

Submission to the Tasmanian Legislative Council

Inquiry into the Tasmanian Forest Agreement Bill 2012

1. Introduction

I have worked for Forestry Tasmania and the former Forestry Commission since early 1985. During this time I have been involved in aspects of each of the various processes that have sought to achieve a balance between development and conservation for Tasmania's public forests. I have also been involved in every major negotiation for wood supply from Tasmania's public native forests in the last twenty years.

I am currently a member of Forestry Tasmania's General Management team, Chairman of the Newood group of companies (through which Forestry Tasmania manages its Huon and Circular Head wood centres) and Chairman of Hollybank Treetops Adventure. Until recently, I was also the Chairman of the Tasmanian Timber Promotion Board. I will be retiring in early February.

I have decided to make a submission to the Legislative Council's inquiry as an individual (i.e. not as an employee of Forestry Tasmania), because I have significant concerns that due process has not been followed in bringing us to the point that we now face, and that the result leaves Tasmania at significant risk of losing the greater part of a valuable industry for no good reason. While it is true that there have been some significant changes to the State's traditional woodchip export markets and to the plantation investment sector over the past three years, and that these have left the industry particularly vulnerable, there is no good reason to reduce by more than 50% the potential for this industry to contribute to Tasmania's economic wellbeing into the future.

2. Neither Government has a mandate for the changes proposed under the TFA Bill

At each relevant election in 2010, both the Federal Labor government and the State Labor government campaigned on a forestry platform that endorsed the twenty year, 1997 Regional Forest Agreement (as amended by the 2005 Tasmanian Community Forest Agreement). Neither government has an electoral mandate for the significant changes that are proposed under the Tasmanian Forest Agreement Bill.

No doubt the governments will each claim that they are responding to an agreement that has emerged from negotiations between "all relevant stakeholders" in which the governments have not been involved. On this basis, they will no doubt claim that the significant policy changes embodied in the Tasmanian Forest Agreement Bill can be justified. This premise ought to be challenged on two main bases.

2.1 It may be true that neither government was directly involved in the earliest stages of the relevant discussions and negotiations, in early 2010. However:

- (a) each has certainly been involved in subsequent stages of the process;
- (b) the central role of the CFMEU, at every step in the process, represents a direct conduit for the Labor governments to influence the negotiations and their outcomes; and

- (c) both governments, but particularly the Commonwealth government, were seen to exert extreme pressure on stakeholders over the final stages of the process, with public threats to withdraw funding if agreement could not be reached by the chosen deadline and, subsequently, significant pressure on the Legislative Council itself to pass the Bill during December 2012.

The early involvement of the CFMEU may have been influenced primarily by the opportunity at the time for it to secure new members amongst employees at the proposed Bell Bay pulpmill (see below). However, it is some time since the pulpmill could have been considered a reasonable prospect. Even so, the CFMEU has continued to play a primary role. In particular, during October and November 2012, when the industry and ENGO stakeholders had effectively declared an agreement to be unachievable, it was the CFMEU that initiated and actively facilitated the subsequent discussions that led to the Signatories Agreement. It is difficult to fathom why the CFMEU would do so, other than as an arms length agent of the Labor governments. It would be interesting to know how it was (and by whom) that the industry representatives were convinced to agree to a reduction in the annual supply commitment for eucalypt Category 1 & 3 sawlogs from the 155Km³pa that is specified in the Tasmanian Forests Intergovernmental Agreement and in the first reading of the TFA Bill, to the 137Km³pa that is specified in the Signatories Agreement and in the second reading of the TFA Bill.

2.2 The process that has been followed by the signatories, leading up to the State government's TFA Bill, has excluded several key groups of stakeholders.

