?

Mr SWAIN - To the extent that you are talking about the second tranche of reserves, the proposed reserve order still has to come back to parliament as it would have previously. My understanding is that under the Nature Conservation Act there are processes for the unwinding of the reserves at the

²¹⁶ *Op.Cit.* p.9

*parliament's will, ultimately. Any reserve that can be made by parliament can ultimately be unmade under that*²¹⁷

435. The Committee was concerned that the amendments appeared to undermine the underlying durability provisions in the Bill and sought to gain a better understanding from the signatories and other stakeholders on the implications of the amendments.
436. Following the release of the proposed Government amendments, Dr Hans Drielsma from the Australian Forest Products Association noted his concern with the amendment as it related to durability.

*On first glance it would seem that that strikes at the very heart of the durability provisions and removes the requirement for the initial durability report prior to the enactment of any protection order. This has always been a fundamental element of durability as far as we have been concerned and it is not consistent with the agreement. Terry is quite right, we want to go back and relook at that and think through what the implications of that are, but if those fears are confirmed we would see that as a fundamental problem in how the agreement is now being interpreted through the legislation if those amendments were to proceed.*²¹⁸

437. Signatory Dr Phill Pullinger from Environment Tasmania provided a similar perspective as an ENGO signatory

Ms FORREST - On the amendment, if it was to be supported or even debated on the floor of the House that enables every lot to be individually considered as we go through the schedule during the committee stage of the bill. Terry Edwards expressed some concern about that because of the risk of unpicking the agreement and also the lack of an initial durability report. I would like you to address your mind to those two aspects. We asked Vica about it as well but the risk of cherry-picking certain lots and 'accept or reject' as an entire package is still, as I understand it, the way it would proceed but it gives us a chance to individually assess each lot. Can you talk about those aspects? They are the major changes as I see them with the amendment.

²¹⁷ Op.Cit. p.11

²¹⁸ Op.Cit. p.29

Dr PULLINGER - That's right and it's still very much the case that the agreement is an integrated agreement and so if you start cherrypicking it is like pulling a thread from a cardigan. For every one of those areas in terms of reserves, the areas that the environment groups conceded and gave away in the negotiations to provide more wood to the industry - that was months of painstaking, agonising work - if you start changing those lots it is not going to be tenable, as it is not going to be tenable for the industry if you start fiddling and saying, 'Maybe they shouldn't have as much wood supply as was agreed', or whatever else it might be. That is really going to pull the threads of the agreement apart.²¹⁹

438. Signatory Ms Jane Calvert from the CFMEU also provided a similar perspective.

The CFMEU is concerned that it changes a very fundamental part of the architecture of the agreement because it bunches up the protection order on the first big tranche of reservation with the bill, so there's no time lapse. We always envisaged there to be a time lapse. It is of concern, the other way, to allow for a cherry-picking of the parts of the reserve as opposed to all or nothing. I can understand that concern as well. But I also acknowledge the very real requests you had before Christmas about asking, what are we looking at; we need to see what we are going to be doing here. I think you have now at least had the opportunity to see that by the way they have done the amendment.²²⁰

439. Signatory Mr Terry Edwards from the Forest Industry Association of Tasmania also later confirmed his organisation's amended position on durability after considering the proposed amendments.

Clause 41 of the Forest Agreement deals with the preparation of the durability report prior to the tabling of the initial protection order and, again, before subsequent permanent legislative reserve orders. I stress - prior to the tabling of the initial protection order. That durability report now is physically impossible to achieve, particularly one that has statutory underpinning. We can do one as I heard the government representatives discuss with you this

²¹⁹ Op.Cit. p.14

²²⁰ Hansard Transcript 24 January 2013, Ms Jane Calvert, p.3

morning, but it has no meaning and no statutory force, and that is unacceptable to us. The whole nature of our agreement was around a statutory reporting on durability to the parliament, the tabling of that report in advance of various things happening. That has been taken away from us, at least in respect of the first durability report, and we cannot endorse that approach.

I have advised government directly that that is our position. I have also advised them through the media that that is our position, so it won't come as a shock, but we cannot accept those recommendations and we will be urging the Legislative Council, through this Select Committee, to reject that amendment for the very reason that the government itself has advanced on so many occasions. That is they want the Legislative Council to pass this bill as is, not to amend the agreement, not to cherry pick the agreement, but to keep it intact and they, themselves, have done the opposite. They have changed the agreement by their proposed amendment, or have sought to, and that is not acceptable to us.²²¹

440. Signatory Mr Shane Rice from the Tasmanian Sawmillers Association provided his broad view on the importance of durability to the success of the TFA.

I suppose when we started one of our significant points was peace in the forests. That, as you well know, has evolved into 'durability' effectively, and in that context the durability reports are the safeguard to the implementation of this agreement. Several of our critical areas, our last backstop, are the durability reports. The durability reports are the keystone to this agreement, we feel, for all signatories, not just ourselves, and we have heard reports coming through that the whole-of-government report that came out this morning may detract from that. That has given us great cause for concern but we're not across it yet because it's only just come out, but to us the durability reports are our final safeguard. We need to know that all our issues are covered by the time we get to this and without those durability reports we are deeply concerned.²²²

²²¹ *Op.Cit.* p.24-25

²²² *Op.Cit.* p.36

441. Ms Jan Davis from the Tasmanian Farmers and Graziers Association raised concerns with the concept of durability under the Bill as a non-signatory and the fact that in her opinion, it was limited to the opinions of the signatories rather than taking into account the views of other stakeholders.

*The durability report, as an example, gives us concern. If the special council is the only one preparing and considering the durability report, it is the equivalent of marking your own homework. When do we get a chance to have a say whether or not the protest activity has rolled out of the public sector onto the private sector, as we have been told will be the next thing to happen. The ENGOs have already made it clear, now they have done this deal, that they now believe the most important land remaining is private land and they are after that private land next. We feel the fact that the durability report does not encompass activities outside the signatories and the public estate is a major flaw in this bill.*²²³

Market Protests

442. As referred to earlier in this report, Ta Ann was a major consideration under the durability provisions of the TFA in attempting to secure their overseas markets in Japan, through a cessation of protest action. Executive Director Mr Evan Rolley spoke with support for the role of the ENGO signatories in the durability process.

*We base our view about the future on the evidence of the durability and the commitments that have been given to us and on the evidence the ENGO signatories have delivered on each of the issues at critical times, even though they have been subject obviously to some significant other criticisms that we are all aware of. I just wanted to put that on the record.*²²⁴

443. Mr Vica Bayley from the Wilderness Society was questioned on the differing interpretation that appeared to be intended by ENGO signatories in relation to the steps they may take in response to market protest in the future.

Mr BAYLEY - I guess it is down to saying, 'Don't mistake an attempt to control someone with an attempt to present an alternative opinion'. I am not going to

²²³ Op.Cit. p19

²²⁴ Op.Cit. p.28

try to seek to control Jenny [Weber] or Markets for Change or anyone like that; that is not my job. In my view, it is perfectly their right to do what they are doing should they choose. It just happens to be counter to the agreement that I have signed, to the direction that I have signed -

Mrs ARMITAGE - So you have a different opinion to Lyndon who said he would go out and do it.

Mr BAYLEY - No, not at all. I will go out and do it, but I will present my view as to perhaps why they are taking the wrong tack, and why this agreement is a better approach than the one that they were advocating. That is what I will be doing. I am not going to try to seek to squash their ability or their right or their voice. We have publicly backed the agreement and companies associated with the agreement. If it means accompanying people to meetings and so forth, then absolutely we will do that.

Mrs ARMITAGE - So if you need to follow them around the world, in Lyndon's words, you will do it?

Mr BAYLEY - Yes, we will do it but I am absolutely hopeful that is not going to be the case. Let us get it clear that my best case scenario is that there does not have to be a conflict within the environment movement over the benefits or otherwise of this agreement. I want to get into a position where perhaps we have convinced all of our colleagues that this is the only way forward. What is your alternative, therefore this is the only way forward and we do not have to get into that situation. I do not want to follow anyone around the world to counter them but we are committed to this agreement. We have signed this agreement, we have demonstrated our commitment to it, we have written to people around the world and, yes, we will continue to do that.²²⁵

444. By contrast, a variety of non-signatories who gave evidence to the Committee raised concerns about the ability of the ENGO signatories to influence their non-signatory counterparts in the market. Mr Michael Wood said on the issue by way of example

I think the fact that people of the calibre of Bob Brown and Peg Putt have taken those positions is an indication of what their intentions are. I am not optimistic. What we are basically being asked to do is take the risk that one

²²⁵ Op.Cit. p.27-28

*group of ENGOs who happened to have signed the agreement will carry more weight in overseas markets than another group that includes Bob Brown and Peg Putt, for example, and I think that is a huge risk. I would be prepared to take the risk myself if there was 500 000 hectares at stake that if they didn't deliver the goods that 500 000 hectares would remain in wood production, but if that 500 000 hectares has already become reserves, there is no longer anything at stake for them and I don't think there is enough to hold them accountable, and that goes to the heart of my concern about durability.*²²⁶

445. In light of the many concerns raised with the Committee similar to those of Mr Wood, a series of active non-signatory ENGOs were questioned on the issue of market action as it related to the durability of the TFA, with mixed responses being received.

446. Ms Pegg Putt, Chief Executive Officer for Markets for Change was questioned on her organisation's support for the TFA and the Bill, and the position taken by the ENGO signatories.

*They certainly have never represented Markets for Change at any point. We are not a member of Environment Tasmania, and we are not a member of either of the other two groups and they don't have any way in which to represent us. We have been very clear with them to be clear to the other signatories that we are not being represented by them, and that any agreement they make is not an agreement by which we are bound. I have found it quite extraordinary that the other signatories have not been interested to talk to us, given that they think the markets are important, but that is their business. It sounds like they would prefer to circumvent than talk to us about the market issues, but that is just my presupposition. I do not have evidence for that.*²²⁷

447. Ms Jenny Weber from the Huon Valley Environment Centre was also questioned about her organisation's support for the ENGO signatories position.

Mrs TAYLOR - We are in a situation where a number of signatories from both sides of the debate are trying to say they would like to have peace in the forests, as we all would - peace within Tasmania and not have opposing

²²⁶ Hansard Transcript 13 February 2013, Mr Michael Woods, p.18

²²⁷ Op.Cit. p.41

sides. *It sounds to me like you don't agree with the environmental signatories because they are willing to make compromises between some native forest harvesting in return for further areas being reserved.*

Ms WEBER - *Certainly not do we agree with the abandonment by environment groups of the end to native forest logging policy. Certainly we are further concerned about the shortcomings of the agreement insofar as they will entrench clearfelling and continue to see large-scale logging in our native forests. We are very concerned about the concessions that have been made from the reserve proposal and those concessions are being made in the Huon district largely for Ta Ann. We are also very concerned that there have been environmental gains that are not certain. We are very concerned that protection of the forests out of this agreement is not certain. The environmental signatories did not have a mandate for our organisation and they didn't have a mandate to promise peace on our behalf.*

I do think that peace is an artificial construct out of this agreement because we know there will be continuing practices in the forests that the community will be concerned about. Those practices have in the past brought conflict and we can't promise that those practices in the future will not continue to bring conflict - such as clear-felling and regeneration burns.²²⁸

448. By contrast, Get Up Campaign Director Mr Paul Oosting provided the following evidence in relation to his organisations support for the TFA and the ENGO signatories.

The proposition that we have tested with our membership in relation to the existing forestry agreement and all that that entails. I think, clearly, despite the fact that our membership has indicated strong support for the agreement there will be some - and that is also picked up in the numbers I raised at the beginning who will have concerns, but the position I would say is very clear is that our membership strongly supports the agreement, by a vast majority really, and so our organisation's position is one to support the agreement in its entirety. We are aware that this is a complete deal. It's a deal that has required compromise and long-term negotiation for it to be reached and for it to be sustainable in the long term all components will no doubt need to be delivered on for both the government and the stakeholder parties who signed

²²⁸ Op.Cit. p.3

*it to remain comfortable with it, and that's part of the strength of this agreement in how it has been formed and its durability going forward.*²²⁹

Sovereign Risk

449. The issue of sovereign risk was of particular interest to the Committee during the course of the inquiry.
450. Sovereign risk can be defined in different ways but for the purpose of this report, a reasonable definition is '*the risk of adverse and unreasonable government action targeted at international trade, or at international business projects*'.²³⁰
451. The challenges associated with sovereign risk from the perspective of the State of Tasmania and the Tasmanian community is summarised well in the following extract from a paper by D E Fisher, Professor of Law from the Queensland University of Technology.

