

## SUBMISSION FROM

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I am a committee member of the State division of AFG, and am a member of TFGA. I am also on the panel for the Forest Practises Appeals Tribunal.

We first became involved in forestry when we bought this property nearly 45 years ago. It was a rather accidental involvement at the start as the estate agent told us that the bush had been logged out and it would be many years before another "harvest" could be made. The Department of Agriculture extension service advised that it would be better if we could sell the forested area to the State Forestry Commission for a "couple of dollars an acre"!

We'd no sooner moved in than we had a log contractor knocking on the door and saying there was a lot of good (mill) logs left (the woodchip industry was still 4 years away and not even on the horizon). We agreed to let him have a go and some 3 years later we'd sold 2,000,000 (7,000 tonnes) super feet of mill logs and he said he'd got all he could. Another contractor approached us and said there were a lot of big trees with burnt out butts that they could salvage. So another 1,000,000 super feet (3500 tonnes) of mill logs left! Then another door opened with the woodchip industry.

At one point in the first two years or so the timber industry went through a severe downturn and we were owed more than 6 months royalty payments – the sawmiller involved gave us the option of "carrying him and trusting him" and he would eventually pay us or he would pay what was owed immediately but it would mean closing the mill and putting most of the local town out of work! We took the first option and got paid in a few months.

Throughout the great cattle depression of the 1970's we lived on the proceeds of timber sales, timber paid the interest, paid the school fees and so on. Now the timber industry is in a recession cattle (and sheep) have to provide! During the 45 years the timber industry has had a number of ups and downs.

Our property has obviously had a long association with the timber industry as we've identified at least seven old sawmill sites on the place – there are many others within a few kilometres including some major ones, some of which were logged by locomotives (using steel rails for main lines and wooden spars for temporary spur lines).

The district has seen many industries come and go. Mining (mostly gold but some tin) once employed quite a few, we had many small dairy farms and a local cheese and butter factory, beef and sheep have always had a place but since the early days of white settlement the timber industry has been a constant source of employment and wealth for the district.

In the early 1990's APPM put up a proposal for a pulp mill at Wesley Vale. Apart from all the opposition from "green groups", one of the effects on the company was a loss of markets for their chip exports as they were no longer seen as a reliable long-term supplier by their customers and also a future competitor. (It is interesting to note that Christine Milne said if the proposed mill was such a good environmental proposition they should site it in the Tamar industrial area!) They gradually recovered their markets (or gained others) after they abandoned their pulp mill project.

Unfortunately, Gunns was given free rein by the ACCC to acquire a virtual monopoly of the chip industry as well as the major high quality saw and veneer mills. Gunns then got caught by the “perfect storm” - the trouble from deserting customers because of their commitment to a Pulp Mill, the GFC crisis that reduced demand for all their products, the Japanese Tsunami that wiped out their biggest chip customer, a surging \$A and far too high a level of debt for a cyclical industry.

Because Gunns had such a dominant role, it became inevitable that when Gunns got into trouble the whole industry started to collapse. When APPM had a severe downturn associated with their pulp mill proposal we had Northern Woodchips (later Boral) and TPFH (Triabunna) and the sawmilling company Gunns was starting to get involved, so the effects on the rest of industry was bearable.

So what of the proposed agreement/legislation – and apparently the two are not the same!

The regional Forest Agreement was hammered out between the whole industry and environment groups and was supposedly science based. It was supposed to give certainty to both sides of the argument and protect industry against sovereign risk. The so called Community Forest Agreement was an agreement between State and Federal Governments for political reasons and had very little industry input and none from private forest owners. The proposed legislation would seem to violate both agreements and perhaps private forest owners (and adversely affected others) could mount a class action against both governments. Private owners (through TFGA) have identified losses of equity and income at more than \$2 billion.

There is no scientific justification for locking up more forest and we know (yes, we’ve been told we’re next!) that private native forest is next on the hit list for these groups. They have made no commitments in the agreement to not campaign against private owned forest and, of course, there are other groups outside the discussions who say they will not be bound by any agreement. It is interesting to note that the founder of The Wilderness Society, Bob Brown, has now taken up the position of Director of “Markets for Change”. Will we soon see Vica Bayley and other staffers moving across and leaving the Wilderness Society as an empty shell using its tax deductible status to raise funds for Markets for Change and any other groups it likes? It must be the only registered charity that has never done an act of charity in its existence!

