

SECOND READING SPEECH

THE HON BRYAN GREEN, MINISTER FOR ENERGY AND RESOURCES

FOREST MANAGEMENT BILL 2013

Mr Speaker,

I move that the Bill now be read a second time.

This legislation provides the platform to refocus the management and use of Tasmania's wood production forests.

The forest industry and market environment has proven to be volatile, highly competitive and subject to many factors outside of the control of Forestry Tasmania or the State Government.

Large scale changes have been taking place in recent years, creating adverse market conditions and structural changes meaning that the environment in which Forestry Tasmania operates is a vastly different one to the past.

These changes began to occur well before the Tasmanian Forest Agreement and must be addressed. Even if some members of this Parliament are opposed to the TFA, it would be false to think that unwinding the TFA would somehow fix all the problems facing Forestry Tasmania.

These facts are borne out by the URS report, which confirmed there has been a strategic shift in the State's forest industry and that Forestry Tasmania's current business model and financial position are not sustainable.

Forestry Tasmania has been constrained in adjusting to these changing circumstances by its current legislative obligations.

Revenue generated from Forestry Tasmania's commercial timber operations has historically been used to offset the cost of performing its other non commercial functions, including significant reserve management responsibilities.

Implicitly, the State has borne the cost of this approach through lower returns from Forestry Tasmania. This was an accepted approach while

Forestry Tasmania was profitable and the revenues from commercial operations more than accounted for the cost of non commercial operations.

However, the strategic shifts in the forest industry mean that the current arrangements cannot continue – doing ‘nothing’ is not an option.

The approach needs to be modernised to be more transparent and to provide greater clarity to Forestry Tasmania as to what is expected of this publicly-owned business.

Forestry Tasmania received financial support in 2012-13 with a State Budget provision of \$35 million to enable it to continue to operate, meet its contractual obligations and perform its non-commercial functions. For 2013-14 through to 2015-16, the State Budget has provisioned for \$25 million per annum to financially support Forestry Tasmania, with this figure decreasing to \$20 million in 2016-17.

Mr Speaker, this Bill is a major step in facilitating the changes to reduce the need for Government financial support for Forestry Tasmania. The Bill

will focus the operations of Forestry Tasmania on a narrower range of functions so that its Board, management and employees can concentrate on realising the commercial value of this important public resource for Tasmanians.

Mr Speaker, the Government is clear that the future direction of the management of Tasmania's public forest assets is to separate the management of wood production forests from the responsibility for non-production forests.

The latter will be incorporated into the broader parks and reserves estate. Forestry Tasmania can then concentrate on its commercial operations without having to manage a significant reserve estate. This will create administrative efficiencies by vesting the vast majority of the State's reserves under the Department of Primary Industries, Parks, Water and Environment's umbrella.

Mr Speaker, this Bill will bring Forestry Tasmania's legislative arrangements into line with modern Government Business Enterprises practice. It will provide a cleaner basis upon which the Board and Executive management can operate.

It has been prepared in close collaboration with the Chair and Chief Executive Officer of Forestry Tasmania and will assist them in the important task of rebuilding the business, which has an important role to play in Tasmania's future.

Forestry Tasmania Governance

Turning to specifics, the Bill repeals the *Forestry Act 1920* but continues the Forestry Corporation (that is, Forestry Tasmania) established under the *Forestry Act 1920* Act.

This Bill addresses the outdated and overly complex corporate and governance arrangements between the 1920 Act and the *Government Business Enterprises Act 1995* by bringing Forestry Tasmania fully under the GBE Act.

It provides for greater clarity of purpose and transparency, which will help Forestry Tasmania's Board and management.

Permanent Timber Production Zone Land

Mr Speaker, under the Bill, land that is now 'State forest' is, except for a quantity of land that is currently dedicated as forest reserves, renamed 'permanent timber production zone land'.

To avoid any inconsistency with the *Tasmanian Forests Agreement Act 2013*, the Bill provides that any production land that is now Future Reserve Land under the TFA Act must be managed in accordance with the TFA Act.