*Commercial decisions concerning the use and development of natural resources frequently contemplate a long time-frame. Industrial and commercial developments often require continuity of access to the resource upon which they are based. On the other hand, political decisions are more often than not prompted by considerations of more immediate and short-term consequences. In other words, politicians may seek to keep their options open while entrepreneurs would wish stability and security of access to their source of supply. Both points of view are perfectly understandable and it is a matter of overall circumstances where the balance lies in any particular case.*²³¹

452. Sovereign risk is contemplated under the TFA. Clause 6 outlines the expectations of the signatories on Government in relation to the issue as it relates to long term wood supply contracts.

The Signatories agree that volumes should be made available to industry through long-term fully compensable supply contracts, with legislated sovereign risk protection.

²²⁹ *Op.Cit.* p.28

²³⁰ International Trade and Business Review 2003 – 'the Rise and Fall of National Sovereignty by Alun A Preece, p.243

²³¹ The Proposed Forest Resource Security Scheme: Sovereign Risk or Resource Security – D E Fisher, Australian Law Journal 1991 p.453

453. Surprisingly, given the weight placed upon this issue by the signatories under the TFA, the Bill is silent on the issue.
454. The Government considered sovereign risk as part of their submission to the inquiry and noted that in their opinion, the issue primarily related to concerns by the industry in relation to the security of long term wood supply. They noted there were ongoing challenges within the forestry sector in securing financing and insurance due to the perceived financial risks associated with investment within the forest industry in Tasmania.
455. The Government also confirmed that the Bill did not contemplate sovereign risk but that they would support a proposed amendment to include sovereign risk provisions as an amendment to the Bill to enable compensation to be payable to the industry under certain circumstances. The Government did not propose to introduce such an amendment themselves but noted they would be reliant on the introduction of an amendment by the Member for Murchison.
456. Mr Norm McIlfratrick explained the issue further from the perspective of Government.

The other aspect of durability is that some future government could change the rules or there could be a change, so therefore industry is interested in sovereign risk about how that would be protected, for instance, if a supply was withdrawn by a future government in a deliberate and rightful way and that industry is protected by a compensatory measure if they lose the production forest.²³²

457. Mr Terry Edwards from the Forest Industry Association of Tasmania noted with concern the absence of sovereign risk provisions in the Bill and his support for an amendment to the Bill.

...we instance the lack of a sovereign risk provision and we are aware of an amendment proposed by the member for Murchison that would seek to redress that issue, and also lack of a change to the decision-making criteria for the Forest Practices Authority as required by clause 53 of the Tasmanian Forest Agreement. We are also aware of an amendment proposed by the member for Murchison in that regard as well. We will be encouraging the Legislative Council to make appropriate amendments to the bill to reflect those

²³² Op.Cit. p.12

*outcomes so that it accurately reflects the agreement it is intended to implement.*²³³

458. Mr Shane Rice from the Tasmanian Sawmillers Association was also supportive of an amendment.

Ms FORREST - On clause 6, the amendments that are in my name relating to the sovereign risk clause with some ongoing discussion with FIAT that I am having at the moment are really just minor changes.

Mr RICE - Yes.

Ms FORREST - In essence, are you happy that they meet the requirements that you also have?

*Mr RICE - I believe so, with the sovereign risk. We will bow to experience and I believe if FIAT's issues are covered within the sovereign risk that would well and truly cover our issues with it.*²³⁴

459. Mr Bob Gordon from FT noted the importance of reducing the exposure that FT had endured over time in relation to sovereign risk in order to stabilise the investment environment.

*If you had an increased level of certainty and a lower level of sovereign risk and investors knew that they would be supported in the market by key ENGOs, then it would be a different investment climate in which you are operating. In the absence of that, I suspect people will continue to see a high level of risk associated with downstream processing in the forest sector.*²³⁵

460. Ms Jane Calvert from the CFMEU was supportive of the proposed amendment.

Ms FORREST - With the other proposed amendments, Jane, that have not been finalised yet - the ones to do with sovereign risk that I am proposing, the changes to the Forest Practices Authority's requirements to look at the bottom line, the increased number of durability reports and the link to clause 42 of the agreement in relation to what the contents of the durability report should be - are you familiar with those?

²³³ *Op.Cit.* p.23

²³⁴ *Op.Cit.* p.38

²³⁵ *Op.Cit.* p.47

*Ms CALVERT - The first two of those, in our view, are properly amending in order to reflect the actual agreement and we support those. The second two are amendments which we think enhance the agreement, so we support them as well.*²³⁶

461. There also appeared to be support amongst the ENGO signatories for such an amendment. Dr Phill Pullinger was questioned on the issue.

Ms FORREST - On the amendments. You are probably aware there were other amendments proposed by other members - yourself and others - during the debate. They have not been finalised in any way, shape or form at this stage. But do you have any concerns about any of those proposed amendments? Some of them will make some of mine and some of Tony Mulder's superfluous or unnecessary. But some of the others concerning sovereign risk protection and the more frequent durability reports - are they issues for you or not?

*Dr PULLINGER - Yes. I think that one is in the agreement, so that is fine. The ones we had concerns about were those changing the wood supply figure. I think that was Tony's amendment, but you had a bit of context about that. Nonetheless, that is obviously not consistent with the agreement. I am not sure that I saw all of them but the others we had concerns about were related to changing the timing, or the staging, of the reserves. That would not be consistent with the agreement.*²³⁷

462. With this background in mind, it is clear that the position by many parties in relation to sovereign risk is limited to the issue of compensation for the forest industry in the event that Government in the future were to make decisions that impacted upon the resource allocation provided for under the Bill. It does not however appear that the issue of sovereign risk as it relates to the broader Tasmanian community was considered as part of these deliberations.
463. The Tourism Industry Council of Tasmania did however highlight the possible deficiency in the consideration of sovereign risk. Chief Executive Officer Mr Luke Martin said of the issue

²³⁶ *Op.Cit.* p.5

²³⁷ *Op.Cit.* p.22

*There is also the risk that the commonwealth could renege on its agreement with the Tasmanian government because the draft legislation does not create legally-binding rights and obligation. That strikes at the heart of the issue of sovereign risk which we have raised with you on a number of occasions before. We note that in the summary provided yesterday, the overview notes, the government makes the point that sovereign risk is an issue and there needs to be an effort made to address it, and it leaves that to the member for Murchison to do rather than understanding its rights and our expectations of its rights and obligations to us as a stakeholder community.*²³⁸

464. The Tasmanian Chamber of Commerce and Industry raised similar concerns during their evidence.

*The most recent survey of business expectations published in October 2012 highlighted these concerns. It showed that 89 per cent of respondents were directly or indirectly concerned with the clarity and consistency of the environmental approvals; 69 per cent considered that governments did not consistently take expert advice when making decisions on resource extraction and primary production; and 85 per cent were concerned by threats imposed by community activists or environmental organisations. Essentially, these results could be interpreted in the context of forestry as concern that the government has seeded the grant of long-term decision-making to a small group of ENGOs.*²³⁹

465. This concern was illustrated when the Commonwealth Department of Sustainability, Environment, Water, Population and Communities was questioned at a hearing in relation to the process by which the current world heritage extension application was arrived at. Curiously, although the Department appeared to be indicating a degree of mutual agreement between the Commonwealth and State on what should be listed, this did not appear to be reflected in the process that occurred.

Mr VALENTINE - What powers does the state government have in relation to World Heritage area nominations and the like? Can they veto a nomination being put forward, or not? What is their role in terms of nominations?

²³⁸ *Op.Cit.* p.18

²³⁹ *Op.Cit.* p.39

Ms BLAZELY - Because it is an international convention under the constitution, the Australian Government has the responsibility and the Australian Government is the state party to the convention. But there have been a number of intergovernmental agreements between the commonwealth and the states relating to how matters of national environmental significance, of which World Heritage is one, is managed. There was an intergovernmental agreement in 1992 in which the states agreed that the commonwealth should take responsibility for World Heritage, and there was another intergovernmental agreement in 2009 in which we collected together all of the previous agreements that had been entered into by the commonwealth and the states, which lays out commonwealth responsibilities and state responsibilities. In general, the commonwealth has agreed in principle that it would not nominate a World Heritage area without the agreement of the state as a policy.

Mr VALENTINE - So obviously the state has agreed with these areas being nominated in the first place, formally or informally.

Ms BLAZELY - As I said earlier, the Tasmanian government has requested a number of exclusions from the area, which the minister is considering.

Mr VALENTINE - I just wasn't sure whether the state had the power to say that these will be excluded or whether it is 'can you please consider that these be excluded', and there is a slight difference there.

Ms BLAZELY - It is more 'we would like you to exclude.'

Mr SULLIVAN - There is that balance between Australia as a state party being a signatory, and us sharing with a number of countries the fact that we're a federation. The commonwealth government as a representative state party is ultimately responsible, the tenor of the understanding between governments is that this is best done in a cooperative sense in terms of cooperative federalism. The process that Veronica [Blazely] outlined of the Tasmanian government coming back to the commonwealth in the intervening periods since 31 January is part of that process of consultation between governments.

Mr VALENTINE - There is no necessity for that to go through the parliament for the federal government to have authorisation for nomination. I just wanted to clarify.

Mr SULLIVAN - It is subject to a piece of legislation that has already gone through the parliament and, as with all international conventions, there was parliamentary -²⁴⁰

466. The Government was silent on the issue in their submission. The Committee was not aware of an intention by the State and Commonwealth to enter into a binding agreement supported by appropriate legislation that would limit future reserve claims in Tasmania, should the Bill be passed.

The Review of the Forest Practices Code and the Forest Practices Act 1985

467. The issues of the role of Forest Practices Code (FPC), the *Forest Practices Act 1985* and the Forest Practices Authority (FPA) as the Regulator were also considered.
468. The major issues identified were in relation to the future integrity of the FPC following the introduction of the legislation. The concern was in relation to ongoing conservation outcomes and the possible amendment to the Act, to require the FPA to adopt a 'triple bottom line approach' that would take into account socio and economic factors as part of their decision making process. The argument in relation to this issue was that it would 'downgrade' the FPC.
469. The issue of the review of the FPC and the consequences for the TFA were also considered.
470. Clauses 53-54 of the TFA contemplate the issues of the FPC and the Act.
471. Clause 53 seeks for the *Forest Practices Act* to be amended to give effect to
- a. The recognition of the vision in legislation and to the outcomes of this agreement;
 - b. Require the Forest Practices Authority to explicitly consider social, economic and environmental outcomes of their decision-making processes; while
 - c. Maintaining the ongoing application of the Forest Practices Code.
472. Clause 54 notes that the existing review of the FPC should be progressed.

²⁴⁰ Hansard Transcript, 28 February 2013, p. 14

473. The Bill is silent on the issues of forest certification, the Act and the role of the FPA other than noting the Bill overrides any inconsistencies with the Act at Clause 5.
474. The Government submission did not deal with the issue of the FPC, FPA or the Act.
475. The FPA as the forest regulator and administrator of the FPC made a written submission to the inquiry. Of concern to the Committee was the fact that the FPA did not appear to have been appropriately consulted as a key stakeholder during the course of the negotiations leading up to the TFA.
476. The FPA noted the following key issues in relation to the TFA from their perspective
- a. The FPA is not aware that the key assumptions under the TFA (refer to point 1 of their submission) have been fully tested or full consideration given to other approaches;
 - b. They have concern about the intensification of forestry activity arising from the TFA;
 - c. The requirement under Clause 53-54 of the TFA for the FPA to explicitly consider the social, economic and environmental outcomes in the decision making process is already implicit under the *Forest Practices Act* and has always made decisions under the Code with these factors in mind;
 - d. The *Forest Practices Act* could be strengthened by specifically adding these intentions to the statutory objectives;
 - e. The intention of the Bill may give unreasonable advantage to the forestry corporation in comparison with other forest owners;
 - f. There is an urgent need for the Government to develop a Forest Policy as an overarching legal and policy framework.
477. The Government was questioned in relation to some of the issues raised by the FPA.

Mr McILFATRICK - Effectively our policy review was suspended during the signatories' process. Now we are towards the end of that we are anticipating we will re-engage on that very quickly.

Ms FORREST - That will include the development of a forest policy?

Mr McILFATRICK - Exactly, under whatever the outcome of the process - back to square 1 process or moving forward we will have to review forest policy.

Ms FORREST - What is the expected time frame for that? This is a significant issue for the FPA.

Mr SWAIN - I could not answer that honestly because we have not worked through what is involved, but my [inaudible] thinking is it ought to progress in parallel with the forestry transition review that's underway, so you are not only looking at the structural side of Forestry Tasmania in the context of these new arrangements but you are also looking at the policy environment they are operating in. It would seem sensible to progress those two things in parallel.²⁴¹

478. FT also provided a perspective on the issues associated with the FPC as they relate to their future operations under the TFA. In their written submission they noted the following key points which appeared to indicate their support for restricting the FPC being strengthened into the future.