I believe we should be trying to resurrect the industry, not shut it down. It is, along with farming, fishing and mining, one of the only wealth creating industries we have. (Tourism creates no original wealth – it only harvests wealth created elsewhere). Our Premier has for months been parroting “markets have changed”. She obviously doesn’t go to a supermarket! The aisles are full of toilet rolls, tissues, paper towels and so on, nearly all imported! I have heard it said (not sure of the veracity but I’m sure there is a fair bit of truth in it) that only 20% of the world population uses toilet paper – if that grew to 100% there would not be a tree left on the planet in 3 years!

However, there are all sorts of promising new avenues opening up, including bio fuels (both solid and liquid) cross lamination and various forms of re-constituted timber as well as the more traditional dimensional timber, veneer, MDF etc. so the long-term future for the industry is bright. Why try and shut it down?

Some ten or eleven years ago we made the decision that native forests were going to come under sustained attack and selling the products would become more and more difficult, so we “traded” in most of our native forest for plantation. Implementation of the agreement would have little effect on us but I can see nothing good in it for Tasmania.

Green groups (I refuse to call them conservationists, preservationists would be more applicable) claim that areas should be preserved because they are unique. This ignores the fact that every square metre on the planet is unique – my backyard is unique and so is yours! You will not find an identical paddock to my horse paddock anywhere! However, it is forever changing with the seasons, plants grow, plants die and so it is with our forests. Just as with my paddocks, the more they earn the better I can look after them and the more I want to. The best management of a forest is when it is valuable and capable of making money for its managers/owners. The best way to destroy it is to make it worthless and dependent on the public purse for management costs. Despite the best of intentions, in five years time when Governments are faced with budget problems and deciding spending priorities between health, education, social welfare, infrastructure and non productive “environmental” reserves which one will be the loser? In many countries they are now reversing the trend to reserve/preserve the natural environment and going back to sustainable economical use.

Perhaps if the “green groups” feel strongly that a piece of forest should be protected they could be given a lease on the ground (say 8% of the value) and be in charge of management of that ground, reviewed periodically by a panel of forest scientists. That would return some value to taxpayers, give the greens something to focus on and give them some “skin” in the game.

Under no circumstances should FSC accreditation be legislated for. FSC is owned by green groups (Greenpeace and WWF), has a different standard for every country and, if FSC so decided, it could stop the timber industry dead in its tracks. It could be useful to find out if FSC had a hand in the Gunns decision to sell the Triabunna Mill to Wood and Cameron instead of taking the much better offer by industry. If Mr. Le Strange comes before the Committee he could be asked the question.

In the Statement of Principles (SOP) the Tamar Valley Pulp Mill was listed as an objective but has been left completely out of the final agreement. Terry Edwards said as Gunns was not in a position to pursue the project it was not an issue but the project is a saleable asset and there would not be a landowner with plantation timber on their land who would not like to see the project proceed. The benefits to the whole state economy and community are well known. A possible impediment to the project sale is the court challenge to the permits by the Tasmanian Conservation Trust – perhaps the Parliament could verify the validity of the permits and negate that challenge.

We have plantation leased to FEA – the administrators are still paying rent, but it is rapidly approaching harvest date – what happens after harvest? We have plantation leased to Gunns, we are not currently being paid for that and we also have joint ventures with Gunns ranging from a 46% share for us to 92.5% and in blocks from about 20ha. to 88ha. Some are

due for harvest, others many years away but the future for all is uncertain. We also have some wholly owned plantation. This is fairly representative of the whole plantation industry. In the absence of MIS money/schemes who is going to finance the planting and replanting of new plantations? Before farmers would invest land or money in new tree plantings (for wholly commercial purposes) I would suggest they would want some form of surety, but without continued plantings there can be no long-term industry development based around the plantation industry. There have now been no new plantings for 3-4 years, so any industry dependent on plantation resource, even if it can finance plantings will have a considerable "speed bump" to overcome when it gets to this gap.

Should the Committee decide it would like to question me further I would be happy to attend one of your sessions.

Yours faithfully  
D. Neville Calvert