Mr Speaker, to be very clear, permanent timber production zone land that is Future Reserve Land cannot be subject to forest operations under this Bill whilst that land is Future Reserve Land and is going through the TFA Act processes. Further, the restrictions on native forest harvesting on the Future Reserve Land are not overturned by this Bill.

If the Parliament allows reserves to be created from the Future Reserve Land under the TFA Act, the land will no longer be permanent timber production zone land.

Conversely, if the Parliament decides not to allow reserves to be created and that land's Future Reserve Land status is revoked under the TFA Act, then the land becomes available for Forestry Tasmania, who will then be able to consider harvesting.

In other words, nothing in this Bill seeks to interfere with the processes set out in the TFA Act, one way or the other.

Conversion of Forest Reserves to Nature Conservation Act Reserves

Mr Speaker, under this Bill the current forest reserve estate, as set out in the table in Schedule three, is declared to either be regional reserves or conservation areas under the *Nature Conservation Act 2002*.

The total amount of land covered by the table in Schedule three is approximately 221,000 hectares.

Mr Speaker, this Bill changes the land tenure status of the forest reserves and the management responsibility for that land from Forestry Tasmania to the Department of Primary Industries, Parks, Water and Environment.

The management objectives of both regional reserves and conservation areas are virtually identical to the management objectives of forest reserves.

Mr Speaker, this means that existing and future uses and rights people have in relation to forest reserves will be managed according to the same objectives that currently exist.

While it will enable existing non-forestry uses to continue, it will alleviate Forestry Tasmania of a significant non-commercial function that absorbs management focus and effort.

Mr Speaker, I draw the attention of the House to the point that, except for a small proportion of these declared reserves, the *Mineral Resources Development Act 1995* will apply to the areas declared to be regional reserves and conservation areas.

The *Mineral Resource Development Act 1995* (MRDA) does not automatically apply to all forest reserves.

However, some ninety per cent of forest reserves have previously been “brought back under” the MRDA. This means that mineral exploration and mining is now permitted on that ninety per cent. For the remaining ten per cent the MRDA still does not apply.

The provisions of this Bill preserve the application of the MRDA to each reserve as it was prior to this Bill commencing.

Mr Speaker, to declare some forest reserves to be reserved land under the *Nature Conservation Act 2002* makes little practical sense as they are isolated from other similar proposed or current reserves and are located within permanent production zone land.

For these very small areas, which are set out in the table at Schedule two of the Bill and cover four hundred and twenty five hectares, the Bill provides that they become permanent timber production zone land.

These lands will be managed as informal reserves by Forestry Tasmania under Forestry Tasmania’s Management Decision Classification system. This

is consistent with current practice whereby some areas of State Forest are also managed as informal reserves.

The Ministerial Charter to be issued to Forestry Tasmania under the GBE Act will make clear the Government's expectation that these areas are to be managed as informal reserves. A copy of the Charter will be tabled in Parliament as required under the GBE Act for the Parliament's and public's information.

Forestry Tasmania Employees

Mr Speaker, this Government is ensuring that the transition to the new management arrangements will be undertaken to maximise ongoing employment opportunities for Forestry Tasmania employees.

Forestry Tasmania's and DPIPWE's senior management have collaborated to establish a process that will provide opportunities for Forestry Tasmania employees to apply for roles within DPIPWE associated with the conversion of forest reserves to nature conservation reserves.

Further, this Government has taken the step of ensuring that any employee of Forestry Tasmania, who resigns from the Corporation and takes up a position being offered by DPIPWE, will have their period of service with Forestry Tasmania recognised for the purposes of long service leave and any future State Service redundancy program, in the unlikely event any such program is implemented.

As long as they satisfy the legislative requirements to be entitled to take long service leave under the State Service, any Forestry Tasmania employee who takes up a position with DPIPWE as part of the transition process and who chooses not to be paid out their long service leave entitlement when they resign, will be entitled to their long service leave from Forestry Tasmania and any new long service leave they accrue in their new position.

For those that do not have a long service leave entitlement upon resignation, their years of service will count toward their obtaining long service leave under the State Service.