- a. FT does not seek to roll back the existing FPC;*
- b. Certain approaches being taken by the FPA (including the reduction in production estate and the increase in reserves) have not currently taken into account the TFA;*
- c. The 137 000 cubic metre minimum saw log output under the Bill cannot be achieved if the FPC were to become more restrictive;*
- d. FT does not support a 'one prescription for all' approach that has historically been applied under the FPC moving forward.*

479. The Tasmanian Conservation Trust raised concerns as a central issue in their evidence in relation to the possible impact of the Bill on the FPC. Director Mr Peter McGlone outlined his concerns during the hearings and in his organisation's submission to the inquiry

The TFA bill as it stands is likely to increase the threat to those forests outside the current and proposed reserves, which are the most important for conservation and biodiversity, including habitats and threatened species. These forests need the protection offered by a strong and scientifically based

²⁴¹ Op.Cit. p.31

forest practices code. They rely on that code, however the provisions of the bill could potentially weaken the code at a time when we are expecting it to be strengthened following the recent review. Retention of a strong code that protects biodiversity values is also required to give confidence to buyers and consumers that timber products come from authentically sustainable forest sources. It is also vital that the Legislative Council recognises serious deficiencies in the signatories' vision for Tasmania's forests.

I am going to go through each of the seven points but focus heavily on the forest practices code issue up front. It is of the utmost importance to ensure that the forest practices code is not downgraded and that the forest practices advice currently before the minister to upgrade the code to improve its biodiversity conservation provisions is acted upon. We raised similar concerns with the Legislative Council back in December and we have provided a copy of that submission.

The code sets the benchmark for commercial forestry operations and has often been highlighted by industry and government for many years in order to back up claims of best practice in the Tasmanian forest industry. The code is a living document. It has been subject to, in my time, upgrades in 1993 and 2000. They principally addressed the concerns at the time about soil and water provisions in relation to cable logging in steep country. More recently, in 2007 to 2010 the Forest Practices Authority initiated another review of the code with a view to upgrading provisions to do with biodiversity conservation. The resultant report and recommendations have been on the minister's desk since July 2010 pending, in the words of the minister, the outcome of the peace talks. For as long as the code is not upgraded as recommended it continues to fail to respond to scientific advice, national confidence and community expectations. From November 2012, meanwhile, the TFA seeks a commitment from the government to amend the Forest Practices Act. It seeks to recognise the vision and that has been included as a schedule to the TFA bill. It is an agreement which is to amend the Forest Practices Act to consider social and economic as well as environmental outcomes in any decision-making processes. The agreement says that it wants to maintain the code but clause 54 seeks to ensure that the review of the code is 'progressed in a manner consistent with the TFA'.

We believe the intention is clear that the code is to be made subservient to the TFA. The TCT understands that the minister has already sought advice from

the Forest Practices Authority as to how this subservience might be achieved. You may recall comments from Ian Dickenson from the TFGA in December. He made reference to the fact that this advice had been sought. The Forest Practices Authority made clear in its submission in December 2011 to the Jonathan West IV(G) process that the goals of the forest agreement to increase reservation and guarantee wood supply levels cannot be implemented without undermining the code.²⁴²

480. Mr McGlone also proposed an amendment to the Bill by the deletion of Clause 5 (d), to be replaced with the following wording

The TFA shall not be taken to override or amend the Forest Practices Act and/or the Forest Practices Code and cannot be taken to provide any person or organisation with authority to do so.²⁴³

481. Chief Executive Officer of Markets for Change Ms Pegg Putt supported the position taken by the TCT in relation to the risk of the FPC being downgraded as a result of the TFA.

Certainly in making the agreement the parties were all aware that they were actually bringing forest practices under pressure and probably leading to a downgrade of the Forest Practices Code. It's not in the legislation before you per se but it flows from the agreement and it's a big problem. I am just trying to differentiate what you can do here in regard to legislation and what needs to happen by some other method.²⁴⁴

482. Mr Michael Hirst from 'Give it Back' provided a perspective on the FPC and the implications for private forest growers if it were to be 'tightened'.

Mr HIRST - Rob, for me the agenda to tighten the forest practices code to bring in more biodiversity provisions - and I know that's on the table -

Mr VALENTINE - Because of threatened species and the like.

Mr HIRST - Yes. It's purely about getting their hands on the private native resource because they know if you lock up this 500 000 hectares then extra

²⁴² *Op.Cit.* p.1

²⁴³ *Op.Cit.* p.15

²⁴⁴ *Op.Cit.* p.45

*pressure will be put on the private reserve when the market turns around, and it will turn around. I suppose this is what Peter McGlone is on about. The only way at the moment they can have an influence on the private reserve is through the forest practices code. They'll tighten that up if they get their way to the extent where it will be unviable for us to do anything in the private native forest, and that is 1.2 million hectares in this state. It is a big resource. It is now bigger than the public resource by a long shot, so it is important. But guess what? If the biodiversity in the private native blocks is so important and is there at the moment that's because we've managed it right up until this point.*²⁴⁵

483. Private land owner Mr Roderic O'Connor was also questioned about the TCT position on amendment to the FPC

Mr VALENTINE - The Tasmanian Conservation Trust is saying that the Forest Practices Code really needs to be reviewed and strengthened. Do you have a position on that, out of interest?

Mr O'CONNOR - Yes I do. I do not think it needs to be strengthened any more at all because it has an open remit. If something has got an open remit, it will fix the problems. If it stayed with the RFA principles, as they were, it would be fine but it has already extended beyond that remit. If anything, I would like to see it reined in in certain areas to make sure it is not just a creeping grab, because it is like a pincer movement.

*If we do not get some common sense on the state's forests in this area and also provide an open door for private native forests to continue running a business - if we even get through that hurdle - we are going to get jammed in extremely difficult and onerous code issues. If there was going to be a review, it would certainly have to be a two-sided review rather than another bureaucratic prescriptive outcome.*²⁴⁶

Forest Stewardship Council

484. Two systems are used in Australia for forest certification, these being the Australian Forest Certification Scheme (AFCS), which is recognised under the

²⁴⁵ Hansard Transcript 7 February 2013, p.47

²⁴⁶ *Op.Cit.* p.74

Programme for the Endorsement of Forest Certification (PEFC), and the Forest Stewardship Council (FSC).

485. The AFCS uses the Australian Forestry Standard (AFS) as the relevant standard for certifying forest management. The AFCS is administered by AFS Ltd, while FSC certification is administered by FSC Australia.

486. FT has currently adopted the AFS standard as part of their certification process.

487. Under clause 47 of the TFA, FSC certification is an agreed aspiration which is strongly supported by all of the Signatories. The TFA states at Clause 47

“The Signatories will actively support Forest Stewardship Council certification for the Permanent Timber Production Zone Land managed as intended under this agreement, as a matter of priority.”²⁴⁷

488. The TFA also states in clause 46 that the Signatories support forest certification and the development of a national certification standard for forest management.

489. As yet, there is no national FSC certification standard in Australia. There are interim standards which can be applied to local regions and these are currently being used by FSC certifiers. FSC Australia has made a commitment to obtaining a national standard which is in accordance with International FSC certification by December 2014. Ms Reynolds CEO of FSC Australia and Mr Adams, Chair of FSC Australia stated in evidence

Ms REYNOLDS - We have to start developing our standards by consultation by the end of March to fit into this international timeline, or we need to stop. The international timeline will continue and we can still participate, and then at the end of two years we can commence developing our own. It is designed to ensure that it is not a moving target for stakeholders and FSC international. People are either in there developing the standards concurrently, or there is a time limit on that so that they can commence once this is created. Whichever way, it is really good.²⁴⁸

Dr GOODWIN - When you talk about the two years, what is that? Is it the two years to develop the international FSC?

Ms REYNOLDS - At the moment we are embarking on the process of doing the two together. Building the two rungs of the ladder together so they inform

²⁴⁷ TFA, clause 47

²⁴⁸ *Op.Cit.* p. 35-36

one another. The international process will be completed by December 2014, from current estimates. We would have sought to finish our process at the same time, but if we do not obtain the funding to be able to engage to the extent that we want to, and that we are required to under FSC international rules, we won't be able to start.

Dr GOODWIN - Just to be clear, you couldn't finish yours before they finish theirs?

Ms REYNOLDS - No.

Dr GOODWIN - Okay, so we are tied to the international timeline essentially.

Ms REYNOLDS - Everyone in the world is.

Mr ADAMS - But that does not stop Forestry Tasmania, if they choose to, seeking certification against an interim standard immediately²⁴⁹.

490. Ms Reynolds commented on the strong national and international support that New Zealand had achieved for their forest products through FSC certification

*We hope that FSC is able to do that here, too, in Tasmania and that a viable industry emerges that takes into account and engages the views of the social and environmental terms.*²⁵⁰

491. It is most important to understand that FSC does not do certification itself. Instead it provides the overarching principles and standards that must be adhered to, to achieve certification. FSC Australia accredits national bodies who have developed a certification process that meet the FSC requirements. According to FSC Australia, there are six accredited auditors within Australia.²⁵¹

Forest Stewardship Council versus the Australian Forest Certification Scheme

492. The Committee sought to clarify the difference in standards between PEFC and FSC. There was evidence given around variations in the governance structure and stakeholder engagements contributing to significant difference, however in seeking further detail it was noted as follows

²⁴⁹ *Ibid*

²⁵⁰ *Ibid*, p. 23

²⁵¹ <http://www.fscaustralia.org/>

Mr VALENTINE - Can you give us an indication as to the areas that are audited under FSC that perhaps would not be under the Australian forestry standard or PEFC? Is it just the social stuff that is extra or other aspects?

Ms REYNOLDS - People have done their PhDs on this and 300-plus pages of comparing the difference.²⁵²

493. While there is much evidence available in relation to the difference in standards, this report will provide an overview only of the process of FSC and the major underlying differences which have led to the support of the Signatories for this method of certification being included in the TFA.

494. The FSC is an international association of members consisting of a diverse group of representatives from environmental and social groups, the timber trade and the forestry profession, indigenous people's organisations, responsible corporations, community forestry groups and forest product certification organisations from around the world.

495. FSC has a unique governance structure that is built upon the principles of participation, democracy and equity. It has three chambers of decision making which are social, economic and environmental. Mr Cadman from FSC Australia stated:

Mr CADMAN - Yes, PEFC is preferred by growers but the market prefers FSC because globally FSC is endorsed by social stakeholders, environment stakeholders and economic stakeholders.²⁵³

496. CEO of FSC Australia Ms Reynolds further advised

The standards are very different and the way the governance structure is structured is very, very different. The ways that the standards are developed are very different between the organisations.²⁵⁴

And that

The governance structure is different - the environmental groups have a third of the vote and a strong voice in FSC.²⁵⁵

²⁵² *Ibid*

²⁵³ *Ibid*, p. 27

²⁵⁴ *Ibid*, p.26

²⁵⁵ *Ibid*

497. The three chamber process of social, economic and environmental factors where an equal vote is given from each chamber before accreditation is obtained, was stated as being a key reason for preferential support of FSC in international markets and the requirement for this method of certification under the TFA.

International Market and Signatory Support for FSC

498. The market demand for FSC certification appeared to be a considerable driver for its inclusion in the TFA. Much evidence was received around the market demand and preference for FSC certification of wood products. Mr Jim Adams stated

Mr ADAMS - They are certainly within the marketplace, particularly the international one. Some of the producers are finding their customers have a preference for FSC rather than PEFC. I am not saying one is better; the TCA supports both schemes.²⁵⁶

For the first time ever, they [ENGOs] have agreed to support - and Vica [The Wilderness Society] went to it in the previous presentation - to support FSC for native forests - again a first, and a biggie. You can argue about the merits of one certification scheme over the other but what you can't deny is the fact the market now wants FSC. On anything you see is 'FSC certified', so if that secures us the market, they have agreed to support it for the first time ever.²⁵⁷

499. International markets have been stated to have strong support and preference for FSC certified products and that to gain exposure to the international markets, especially in Japan, Tasmanian products will need FSC certification. The position regarding FSC certification as a market driven factor was outlined by Mr Cadman of the FSC Australia

Certification is about providing guarantees to consumers so, with respect, the choice that the grower makes is a market decision about the perception that they need for their place in the market. They can't and don't influence the

²⁵⁶ Hansard Transcript, 15 January 2013, p. 21

²⁵⁷ *Op cit*, p. 21

*market in regard to social and environmental responsibility in any other way than the choice they make between those two schemes.*²⁵⁸

500. Mr Hesketh from the Australian Conservation Foundation also noted the international market demand for FSC certified products

*The global market was certainly aspiring for respectable wood that it could use in products. For many years, since the early 1990s, the European market in particular has aspired to buy under a certification system that has become pretty much the global norm now, the Forest Stewardship Council certification system which Paul referred to earlier. The Japanese market is very attuned to FSC buying and so are other regional markets in the area, even China indeed. It is growing globally and therefore the market is moving with that. A strong part of the initiative we are taking in Australia is to ensure that FSC certification will be a great outcome here.*²⁵⁹

501. There was strong evidence of ENGO support for the FSC certification method and the agreement for this certification method to be sought and used under the TFA. Mr Hesketh from the Australian Conservation Foundation stated

*FSC Australia has not produced a national standard as yet. There are some interim standards that are being used by certifiers. We welcome the support for the FSC national initiative in the agreement.*²⁶⁰

The ACF went further to state

*We are fully supportive of FSC.*²⁶¹

502. The Committee noted the ENGO signatories support the certification process of FSC over the PEFC certification process - as they are a one-third party to the Council and their considerations are taken into account when a forester gains (FSC) accreditation.