- (a) Other than one or two relatively large sawmillers that use special timbers, the special timber and craft sector has largely been excluded from the process. The outcome that is proposed (see below) significantly disenfranchises this group.
- (b) Traditional recreation users of State forest have been excluded from the process. State forests are used for a range of activities that are not permitted on reserves. The outcome that is proposed may significantly disenfranchise this group, through the reservation of more than 500Kha that is currently available for these activities.
- (c) Beekeepers that rely on access to leatherwood forests, in particular, have been excluded from the process. The outcome that is proposed may significantly disenfranchise this group.
- (d) Local government, particularly some municipalities, rely on rates paid by Forestry Tasmania for State forest managed for wood production. Local government has been excluded from the process. The outcome that is proposed, with reserves unlikely to be rateable, may significantly disenfranchise this group, with flow on consequences for other ratepayers for whom either services will be reduced or rates will need to increase.
- (e) The local members of Timber Communities Australia (who, to some extent, do represent each of the preceding groups) have been represented in the process. However, the express wishes of the Tasmanian branches of TCA, to vote against signing the Signatories Agreement, were over ruled by the TCA National Board.

- (f) Private forest owners were excluded from the process. Although not likely to be directly affected, the flow on effects of a contraction of the forest industry in Tasmania are quite likely to lead to reduced market opportunities for private growers.
- (g) Forestry Tasmania itself was excluded from the process, other than as a source of information to assist the signatories and governments in their deliberations.

3. Pulpmill premise

When the process that has led ultimately to the TFA Bill commenced, in early 2010, the premise was that a decision by Gunns to cease native forest harvesting would pave the way for significant areas of additional reserves and would attract ENGO support for Gunns' proposed Bell Bay pulpmill to proceed as a "plantation only" project. On the face of it, such an agreement may have been in the best interests of the people of Tasmania, in terms of the nett impact on economic activity and employment. The significant loss of economic activity through the resultant reduction in native forest harvesting and processing would be more than offset by the additional economic activity arising from the construction and ongoing operation of the pulpmill. This is definitely the context in which the initial proposal was presented at the time.

However, for a considerable time there has seemed to be little or no prospect of the pulpmill being built. On this basis, there is little or no opportunity for a pulpmill to offset any loss in economic activity arising from a contraction in the native forest sector.

Therefore, the original premise is no longer valid. Instead, we are faced with a significant contraction in the State's potential to generate economic wealth from its forest resources.

The signatories' "vision", repeated in the TFA Bill, is as hollow as the equivalent words that have featured in every one of the previous agreements of this ilk over the past 28 years. Notwithstanding the "industry development funds" identified in the proposed Commonwealth / State funding package, they provide little assurance that the industry will be able to recover from the enforced contraction and return to the levels of economic activity that have been associated with this industry over the past two or three decades.

4. High conservation forests

No one should pretend that the areas proposed for reserves under the TFA Bill represent high conservation value forests, by any reasonable definition. To suggest that they do is a shameless fabrication. The report of the independent verification group into the conservation values of the areas proposed for reservation is not credible by any scientific measure. The process that was followed by the relevant members of the independent verification group is a mere shadow of the process that was applied prior to the 1997 Regional Forest Agreement. The RFA process did identify high conservation forests that were not adequately reserved at the time, and it did result in new reserves to protect as much as possible of the identified forests. The result is a comprehensive and representative reserve system that stands head and shoulders above almost every other jurisdiction on the planet. The only reason to extend the reserve system as proposed is to sate the unreasonable appetites of the ENGOs.

The process that has been followed in identifying areas to be reserved by the TFA Bill has been driven by politics, not science. It would be informative to revisit the relevant work from

the RFA, to evaluate the extent to which the forests now proposed for reserves were not considered to be of high conservation value at the time of the RFA.

5. Socio economic impacts

The lack of any work to evaluate the socio economic impacts of the changes proposed under the TFA Bill is an extraordinary omission. I can not understand how it is that the Commonwealth and State governments have been prepared to contemplate such dramatic changes to Tasmania's forest industry, without considering the socio economic impacts. The report of the independent verification group did not address this critical dimension. In fact, all that was reported by the independent verification group in this respect was that a suitable model had been prepared. Whether or not any evaluations were conducted at the time, they were not reported.

No doubt either or both governments will produce something in the nature of a socio economic impact assessment soon, in an attempt to satisfy the Legislative Council and others that this aspect has been considered. If they do so, then you can be sure that it will have been prepared with haste and without adequate consultation. No doubt, also, any "base case" that is used in an analysis will have been chosen carefully to suggest a relatively small impact for any change arising from the TFA Bill.