This Bill also provides that the superannuation of those Forestry Tasmania employees who do resign

and take up positions with DPIPWE will not be affected by that decision. So employees in the defined benefit scheme will be able to continue with the scheme.

Mr Speaker, these arrangements are to ensure that employees are neither advantaged nor disadvantaged if they choose to take up one of the positions on offer from DPIPWE.

Access to these provisions is only to be open for a limited time as they relate to a one-off business transition.

Accordingly, Forestry Tasmania employees will only have access to these transition arrangements if no more than three months has elapsed between the date of their resignation from Forestry Tasmania and the date of commencement of their appointment to a position in DPIPWE.

In addition, the Bill provides powers to make a regulation to ensure that a time can be stipulated when these provisions are no longer open to employees and would cease to have effect. This provides flexibility so that an employee does not

accidentally miss out due to unforeseeable circumstances.

The Forest Manager

Mr Speaker, the Bill provides that the Forestry Corporation will be the Forest Manager for Tasmania's permanent timber production zone land.

While they are one and the same, the concept of a 'Forest Manager' separate from the Forestry Corporation more transparently describes the 'role' of a Forest Manager. This is distinct from the generic provisions that relate to the entity as predominantly set out in the GBE Act, and which apply to Forestry Tasmania.

Under the Bill, the Forest Manager has the functions of managing and controlling the permanent timber production zone land and to undertake forest operations on that land. Additional functions can be granted to the Forest Manager as may be approved in writing by the Minister and the Treasurer.

Wood Production Policy

Mr Speaker, it is important to acknowledge that, under this Bill, every year the Forest Manager is responsible to make available from the permanent timber production zone land the minimum aggregate quantity of eucalypt veneer logs and sawlogs to veneer and sawmilling industries now set at 137,000 cubic meters. This is consistent with the *Forestry Act 1920*, as amended by Parliament by the TFA Act.

Mr Speaker, the Government, and importantly Forestry Tasmania, recognise that the concept of sustainable forest management encompasses wider social and environmental outcomes than simply what is reflected in the Forest Practices Code.

Through the TFA and this Bill, we are clearly moving in a direction where reserves are managed by one entity and wood production land is managed by another. While Forestry Tasmania will now focus primarily on economic outcomes as its main contribution to ensuring all of Tasmania's forest estate is managed sustainably, there is still a requirement for Forestry Tasmania to take into

account other factors, including regulatory requirements (such as the FPA Code) that exist outside this Bill.

Forestry Tasmania contributes to sustainable forest management through maintaining and realising the economic value of the production estate, but must do so in a balanced way that has regard for, and contributes to, the maintenance and care of biological diversity and ecosystems, including soil and water, and meeting the social needs of Tasmanian communities.

Furthermore, the commitment of Forestry Tasmania to pursue Forest Stewardship Council certification will require the operations of Forestry Tasmania, as the Forest Manager, to implement high standards of environmental outcomes and social engagement in order to achieve and maintain certification.

To complement this, the Government is committing to include in Forestry Tasmania's Ministerial Charter its expectation that Forestry Tasmania achieve FSC certification.

Future permanent timber production zone land changes

Mr Speaker, what I have talked of to date relates to the land that is the current State forest – both production forest and forest reserves.

In addition to determining the management responsibilities for the current estate, this Bill also provides capacity to change the status of permanent timber production zone land.

That capacity will rightly continue to vest with the Parliament as Tasmania's public forests are an asset of the whole Tasmanian community.

It may be that these provisions are rarely required or used but given that such an outcome was provided for in the 1920 Act, the capability has been retained in this Bill.

Under the Bill, the Minister may make a permanent timber production zone land order declaring Crown land to be permanent timber production zone land.

However, before making that order, the Minister must obtain advice from the Forest Manager that

the land is required for the supply of forest products.

The order has no effect until it has been accepted by both Houses of Parliament and if this does occur the land becomes permanent timber production zone land.

Conversely, the Bill also provides Parliament with the power to decide whether or not land is to be taken out of production.

Mr Speaker, I want to be very clear, this capability is not seeking to sidestep the provisions or processes of the *Tasmanian Forests Agreement Act 2013*.