503. While ENGO support for FSC was acknowledged as an instrumental part of the agreement and for the ongoing future of the industry, the system of community and industry consultation which includes the economic factors has also been supported by industry bodies with Australian Forest Growers noting that

²⁵⁸ *Ibid,*

²⁵⁹ Mr Hesketh, Hansard Transcript, 15 January 2013, p. 5

²⁶⁰ *Ibid,* p. 8

²⁶¹ Mr Sinclair, Hansard Transcript, 15 January 2013, p. 10

The reason I perceive that the big win is perceived as FSC is that it is the insurance policy, if you like, so the ENGO-sponsored certification standard, which is really what FSC is, is available and will be presumably able to be achieved at least by the public forest manager in this state.²⁶²

504. While the ENGOs support the FSC method of certification, some non-signatories including Tasmanian Conservation Trust noted that for them to be fully supportive, a review of the Forest Practices Code would be needed.

Mr MULDER - So you'd be making submissions that unless the forest practices code was extended, you would probably try to get the Forest Stewardship Council to say no, don't do this because it's not quite sustainable.

Mr McGLONE - In a simple sense, yes. It should be on the basis of maintaining strength on the current regulatory system, and then FSC should attempt to achieve an outcome superior to what is legally required.

Mr MULDER - With a sufficiently rigorous forest practices code, then, FSC certification would be appropriate?

Mr McGLONE - Yes.²⁶³

505. The importance of FSC was also recognised by Mr Ken Padgett of Australian Forest Contractors Association.

Part of the process going forward is FSC certification of our native forest harvesting. That took a lot of getting across the line and I know that in terms of the NGOs, it is a bitter pill for them to swallow. I think it is one of the serious things that they have given up in this process or at least come across to the view that if we are going to have a sustainable industry going forward, we have to have FSC certification.²⁶⁴

FIAT further noted the importance of FSC certification

Mr EDWARDS -... potentially FSC certification, it is not really short term but if, say, certification took two years and we were successful, one of the things that the markets have been saying is, 'We would prefer you had FSC

²⁶² Mr Wragg, Hansard Transcript, 17 January 2013, p. 34

²⁶³ Hansard Transcript, 17 January 2013, p. 12

²⁶⁴ Hansard Transcript, 15 January 2013, p. 59

certification to come into our market'. At the moment we can't offer it, we haven't got it.²⁶⁵

506. Concerns were raised by the TFGA and other witnesses in relation to the cost and timing of obtaining certification and the pressure that would place on private forest growers to be competitive within the market.

507. In relation to the cost of obtaining certification, FSC Australia states on its website that the cost will depend on a number of variable factors, including the organisation type, number of sites and current state of the organisation's systems. Ms Reynolds from FSC Australia gave evidence that

One the issues that is repeatedly mooted is the alleged costs of certification to FSC for forests. In this light, I must say, it is an unwise business person who looks at a financial outlay purely as a cost rather than looking at it as an investment decision. Is investing in a process to deliver certification and access to markets worthwhile? That depends on the markets and the economies of the situation, doesn't it?²⁶⁶

508. The Committee noted that the costs of being audited depended on: the costs of the individual auditor; whether or not the forester in question met the standard or if not, what work needed to be done for that standard to be met. Audit costs were further discussed.

All of this depends on how ready someone is for audit. Anyone who has an ISO-type of scheme or anything that is being audited and you put up your hand and say, 'Hey, I meet the standard'. It will depend on how ready somebody is and how often the auditors have to come back to say, 'No, you don't meet the standard; here are your corrective actions' and leave and then come back because audit fees are a function of an auditor's time. For a SLIMF of under 1 000 hectares, the costs of audit have been quoted at somewhere between \$3 000 and \$8 000; that is, for the main assessment.²⁶⁷

509. FSC Australia also noted there was provision for certification to be obtained as a group which would somewhat reduce the cost outlay.

²⁶⁵ *Op Cit*, p 48

²⁶⁶ Hansard Transcript, 5 February 2013, p. 24

²⁶⁷ *Op Cit*, p. 24

For a group scheme that contains around 10 members - we are trying to put some parameters on here so that you understand what happens and the price of areas, depending on the geographic location and things like that - it would be somewhere between \$4 000 and \$16 000.²⁶⁸

510. The private forest growers noted that if the Government proceeded down the path of FSC certification, then it would be helpful if the Government assisted private forest growers to attain the certification.

Mr RAGG - I have generally been a supporter of certification but I think you have to go into it with your eyes open. In my own case, I think I spent \$10 000 getting probably a third of the way through the process.

Mr MULDER - ... the future seems to be clear. Everyone around the table is telling us that if you don't get this certification you're not going to be able to sell except into very low price markets such as China. ... this agreement presents an opportunity for growers to get in there, get rid of those overhead burdens and piggy-back on the work of the government and the ENGOs.

Mr RAGG - Pragmatically, if there was a recommendation from this committee that that be pursued, it would be very helpful. ...²⁶⁹

Forestry Tasmania

511. As the State's current public forest manager, FT is currently certified under the AFS scheme for its forest management certification. In a media release issued on the 4 July 2012

The Deputy Premier, Bryan Green, said today he was delighted that Forestry Tasmania has been recertified for a further three years under the Australian Forestry Standard.²⁷⁰

512. FT stated in its submission to the Committee that it supports the agreement to obtain FSC certification and made the following comments in relation to FSC accreditation.

²⁶⁸ *Ibid*

²⁶⁹ Hansard Transcript, 17 January 2013, p. 36

²⁷⁰ Bryan Green MP media release, 4 July 2012

Similarly, FT supports the TFA insofar as it can be proven to be truly durable, as evidence by strong support for, and maintenance of, Forest Stewardship Council certification for the proposed Permanent Timber Production Zone (as outlined in Clause 47 of the TFA).

FT has been certified under the Australian Forestry Standard (internationally endorsed by PEFC) since 2003 and will continue to hold this certification.

Two recent developments have encouraged FT to now actively seek FSC certification. Firstly, FSC Australia has stated its intention to develop its national standard for Australia by December 2014. The second was the signing of the TFA.

Based on these important developments, FT has decided to immediately apply for FSC certification and is confident that its high standards of forest management, along with the stakeholder support arising from the Tasmanian Forests Agreement, will allow it to meet the FSC's certification standards. FT recognises that its application and systems will need to be rigorously assessed by accredited certifying bodies and FT looks forward to engaging with this process.²⁷¹

513. FSC certification is available to FT under the interim standards. FT would need to meet the standards according to the independent certification auditors who report to FSC Australia. The following discussion was held with Ms Reynolds from FSC Australia before the Committee.

Mr HALL - You talked about Forestry Tasmania, Natalie, can you guarantee that state forests managed by FT will be provided with FSC certification without any reduction in yields?

Ms REYNOLDS - FSC Australia does not make decisions as to whether somebody does or does not meet a standard. We are more like the parliament and the policy body. An auditor will make a decision whether their operations meet those standards or not.²⁷²

514. FSC Australia also stated in relation to FT obtaining FSC certification.

²⁷¹ Forestry Tasmania written submission, p. 14

²⁷² *Ibid*, p. 25

*This agreement, if passed, can be supported by FSC certification if Forestry Tasmania can demonstrate compliance to all elements in one of these three standards. It's not a given by any means. The FSC standards require compliance and engagement to a very high level in economic, social and environmental elements that are difficult to achieve.*²⁷³

515. The Committee noted that FT is in a position to apply for FSC Certification and be audited in accordance with the FSC rigorous standards. If the standards are met, FT will be awarded FSC certification under the interim standards until a national, recognised standard is developed.

Carbon

516. The TFA calls for a 'review of existing and potential policy initiatives' with particular emphasis on the use of 'carbon farming and storage potential of plantations'.²⁷⁴
517. The Committee sought to obtain further information in relation to carbon farming and the implications for Tasmania during the course of the inquiry.
518. The *Carbon Credits (Carbon Farming Initiative) Act 2011* requires that any project which is sought to be nominated for offsets under this Act meet an 'additionality test' (see below definition given). Also, the project being nominated must specifically state that the purpose of the project is for carbon sequestration for it to be considered under this Act.
519. The 'additionality test', S 41 of the *Carbon Credits (Carbon Farming Initiative) Act 2011* states that
- (1) For the purposes of this Act, an offsets project passes the additionality test if:*
- (a) the project is of a kind specified in the regulations; and*
- (b) the project is not required to be carried out by or under a law of the Commonwealth, a State or a Territory.*²⁷⁵
520. Evidence was received from Mr Roderic O'Connor in relation to the importance of the additionality test.

²⁷³ *Ibid*, p. 25

²⁷⁴ TFA clause 24

²⁷⁵ *Carbon Credits (Carbon Farming Initiative) Act 2011*, s.41

*The concept of additionality is key. It addresses the issue of whether the project that is proposed for carbon credits would have happened anyway. If a forest was never going to be logged, nothing additional has occurred to create the principle of a carbon credit. If the project is a direct result of an imposed state law it does not qualify.*²⁷⁶

521. Under Tasmania's current *Nature Conservation Act 2002* there is no provision for reserves to be created for the purpose of carbon sequestration or offsets.

522. The Bill seeks to amend the *Nature Conservation Act 2002* to provide for an 'additionality test' to be included in the purpose of the creation of the reserve.

523. For Tasmania to benefit economically from the carbon credit initiative, any reserves created under the TFA would need to be nominated for the purpose of carbon sequestration or offset projects.

524. The Bill requires at section 13(5)(b) that the Government

*obtain advice, in writing, from the Minister administering the Carbon Credits (Carbon Farming Initiative) Act 2011 of the Commonwealth as to whether any changed management practices on land specified in the proposed reserve order, when reserved under this Act, constitute a project that is not required to be carried out under a law of the State for the purposes of section 41 of the Carbon Credits (Carbon Farming Initiative) Act 2011 of the Commonwealth.*²⁷⁷

525. The Commonwealth Government is yet to establish the regulations under which Section 41(1)(b) of the *Carbon Credits Act 2011* will operate. The Commonwealth Government has made an undertaking to the Tasmanian Government in correspondence dated 20 December 2012 that

*The Government will make a regulation to this effect early in 2013. This regulation will ensure that paragraph 41(1)(b) of the CFI Act does not exclude projects that involve conservation reserves established under the Tasmanian Forests Agreement Bill 2012.*²⁷⁸

²⁷⁶ Mr Roderic O'Connor response to Questions on Notice, p. 1

²⁷⁷ *Tasmanian Forests Agreement Bill 2012*, section 13(4)(b)

²⁷⁸ Letter from Parliamentary Secretary for Climate Change and Energy Efficiency, Mark Drefus, MP to Tasmanian Minister for Energy and Resources, Hon Bryan Green and Tasmanian Minister for Climate Change Hon Cassy O'Connor dated 20 December 2012.

526. The Tasmanian Government stated in its submission to the Committee that the Bill will give effect to the key objectives of the Signatories including 'protection of Tasmania's carbon reserves'²⁷⁹. The submission also advised the commitment of the Commonwealth Government to consider the land reserved as projects under the *Carbon Credits (Carbon Farming Initiative) Act 2011* as noted in clause 511 of this report above.
527. The Tasmanian Government advised that work was being conducted in relation to the development of a methodology for realising monetary values of carbon sequestration in native forests and that that process was ongoing. The Commonwealth Government noted in correspondence of 20 December 2012 that methodology around *Carbon Credits (Carbon Farming Initiative) Act 2011* legislation is still being developed.
528. The Commonwealth Government has now ratified the second part of the Kyoto Protocol which allows for forest management to be accounted for in an internationally recognised system. Commonwealth Government representative before the Committee Ms Stuart-Fox presented the following evidence around carbon credits and how possible monetary values may be determined.

Ms STUART-FOX - You are referring to the fact that the Australian Government has now made a commitment to join the second commitment period of the Kyoto protocol and as part of that it must report on forest management. The emissions from logging or the increases in sequestration, none of that in the first commitment period was counted towards our carbon budget or Kyoto target. But in the second Kyoto commitment period we will account for forest management. That means that we have compliance credits or credits that are recognised within the international system. The carbon price mechanism is designed to help Australia meet its Kyoto target or stick within our carbon budget, so we allow entities within the carbon price mechanism to use the Kyoto-consistent client units - the internationally recognised units - to meet their liability. That means that demand for that will be higher and the price of those will be higher.

