Submission

Legislative Assembly Inquiry

7th April 2011

To inquire into and report upon:

1. *The impact of the proposed transition out of public native forest management and harvesting in Tasmania.*

Summary

The fundamental pressures pushing a transition of commodity timber production out of Tasmania's native forests into plantations have increased over recent years and are highly likely to continue to grow. These pressures include;

- A supply side crunch from ongoing rising public awareness of the values of native forest and expectation that they will be protected
- Demand side market shift away from native forests towards plantation timbers for multiple reasons

A transition of commodity timber production out of Tasmania's native forests is already occurring due to changes in the market-place.

There is a strong and growing view within the timber industry that there is not a conflict free and predictable future in logging our native forests and that a resolution to the conflict surrounding the timber industry is vital for their future.

A transition out of commodity timber production in our native forests should occur in a structured, facilitated and supported manner where regional communities and timber workers are supported through the transition by governments – the current Statement of Principles process offers this outcome.

Forest Pressure

Current rates of logging in public native forests are unsustainable. The 300,000 m^2 of High Quality (HQ) sawlog required by legislation is much more than the public forest estate can sustain – from either a conservation, or sawlog supply perspective. This is recognised by industry (e.g. Forests and Forest Industry Council, 2009[i] and Forestry Tasmania, 2007[ii]) as well as conservationists.

The conservation values expected by the community of our native forests are gaining an increased recognition. In addition there are also ongoing improvements in scientific understanding of conservation values that lead to further restrictions on logging of native forests. These two trends are highly likely to continue, causing ever growing pressure to protect native forest from logging.

Increased pressure to maximise these conservation values, and reducing logging rates from unsustainable levels, will conspire to further reduce availability of native forest logs. This creates two disadvantages of the native forest sector over the plantation sector in Tasmania because:

- There are no growth opportunities in native forest resource availability.
- There is high sovereign risk attached to public native forest resource as the community expectations around conservation increases and voters consider having their say at each election.

These disadvantages to native forest logging are highlighted by:

- The decision of Australia's largest native forest processor, Gunns Ltd, to exit the native forest sector altogether and transition its business to one based on plantations.
- The decline in native forest sawmills in the state from 45 in 2004 to 29 in 2009iii and specifically country sawmills have declined from 85 in 1990 to 26 today.
- The decline in assumed native forest jobs in Tasmania has been from 3,818 jobs in 2006 to 2,382 in 2010, a decline of 37%.[iv]

On the resource demand side, the markets for native forest logs are shrinking (eg demand for NF chip logs for Japan).

In the last two years the timber industry has lost jobs at a far greater rate than in other sectors of the Tasmanian economy, pointing to much more significant problems than the Global Financial Crisis alone. These are widely understood to be:

- Changing national and global demand for plantation products over natural forest sourced products (because of both quality and environmental reasons).
- The Tasmanian forestry industry's inability to respond to these changes in demand.

The combination of market preferences combined with the one way decline in native forest resource availability discussed above mean that Tasmanian native forest logging and processing is becoming increasingly economically unviable.

The transition is already happening

The timber industry in Tasmania is already in the process of a transition out of native forest logging. Over the last two decades (1990 to 2010) plantation timber production in Australia has nearly tripled (from 6 to 18 million m^3 a year)[v]. Native forest production has been progressively declining in the same time (shrinking from about 11 to 8 million m^3 a year)[vi].

Australia is forecast to produce more plantation timber (around 30 million m^3 from 2010 onwards) than its total timber consumption (about 20 million m^3 for the last several years).

In Tasmania, native forest logging has been declining for most of the past decade (eg. Pulp log production from native forest has fallen from 4.6 million tonnes in 2002/3 to 1.7 million in 2009/10 with falls occurring in almost every year[vii]). Concomitantly the area covered by plantation timber in Tasmania has doubled in the last fifteen years with production expected to grow for at least another 10 years.

While small portions of the uses of native forest timber - mostly appearance grade hardwood products that account for about 10% of Tasmania's total native forest log extraction - are going to require a little more time to effectively replace with plantations, the vast bulk of the native forest timber (fibre and framing) can now easily be substituted by plantation timbers.

Benefits of a Transition

A transition out of public native forest timber logging will:

- Support a shift of industry to plantation forests where it will enjoy much reduced sovereign risk relative to public native forest sourced wood.
- Support industry and rural communities to move to the plantation sector in growing and processing, giving it much greater long-term prospects including a conflict-free space in which to work.
- Allow Tasmania to deliver other benefits from public forests that are at odds with industrial logging such as brand, tourism, recreation and conservation.
- Will allow natural values and ecosystem functions to be returned to healthy states.

However the key outcome to be achieved here is that an orderly transition through the current talks and process will make it possible to minimise the losses for workers, rural communities and businesses while optimising the native forest protection benefits the community also seeks.

In summary such a transition would include:

- Government support for timber workers and exiting businesses.
- A moratorium and full protection of ENGO identified HCV forest reserve proposals.
- A transition out of remaining native forest into suitable and socially acceptable plantation forests.
- Re-tooling of the industry to capacity build and enable mills to downstream process plantation timber.
- Provide for ongoing small volume high value speciality native forests timbers.
- Additional support for adjusting rural and regional communities.

Recommendation

That the Tasmanian government supports and implements the Statement of Principles and all recommendations arising from the Tasmanian Forest Agreement talks.

References

i Forest and Forest Industries Council, 2009(?), *The New Forest Industry Plan; A fresh Approach*, Forest and Forest Industries Council P16

ii Forestry Tasmania, 2007, *Sustainable High Quality Eucalypt Sawlog Supply From Tasmanian State Forest,* Planning Branch, Forestry Tasmania, Review no. 3, eg p16

iii Based on DPIWE records of businesses with greater than 1000m^3 annual output.

iv Schirmer, J. 2010 Tasmania's forest industry: trends in forest industry employment and turnover, 2006 to 2010, technical report 206, CRC for Forestry.

v Ajani, Dr. Judith 2011 Feb, *Australia's Wood and Wood Products Industry Situation and Outlook: Working Paper*, Fenner School of Environment and Society, the Australian National University, p 4

vi Ibid.

vii Figures derived from Forestry Tasmania and Private Forests Tasmania Annual reports. See graph below for more details.