Accordingly, the Bill explicitly states that a revocation order may not be made for any land that is Future Reserve Land under the *Tasmanian Forests Agreement Act 2013*.

The Bill requires information to be provided to Parliament on the impact of a revocation order on the capacity of the Forest Manager to both meet the annual supply of requirements for both high quality veneer and sawlogs and to supply logs to the holder of a forestry compensation certificate

issued to a person in accordance with the *Tasmanian Forests Agreement Act 2013*.

Parliament will be able to make a decision on the future status of the land as permanent timber production zone land with the knowledge of the impact of that decision on the Forest Manager in these two important areas.

Access and use of permanent timber production zone land

Mr Speaker, under this Bill the people of Tasmania will still be able to access and use permanent timber production zone land for the range of purposes and activities they currently enjoy and undertake in their public forest estate.

The provisions of the 1920 Act are essentially maintained to ensure the right to access the land continue, so long as the access does not interfere with the management of the land.

Managing access and use

The Forest Manager will continue to be able to control and manage access to permanent timber production zone land in order to undertake its responsibilities and to protect the safety of people.

To assist, the Forest Manager will be able to close forest roads and erect signs to regulate access to the permanent timber production zone land. This is no different to what Forestry Tasmania can do now under the 1920 Act.

In addition, new powers will now allow the Forest Manager to authorise persons who can request a person not to enter or to leave a forest road or permanent timber production zone land.

It should be noted that positions of authorised officers are utilised in relation to the operation of other publically owned businesses and in a range of other Tasmanian legislation, including the *Electricity Supply Industry Act 1995*, the *Water Management Act 1999* and the *National Parks and Reserves Management Act 2002*.

These powers can be exercised in the interest of safety, or if those person's activities or conduct is

preventing, or would prevent, the Forest Manager from performing its functions.

Forest roads

Mr Speaker, all existing forest roads will continue to be forest roads under this Bill, including those forest roads that are in forest reserves that will become regional reserves or conservation areas in Schedule three. This ensures the existing forest road network can continue to be used to access forest coupes and for other forest operation reasons.

The ability to construct and maintain forest roads, by or for the Forest Manager, both in and outside permanent timber production zone land is provided for in this Bill.

Mr Speaker, the ability to construct and use new forest roads on land that is not permanent timber production zone land is necessary to enable the Forest Manager to access timber resources on permanent timber production zone land where such lands might be isolated from other parts of the production estate by non-production land.

For example, a future forest road may need to be constructed on land that, as a result of this Bill, becomes reserved land under the Nature Conservation Act and managed by DPIPWE.

Such a road would still be a forest road. Contractual arrangements, such as a license or a lease can be entered into between Forestry Tasmania and DPIPWE around the construction, access and maintenance of that road.

Other provisions

Mr Speaker, the Bill provides additional provisions to enable the Forest Manager to fulfil its functions of managing the permanent timber production zone land and undertaking production on that land.

Many of these provisions in principle continue those which are available to Forestry Tasmania under the 1920 Act.

The Forest Manager can appoint timber classification officers who are accredited to recognise features, qualities and dimensions of eucalypt and plantation grown logs and how to classify them into many different products.

The Bill also provides the Forest Manager with a set of requirements to manage and control the use of fire on permanent timber production zone land.

Conclusion

Mr Speaker, what I have outlined today is a Bill that refocuses and modernises the business of the management of the State's wood production forests.

It provides the Forest Manager, Forestry Tasmania, with the best chance to improve commercial outcomes by making the purpose of Forestry Tasmania clearer and more focussed, reducing the duplication of land management roles between the production and non-production forests.

Mr Speaker, this Government is prepared to tackle this difficult and challenging transition. Doing nothing will exacerbate the challenges facing Forestry Tasmania, and will not support the Board and the management team to re-focus the business in an evolving market context.

If Forestry Tasmania and its employees are prepared to face this challenge, then we owe it to them to provide legislative support.

Mr Speaker, this new framework for Tasmania's wood production forests is a major step forward in addressing the challenges before Forestry Tasmania and the Tasmanian forest industry.

Mr Speaker, I commend the Bill to the House.