Mr WILKINSON - It still seems to be very complex. Is it going to be financially beneficial? If so, are you able to put a figure on it at this stage?

²⁷⁹ Whole of Government Submission, p. 3

Ms STUART-FOX - The other thing about a market mechanism is that someone can't tell you what the price of wood or the price of wheat or the price of sheep meat is going to be, or your house. There are a whole lot of people who will make projections and estimates about that. We can provide those on notice from a range of different sources. As to which one of those is going to be closer to being correct -

Mr WILKINSON - All we can ask is for the best evidence to date. We can't do any better than that, so if you could give us that, that would be helpful.

Ms STUART-FOX - I can provide some market projections and, of course, you have some estimates that have been provided.²⁸⁰

529. The Committee received a response from the Commonwealth Government that stated

Under the carbon market linking arrangements announced by the Australian Government on 28 August 2012, European Union Allowance (EUA) prices are expected to set the Australian carbon price from 2015-16.²⁸¹

530. While the methodology and monetary values of carbon sequestration and any subsequent credits are yet to be determined, the provisions of the *Tasmanian Forests Agreement Bill 2012* allow for carbon value to be nominated as the project purpose along with conservation values under the *Nature Conservation Act 2002* so as to comply with the requirement of the Commonwealth CFI legislation to be considered for carbon credits.

531. During the course of the inquiry, considerable evidence was received around carbon credits, carbon storage and carbon trading. The regulations and requirements around these issues are with the Commonwealth and have not yet been determined. Given the Bill only provides for the possibility that any reserves arising out of the implementation of the TFA to be considered for carbon under these regulations, much of the evidence received on carbon was outside the scope of this inquiry.

²⁸⁰ Hansard Transcript, 28 February 2013, p. 26

²⁸¹ Commonwealth Response to Questions on Notice, 8 March 2013

Signed this Fifteenth day of March Two Thousand and Thirteen.

Hon. Paul Harriss MLC
Committee Chair

APPENDIX A - SUBMISSIONS

<i>No.</i>	<i>Description</i>	<i>Date</i>
1	The Environment Association Inc	
1.1	The Environment Association Inc Second	04/01/2013 & 25/01/2013
2	Dr John Marrone	21/12/2012
3	Neil McCormick	22/12/2012
4	Dennis Camplin	23/12/2012
5	North East Bioregional Network	24/12/2012
6	Simon Grove	27/12/2012
7	Laurie Dillon	28/12/2012
8	Shan Rayner	31/12/2012
9	Bob Holderness-Roddam	02/01/2013
10	Grant Richardson	03/01/2013
11	Malcolm and Rita Eastley	04/01/2013
12	Els McIntosh	06/01/2013
13	Andrew Carter	07/01/2013
14	Forest Practices Authority	08/01/2013
15	Timothy Thorne	08/01/2013
16	OAK Tasmania	08/01/2013
17	Peter Godfrey	09/01/2013
18	Tasmanian Deer Advisory Committee Inc	09/01/2013
19	Andrew Kemp	09/01/2013
20	Leo Gregson	09/01/2013
21	David White	09/01/2013
22	Tasmanian Trail Association Inc	10/01/2013
23	Des Manning	10/01/2013
24	Dr Mark Neyland & Co	10/01/2013
25	Dr Susan Baker	10/01/2013
26	Tasmanian Minerals Council *	11/01/2013
27	Regional Councils Joint Submission	11/01/2013
28	Leigh Edwards	11/01/2013
29	Radial Corporation and Knörr	11/01/2013
30	Don Frankcombe	13/01/2103
31	Bob Loone – Deputy Mayor MVC	13/01/2013
32	Peter Henning	14/01/2013
33	John Powell *	15/01/2013
34	Tasmanian W-O-G Submission *	15/01/2013
35	Sporting Shooters Association of Australia	14/01/2013
36	JBN Hodgson	14/01/2013
37	Robert Wallace	14/01/2013
38	Bennetts Logging	14/01/2013
39	DN Calvert	14/01/2013
40	Tasmanian Tourism Industry Council	16/01/2013
41	Marie Yee	15/01/2013
42	Michael Wood	15/01/2013
43	Prof David Lindenmayer *	15/01/2013
44	Tasmanian Conservation Trust *	15/01/2013
45	David Obendorf	15/01/2013
46	Anthony Kjar	15/01/2013
47	Anne Layton-Bennett	15/01/2013
48	Robert Crews	15/01/2013
49	Karl Stevens *	15/01/2013
50	Steven Jagar	16/01/2013

51	Australian Forest Growers *	16/01/2013
52	Todd Blair	16/01/2013
53	Forestry Tasmania	17/01/2013
54	Don McShane	17/01/2013
55	Joanna McRae	15/01/2013
56	AFPA	17/01/2013
57	Mark Chin	17/01/2013
58	Tasmanian Mountain Cattlemen Association	17/01/2013
59	Give It Back	17/01/2013
60	Roderic O'Connor	17/01/2103
61	Jack Lomax	17/01/2013
62	John Biggs	17/01/2013
63	Cheryl Arnol	17/01/2013
64	Derwent Valley Council	17/01/2013
65	James Bird *	17/01/2013
66	Florentine Protection Society	17/01/2013
67	John Hawkins *	17/01/2013
68	Liffey Meander Brach – TCA	17/01/2013
69	TTRLUF	17/01/2013
70	Colin Howlett	17/01/2013
71	Lyn Taylor	17/01/2013
72	Huon Valley Council	18/01/2013
73	Eric Lockett – Forester	18/01/2013
74	Rod Watson Heavy Haulage	18/01/2013
75	National Timber Council's Association	18/01/2013
76	Elizabeth Cameron	18/01/2013
77	Ta Ann	18/01/2013
77.1	Ta Ann attachment 1	18/01/2013
77.2	Ta Ann attachment 2	18/01/2013
77.3	Ta Ann attachment 3	18/01/2013
78	West Wellington Protection Group	18/01/2013
78.1	West Wellington Protection Group – attach 1	18/01/2013
79	Dr Tim Wardlaw	18/01/2013
80	Rob Blakers	18/01/2013
81	Aboriginal Land Council of Tasmania	18/01/2013
81.1	Aboriginal Land Council of Tasmania – attach 1	18/01/2013
82	Lesley Nicklason	18/01/2013
83	Institute of Foresters	18/01/2013
84	John Hawkins	18/01/2013
85	Upper Meander Catchment Landcare Group	18/01/2013
86	Timothy J Bidder	18/01/2013
87	Tasmanian Special Timbers Alliance	18/01/2013
88	Australian Government Submission	18/01/2013
88.1	Australian Government Submission – attach 1	18/01/2013
89	Bruny Island Primary Industry Group	18/01/2013
90	Tasmanian Special Timbers	18/01/2013
91	Rodney Keenan	18/01/2013
92	Alan Duggan	18/01/2013
93	Richard Bowden	18/01/2013
94	Malcolm Mars	18/01/2013
95	TasSpan	18/01/2013
96	Tasmanian Sawmillers Association	18/01/2013
97	Cecily Edwards B.F.A.	18/01/2013
98	Amy Robertson	18/01/2013

99	George Harris	18/01/2013
100	Rod Stolorz	18/01/2013
101	Colvin Smith	18/01/2013
102	Patricia Jane Wilson	18/01/2013
103	Neil Smith	18/01/2013
104	Jeff Leddin *	18/01/2013
105	Elizabeth Perey	18/01/2013
106	Joy Elizabeth	19/01/2013
107	Jacki Schirmer	19/01/2013
108	CFMEU	21/01/2013
109	TERN	21/01/2013
110	Mark Pettit	18/01/2013
111	Peter Brenner	18/01/2013
112	Andrew Scott	18/01/2013
113	Meander Valley Council	18/01/2013
114	Capt Richard Burgess	18/01/2013
115	Felton, Quick & Skuja	18/01/2013
116	John Dillon	18/01/2013
117	Tasmanian BeeKeepers Association	18/01/2013
118	FIAT	21/01/2013
119	Frank Strie	22/00/2013
120	Ricky Halton	22/01/2013
121	Geoff Wilkinson *	24/01/2013
122	Josh Holyman	21/01/2013
123	Austra Maddox	21/01/2013
124	Mark Cornelius	21/01/2013
125	Bill Hughes	21/01/2013
126	Senator Colbeck	22/01/2013
127	Joint ENGOS	23/01/2013
128	Central Highlands Council	24/01/2013
129	Tasmanian Aboriginal Centre *	29/01/2013
130	National Association for the Visual Arts	29/01/2013
131	Dorsett Council	29/01/2013
132	Julie Lee	29/01/2013
133	TFGA	04/02/2013
134	TCC I	04/02/2013
135	Michael Kelly	05/02/2013
136	Cindy Kelly	05/02/2013

* Supplementary documents provided in addition to major submission

APPENDIX B - WITNESSES

15/01/2013

Parliament House, Hobart

- Whole of State Government Representatives
Mr Wes Ford, Acting Deputy Secretary, Resources and Information, DPIPWE, Mr Norm McIlfatrick, Secretary of DIER, Mr Gary Swain, Deputy Secretary of DIER and Ms Penelope Wells, Manager (Major Projects) DPIPWE
- Forest Industries Association Tasmania, CEO Mr Terry Edwards, & Australian Forest Products Association, Dr Hans Drielsma, Director and Mr Glen Britton
- Australian Forest Contractors Association, Mr Ken Padgett & Tasmanian Forest Contractors Association, Mr Ed Vincent
- Australian Conservation Foundation, CEO Mr Don Henry, Mr Paul Sinclair and Mr Lindsay Hesketh
- Timber Communities Australia, Mr Jim Adams
- Tasmanian Sawmillers Association, Mr Shane Rice, Mr Stuart Ralph and Mr Fred Ralph

16/01/2013

Parliament House, Hobart

- Environment Tasmania, Dr Phill Pullinger, Mr Russell Warman, and Mr Peter Skillern
- The Wilderness Society of Tasmania, Vica Bayley
- CFMEU, Jane Calvert
- Tasmanian Tourism Industry Council, CEO Mr Luke Martin and Mr Simon Currant
- Tasmanian Farmers and Graziers Association, CEO Ms Jan Davis and Mr Brett Hooper
- DPIPWE, Mr Kim Evans, Secretary, Mr Wes Ford, Acting Deputy Secretary, Resources and Information, Ms Penelope Wells, Manager (Major Projects), Mr Peter Mooney, Deputy Secretary, Parks
- Tasmanian Minerals Council, CEO Mr Terry Long and Mr Lewis Bould, President

17/01/2013

Parliament House, Hobart

- Tasmanian Conversation Trust, Mr Peter McGlone and Mr Alastair Graham
- Australian Forest Growers, CEO Mr Warwick Ragg, Mr Tony Cannon, AFG Past President and Mr Frank O'Connor, Tasmanian Branch President
- Tasmanian Chamber of Commerce and Industry, Mr Michael Bailey, Mr Phil Bayley
- Forest Practices Authority, Mr Graham Wilkinson and Mr Gordon Duff

- Local Government Association of Tasmania, Mr Allan Garcia
- Forestry Tasmania, CEO Mr Bob Gordon, Chairman Mr Bob Annells and Mr Steve Whiteley, Operations Manager

22/01/2013

Parliament House, Hobart

- Tasmanian Government Representatives, Mr Norm McIlpatrick, Secretary DIER, Mr Mark Kelleher, Secretary DED, Mr Gary Swain, Deputy Secretary DPIPWE, Ms Penny Wells, Manager (Major Projects) DPIPWE
- OAK Tasmania, CEO Mr John Paton, Mr John Hollis
- Forest Industries Association of Tasmanian, Mr Terry Edwards CEO
- Australian Forest Products Association, Dr Hans Drielsma, Director

23/01/2013

Parliament House, Hobart

- The Wilderness Society, Mr Vica Bayley
- Dr Simon Grove
- Dr Susan Baker
- Tasmanian Sawmillers Association, Mr Shane Rice
- DPIPWE, Mr Kim Evans, Secretary, Mr Peter Mooney, and Mr Wes Ford

24/01/2013

Parliament House, Hobart

- Environment Tasmania, Dr Phill Pullinger Mr Peter Skillern and Mr Russell Warman
- Institute of Foresters, Mr Aidan Flanagan and Dr Peter Volker
- CFMEU, Jane Calvert

05/02/2013

Parliament House, Hobart

- Timber Communities Australia, CEO Mr Jim Adams
- FSC Australia, Chair Mr Jim Adams, Past Board Member Mr Sean Cadman, CEO Ms Natalie Reynolds
- Dr Julian Amos