6. Special timbers

A significant proportion of the area that the Tasmanian Forests Agreement proposes for the Specialty and Craft Zone (Clause 8) is unlikely to contain any appreciable quantity of special timbers. It concerns me greatly that such an obvious sleight of hand could find its way into the agreement, and could then influence the framing of the TFA Bill. On this basis, all aspects of the TFA Bill require careful scrutiny to validate the foundations on which they are based. Very little of the relevant information has been made public, and there may well be other "sleepers" that have also not yet seen the light of day. Examples may include the extent to which the proposed annual supply of eucalypt sawlog depends on the ongoing viability of cable harvesting and the extent to which the ten per cent allowance for "headroom" will be adequate in the face of any further extension of the prescriptions under the Forest Practices Code.

7. Concluding remarks

I am not confident that the process that has been followed over the past three years has in any way been sufficient to justify the changes that are proposed under the TFA Bill. The need for additional forests to be reserved to protect their conservation values has not been proven and the socio economic impacts of the proposed changes have not been considered. The only imperatives that are driving the process are political, arising from the Greens' longstanding agenda to end all native forest logging and from the current degree of influence held by the Greens over the Commonwealth and State Labor governments.

That said, we may have little option but to consider changes of the magnitude that are proposed under the TFA Bill. This is because it is clear that the industry cannot develop its significant remaining potential without effective endorsement from ENGOs. There is no doubt that ENGO led market campaigns have had a dramatic negative impact on the ability of selected (targeted) timber industry businesses in Tasmania to sell their products. I have had personal experience of this, in the case of Gunns Limited, of Ta Ann Tasmania and of other businesses that have been considering opportunities in the sector. If the price of ENGO

cooperation is a significant but reasonable area of new reserves, and a reduction in the level of production from public forests, then we should proceed along that path at a measured rate.

With this in mind, and anticipating that some degree of significant legislated change is now inevitable, I have three main concerns that I believe must be addressed.

The first is that there is no clear rationale for any reduction in legislated high quality sawlog supply, below the 163Km³pa that is covered by Forestry Tasmania's current contracts. The State government's actions to buy out Gunns' former contractual rights in September 2011 provided a significant opportunity to set aside very large areas of State forest as new reserves. Gunns decision to cease native forest harvesting, and the State government's actions to compensate it for doing so, represented a significant contraction in the potential for the State's forest industry to contribute to Tasmania's economic well being. The proposed further reduction in the legislated supply to 155Km³pa, or even 137Km³pa, necessitated by the ENGO's uncompromising demands for new reserves, represents a further contraction in the potential for the State's forest industry to contribute to Tasmania's economic well being, and for no reason. The funding that is promised by the Commonwealth and State governments will not be sufficient to offset the loss in value to the State over the remaining fifteen years of the relevant sawlog contracts.

The second is that the legitimate concerns of those stakeholders that have largely been excluded from the process to date must be accommodated. These include special timber users, beekeepers, traditional recreation users and private forest owners.

The third is that the only value for the forest industry that might be gleaned from the TFA Bill is for ongoing and unequivocal ENGO support for sustainable forest management in the State forests that remain in the proposed Permanent Timber Production Zone. If this support cannot be guaranteed, then the industry will have gained nothing from the TFA Bill. Based on recent inflammatory statements by various ENGOs that have not been directly involved in the process, and by such events as the appointment of Bob Brown as a Director of one of those ENGOs (Markets for Change), there is little indication that ENGO endorsement for ongoing sustainable forest management can be achieved. The so called durability provisions of the TFA Bill are therefore critical. In its current form, the relevant provisions of the TFA Bill do not contain sufficient leverage to secure the required cooperation from the ENGOs. History suggests that any support from the ENGOs for the outcomes of the TFA Bill will be relatively short lived (a few years at best). On previous occasions (i.e. the 1991 FFIS, 1997 RFA and 2005 TCFA), the then much heralded "new balance" that was achieved between conservation and harvesting of public native forests in Tasmania has lasted no longer than two election cycles. A stronger mechanism than that which is currently proposed is therefore required, to ensure the durability of the new arrangements proposed under the TFA Bill. At the very least, the order in which areas proposed for reservation are to be gazetted should be reversed from the order set out in the TFA Bill, so that more is at stake for the ENGOs, and for a longer period.

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