- Denman Marine & Tasmanian Specialty Timbers Alliance, Mr Andrew Denman, Mr George Harriss, Mr Murray Jessup and Mr Craig Howard
- Dr Mark Neyland & Dr Tim Wardlaw
- Barry Chipman

06/02/2013

Parliament House, Hobart

- Tasmanian Aboriginal Centre, Mr Michael Mansell and Ms Sara Maynard
- Aboriginal Land Care Centre, Mr Clyde Mansell
- Natural Resource Planning, CEO Rod Knight,
- Professor Jacki Schirmer

07/02/2013

Hotel Grand Chancellor

23 Cameron Street, Launceston

- TFGA, Ms Jan Davis, Mr Bruce Montgomery and Mr David Gatenby
- Give It Back, Mr Michael and Mrs Cindy Kelly, Mr Michael and Mrs Dimity Hirst, Mr Graham and Mrs Susan Johnston
- Liffey Meander Branch TCA, Rodney Stagg and Mr Wayne Johnston
- Roderick O'Connor

12/02/2013

Parliament House, Hobart

- Australian Conservation Foundation, CEO, Mr Don Henry, and Mr Lyndon Schneiders, National Campaign Director, The Wilderness Society Inc
- Forestry Tasmania, Mr Bob Annells, Chairman, Mr Bob Gordon, General Manager, and Mr Steve Whiteley
- Huon Valley Environment Centre, Ms Jenny Weber
- Forestry Tasmania, Mr John Hickey, Dr Martin Moroni and Dr Marie Yee

13/02/2013

Parliament House, Hobart

- Mr Michael Wood
- Regional Councils Association
Mr Barry Jarvis, Mayor Dorset, Mr Tony Bisdee, Mayor Southern Midlands, Mr Martyn Evans, Mayor Derwent Valley, Mr Daryl Quilliam, Mayor Circular Head, Mr Robert Armstrong, Mayor Huon Valley, and Ms Deidre Flint, Mayor Central Highlands.
- Senator Richard Colbeck – Shadow Parliamentary Secretary for Fisheries and Forestry
- Get Up, Mr Paul Oosting, Campaign Director

28 February 2013

Parliament House, Hobart

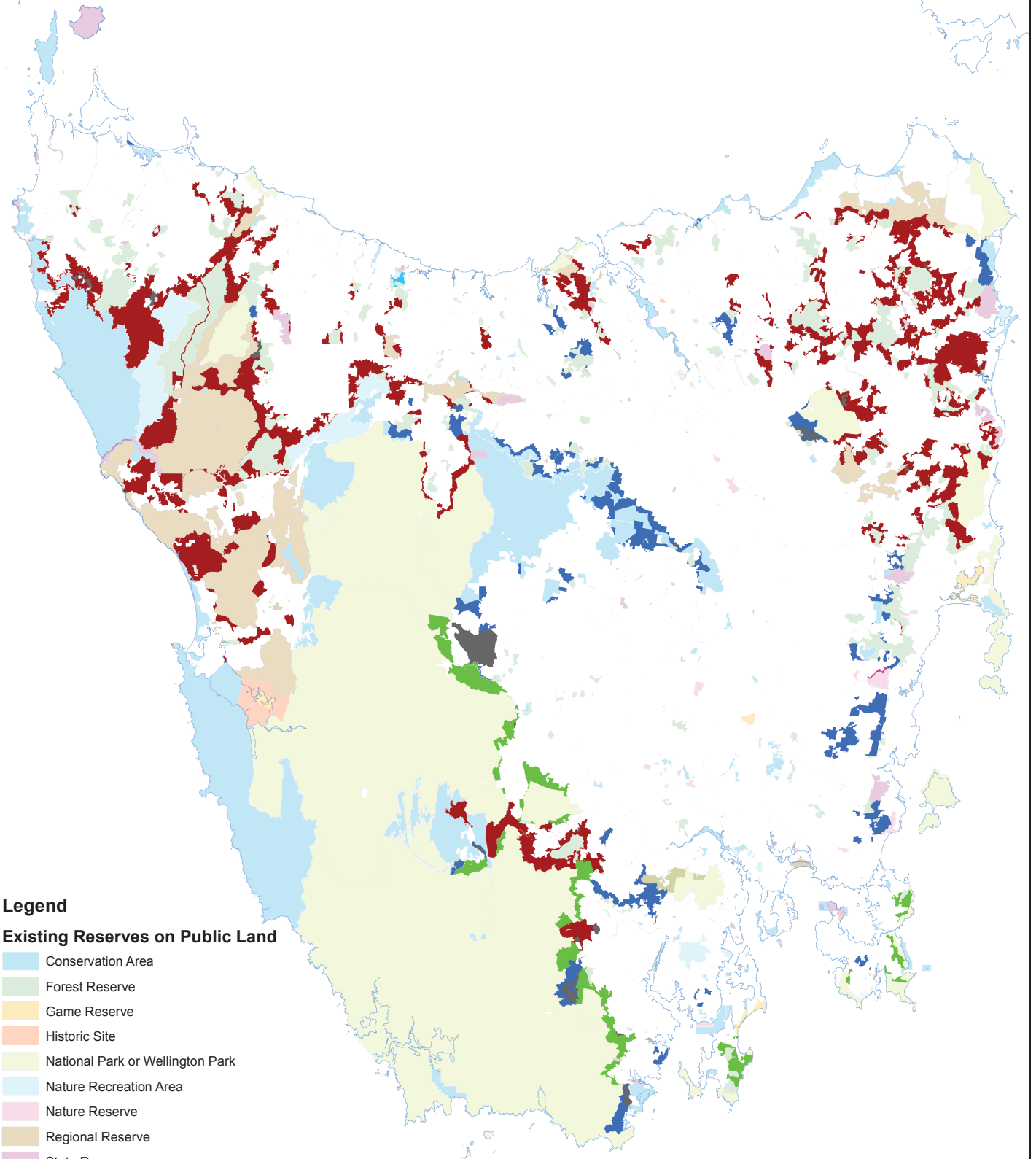
- Commonwealth Department of Sustainability, Environment, Water, Population and Communities.
Mr Sean Sullivan, First Assistant Secretary, Biodiversity, Conservation Division, Ms Claire Howlett, Assistant Secretary, Biodiversity Policy Branch, Ms Emma Campbell, Director, Forest Policy Section, Ms Veronica Blazely, Director, Natural Heritage South Section
- Department of Climate Change and Energy Efficiency
Ms Maya Stuart-Fox, Secretary
- Markets for Change, Ms Pegg Putt, CEO
- Ta Ann Tasmania, Mr Evan Rolley, CEO, Mr Robert Yong, General Manager, Mr Simon Kang, Executive Director, Mr Greg Hickey, Senior Resource Manager
- Dr Bob Smith (author of Socio-economic study), Mr Martin Farley, co-author, Dr Tony O'Hara, co-author

APPENDIX C – TRANSCRIPTS OF PUBLIC HEARINGS

Tuesday 15 January 2013	Committee Room 1, Parliament House, Hobart
Wednesday 16 January 2013	Committee Room 1, Parliament House, Hobart
Thursday 17 January 2013	Committee Room 1, Parliament House, Hobart
Tuesday 22 January 2013	Committee Room 1, Parliament House, Hobart
Wednesday 23 January 2013	Committee Room 1, Parliament House, Hobart
Thursday 24 January 2013	Committee Room 1, Parliament House, Hobart
Tuesday 5 February 2013	Committee Room 1, Parliament House, Hobart
Wednesday 6 February 2013	Committee Room 1, Parliament House, Hobart
Thursday 7 February 2013	Hotel Grand Chancellor, 23 Cameron Street, Launceston
Tuesday 12 February 2013	Committee Room 1, Parliament House, Hobart
Wednesday 13 February 2013	Committee Room 1, Parliament House, Hobart
Thursday 28 February 2013	Committee Room 1, Parliament House, Hobart

APPENDIX D

Future Reserve Land and Existing Reserves on Public Land



Legend

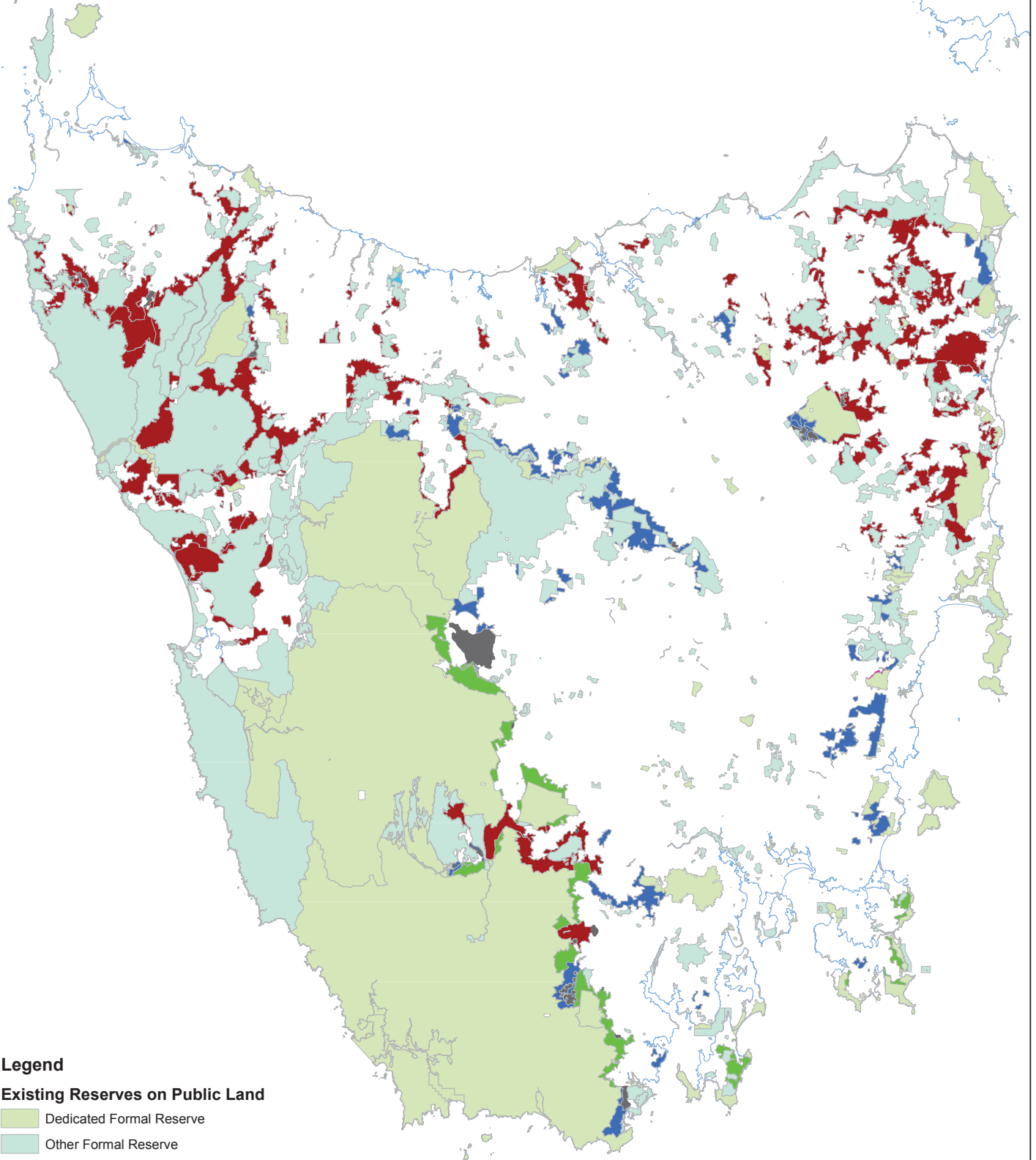
Existing Reserves on Public Land

- Conservation Area
- Forest Reserve
- Game Reserve
- Historic Site
- National Park or Wellington Park
- Nature Recreation Area
- Nature Reserve
- Regional Reserve
- State Reserve
- Public Reserve

Future Reserve Land - tenure equivalent to existing purposes and values



- Conservation Area
- National Park
- Nature Reserve
- Nature Recreation Area
- Regional Reserve
- once-off log, restore & reserve or log of last resort

Future Reserve Land









Legend

Existing Reserves on Public Land

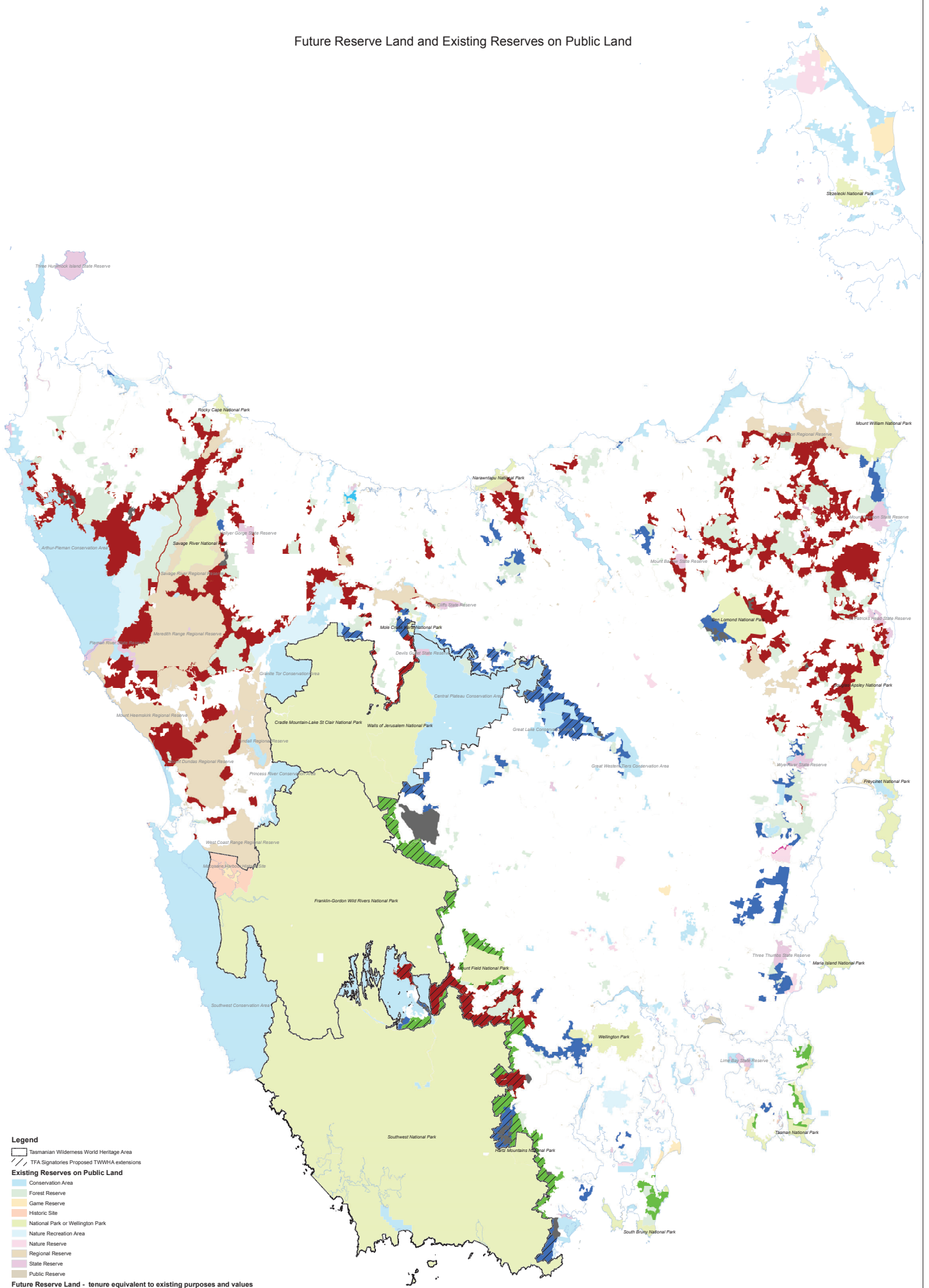
-  Dedicated Formal Reserve
-  Other Formal Reserve

Future Reserve Land

Tenure equivalent to existing purposes and values

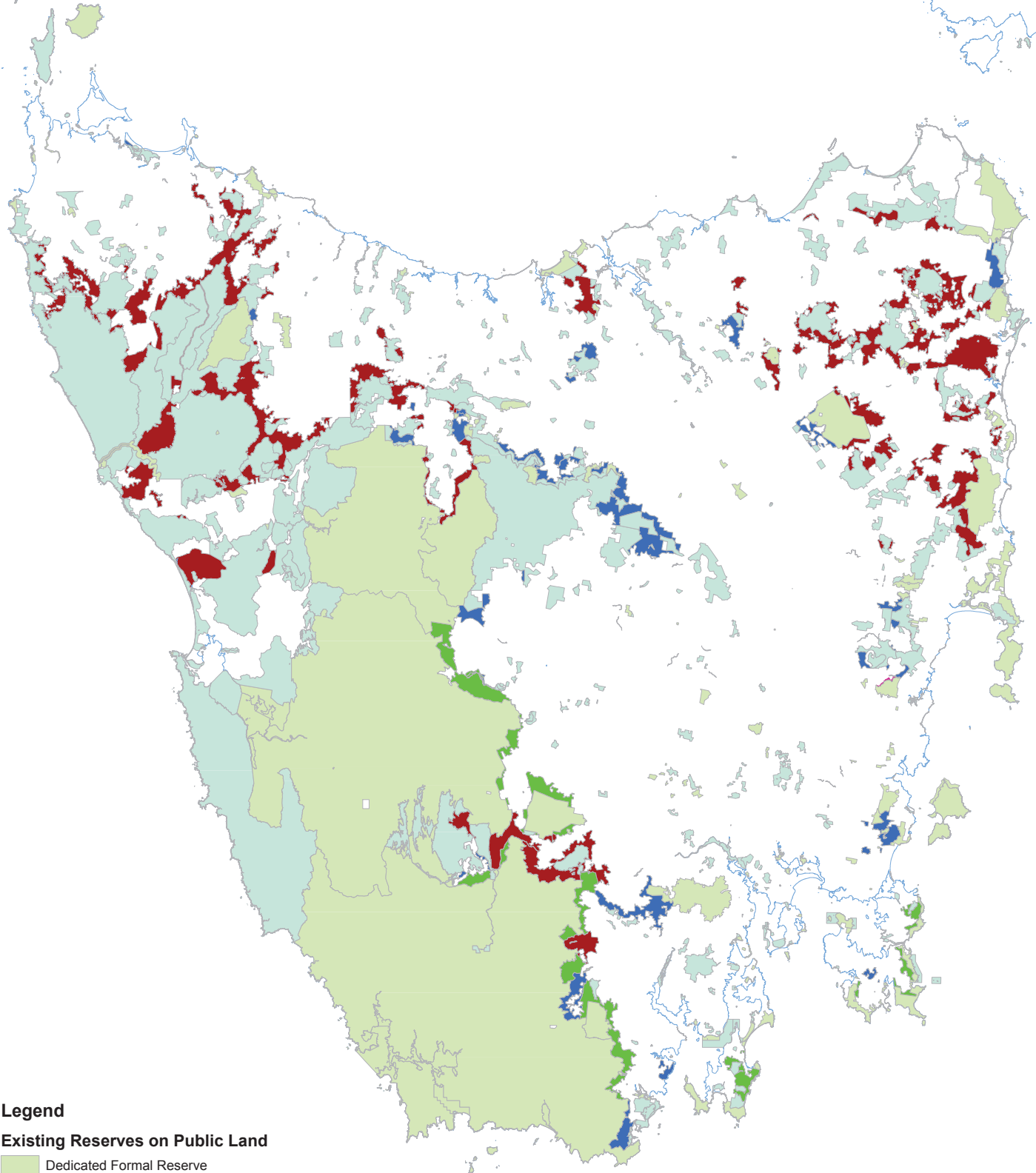
-  Conservation Area
-  National Park
-  Nature Reserve
-  Nature Recreation Area
-  Regional Reserve
-  Log of last resort or Once-off log, restore and reserve

Future Reserve Land and Existing Reserves on Public Land



- Legend**
- Tasmanian Wilderness World Heritage Area
 - TFA Signatories Proposed TWWHA extensions
 - Existing Reserves on Public Land**
 - Conservation Area
 - Forest Reserve
 - Game Reserve
 - Historic Site
 - National Park or Wellington Park
 - Nature Recreation Area
 - Nature Reserve
 - Regional Reserve
 - State Reserve
 - Public Reserve
 - Future Reserve Land - tenure equivalent to existing purposes and values**
 - Conservation Area
 - National Park
 - Nature Reserve
 - Nature Recreation Area
 - Regional Reserve
 - once-off log, restore & reserve or log of last resort

Future Reserve Land (Tranche 1 Reserves)



Legend

Existing Reserves on Public Land

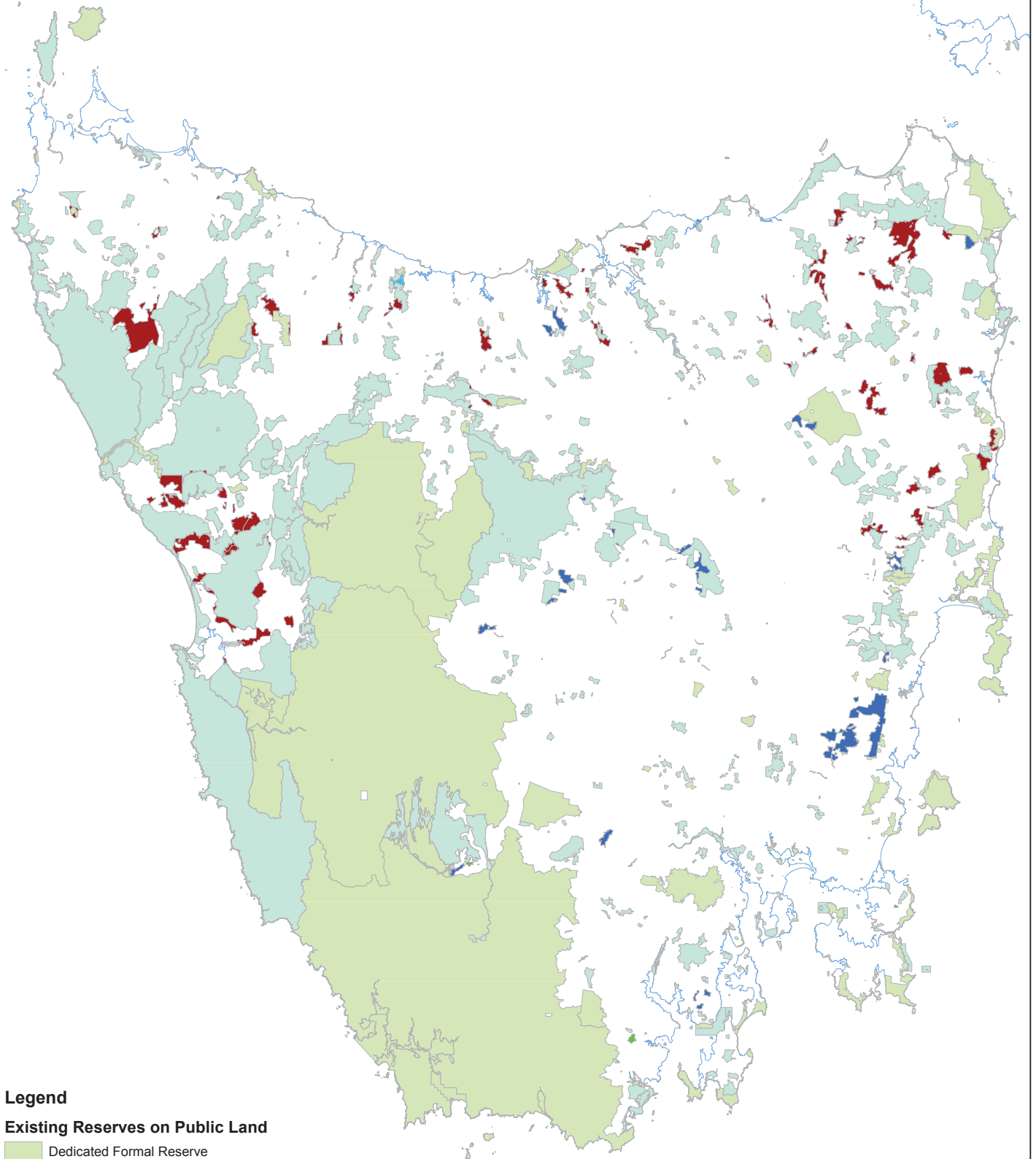
- Dedicated Formal Reserve
- Other Formal Reserve

Future Reserve Land Tranche 1

Tenure equivalent to existing purposes and values

- Conservation Area
- National Park
- Nature Reserve
- Nature Recreation Area
- Regional Reserve

Future Reserve Land (Tranche 2 Reserves)



Legend

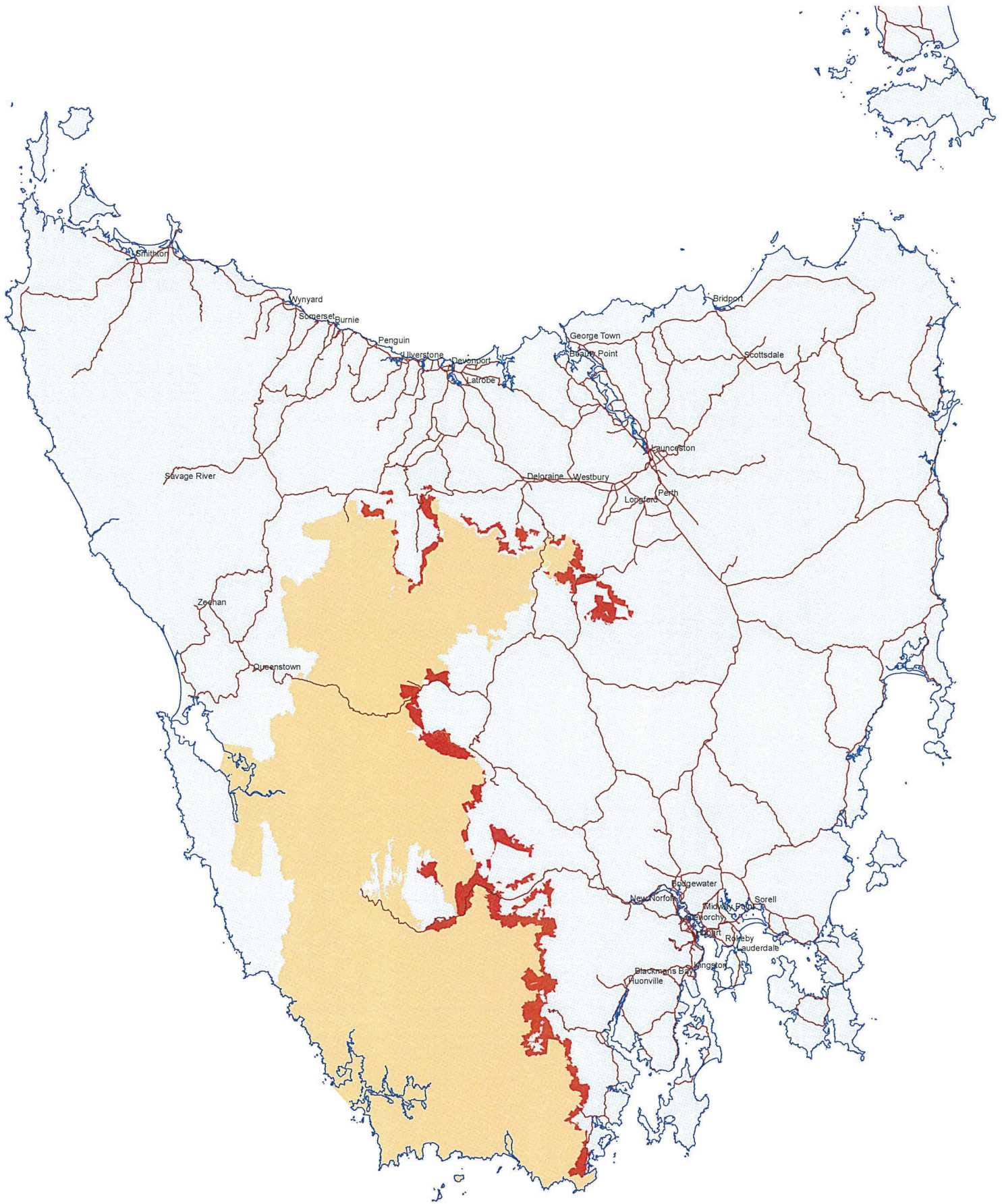
Existing Reserves on Public Land

- Dedicated Formal Reserve
- Other Formal Reserve

Future Reserve Land Tranche 2

Tenure equivalent to existing purposes and values

- Conservation Area
- National Park
- Nature Reserve
- Nature Recreation Area
- Regional Reserve

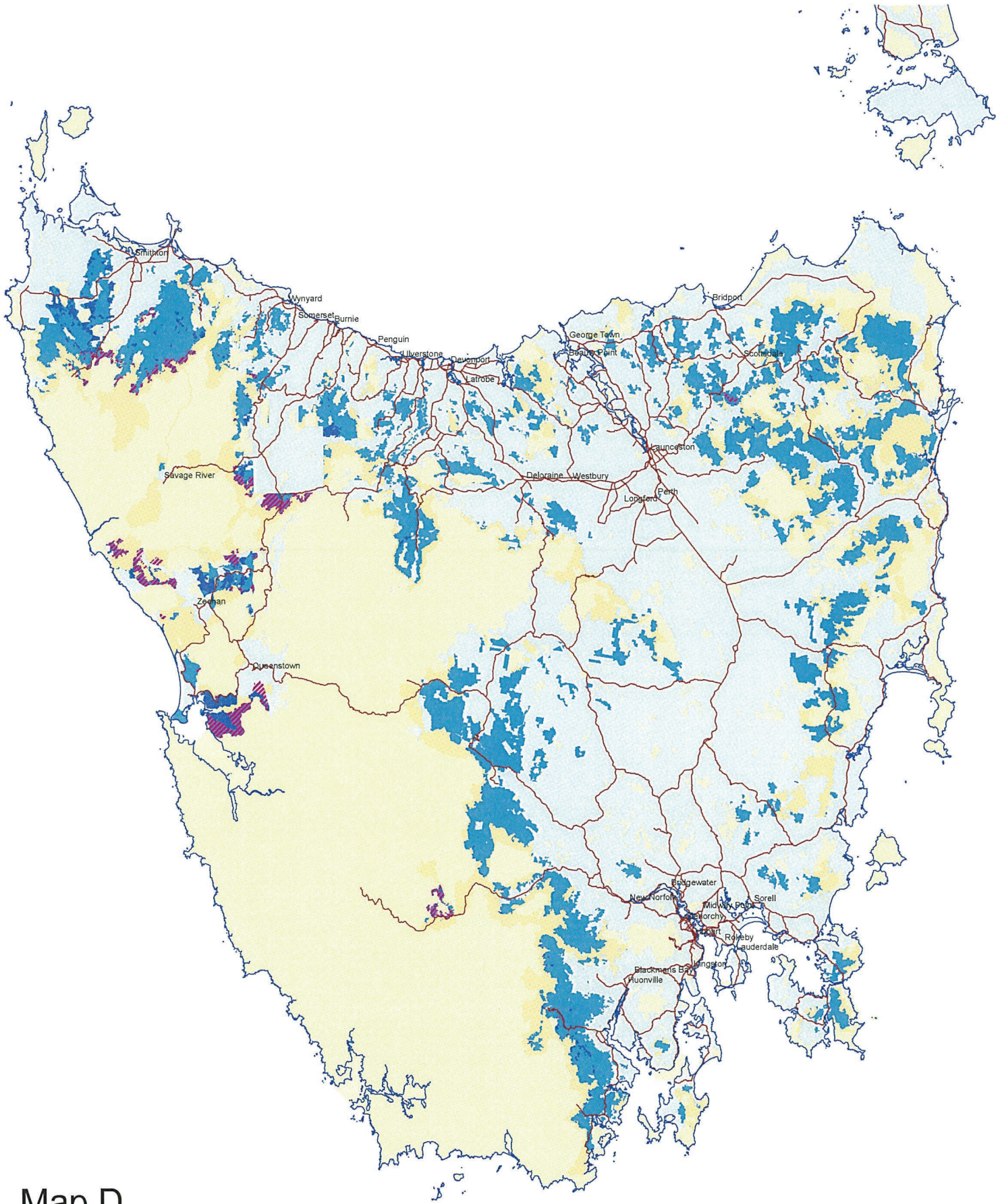


Map C

Legend

- Reserves in proposed extension to the Tasmanian Wilderness World Heritage Area (123,650 ha)
- Tasmanian Wilderness World Heritage Area (Current)

November 22nd 2012
 Subject to Verification by the
 Tasmanian Government



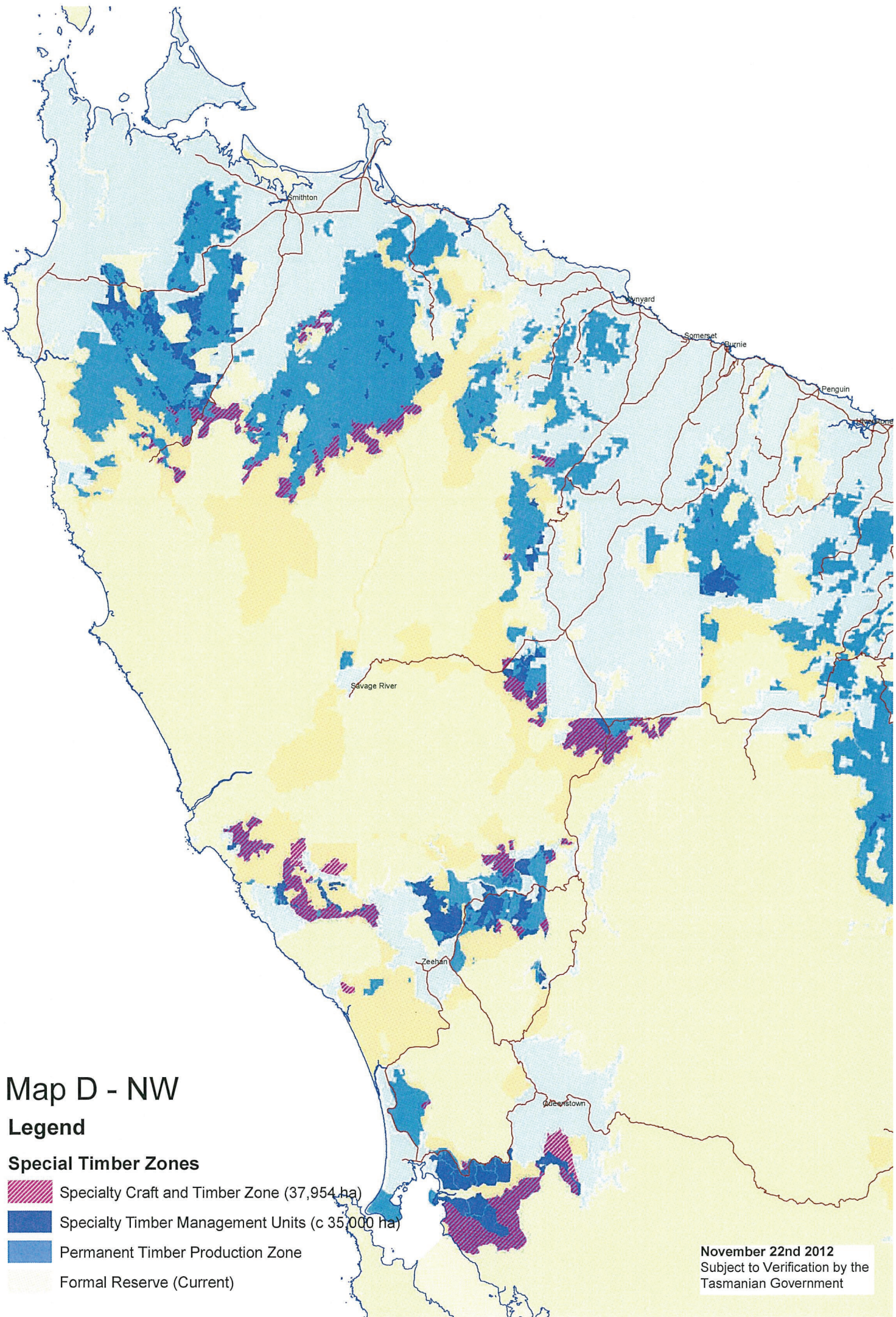
Map D

Legend

Special Timber Zones

-  Specialty Craft and Timber Zone (37,954 ha)
-  Specialty Timber Management Units (c 35,000 ha)
-  Permanent Timber Production Zone
-  Formal Reserve (Current)





November 22nd 2012
 Subject to Verification by the
 Tasmanian Government



Map D - NW

Legend

Special Timber Zones

-  Specialty Craft and Timber Zone (37,954 ha)
-  Specialty Timber Management Units (c 35,000 ha)
-  Permanent Timber Production Zone
-  Formal Reserve (Current)

November 22nd 2012
Subject to Verification by the
Tasmanian Government



Map 1. Tasmanian Wilderness - Existing and Revised Boundary

Current Area = 1,412,183 ha
 Proposed extension Area = 172,050 ha

- | | |
|--|--------------|
| Proposed Addition | Road (major) |
| Existing World Heritage Area Boundary | Road (minor) |
| Other World Heritage Area | Track |
| National Park | Railway |
| Other Protected Area | River |

0 20 40 km
 Scale 1:750,000
 Data Sources : © Commonwealth of Australia, World Heritage Areas.
 ©State of Tasmania, Tasmanian Reserve Estate
 Projection : Transverse Mercator
 Datum : Geocentric Datum of Australia 1994
 Date : February 2013



Tasmania