

**Australian Government funding through the IGA**

Funds already provided/allocated	
Program	Funding
Employment and training support for redundant forest workers in Tasmania (funding allocated and still available)	Up to \$25 million
Mental health counselling and community well-being services for forest workers and contractors, their families and associated businesses adversely affected by the current forestry industry changes (funding available until June 2013)	\$0.5 million
Voluntary exits for native forest haulage, harvest and silvicultural contractors	\$45 million
Assistance to the Tasmanian Government to implement the IGA, provision of information and consultation with affected communities  Funding is provided under Clause 34 of the IGA, with \$15 million to be provided for Sawlog Buybacks (see below)	\$28 million
Management of additional reserves (first year funding)	\$7 million
Regional development projects (Major regional development projects announced through the first round of Economic Diversification Funding included investment in dairy expansion and agriculture training in Smithton, aquaculture in Huonville and a state wide data sensor network, Sense T that has the potential to transform agricultural production across Australia. Initiatives as diverse as support for soft-fruits growing, cool-climate wine expansion, eco-tourism, food innovation and improved plantation forest value adding were also funded. In addition, the Tasmanian Industry Innovation Fund (TIIF) program has supported 26 private sector projects across the state – supporting industry innovation and expansion.)	\$24 million
<b>TOTAL</b>	<b>\$129.5 million</b>

Existing IGA Funds available upon passage of the Bill	
Program	Funding
Voluntary compensable exit program for sawmillers wishing to exit the industry. (Outstanding funding allocated under Clause 34)	\$15 million
Management of additional reserves (\$7 million per year ongoing, figure based on funding to 2016–17)	\$21 million
Regional development projects	\$96 million
<b>TOTAL</b>	<b>\$132 million of funding allocated under IGA</b>

#### Additional Australian Government funding available upon passage of the Bill

Program	Funding
Voluntary compensable exits by sawmillers wishing to exit the industry	Up to \$10 million to assist structural adjustment by regional sawmillers to changing market conditions. (Includes \$7 million of new funding and \$3 million from existing economic diversification funding under the IGA.)
Management of additional reserves (\$2 million per year ongoing, figure based on funding to 2016–17)  This is in addition to the \$7 million per year under the IGA.	\$6 million (this is in addition to \$7 million per year already allocated under the IGA)
Additional mental health counselling for affected workers and their families  Provides service from 1 July 2013	\$1 million
Support for affected workers and contractor business exits	\$20 million
Innovation in the timber industry as it transitions to a greater reliance on plantation timber	\$16 million
Investigation of sustainable solutions for the utilisation of forest residues	\$2 million
Development of ongoing residue solutions and regional structural adjustment	\$7 million

Establishment of a Special Council to oversee the implementation and durability of the Tasmanian Forests Agreement 2012.	\$3.5 million
A resource study on specialty timbers	\$2 million (not new funding - part of the \$96 million funding for regional diversification)
<b>TOTAL</b>	<b>\$62.5 million of new funding</b> (excludes the \$5 million allocated from existing regional economic diversification funding in the IGA)

## Matters for Select Committee consideration

### Responses to key issues raised in meetings with members

1. *Funding support:* Should the Tasmanian Parliament decide to support the Tasmanian Forests Agreement 2012, the Australian Government will make a significant contribution to supporting its implementation. The Australian Government has already provided \$129.5 million through the IGA with the remaining \$132 million identified in the IGA and additional new funding of \$62.5 million available if the Bill is passed. This funding remains available at this point in time. If the Tasmanian Parliament does not support the Tasmanian Forests Agreement, this additional funding may be allocated to other government priorities.
2. *Carbon credits:* Australia will account for forest management under the second commitment period of the Kyoto Protocol. If there is an overall decline in native forest logging in Australia and greater carbon sequestration, for example because of the Tasmanian Forests Agreement, this could contribute to our Kyoto target.

Should the *Tasmanian Forests Agreement Bill* be passed, the Australian Government will make a regulation that will ensure that paragraph 41(1)(b) of the *Carbon Farming Initiative Act* does not exclude projects that involve conservation reserves established under a *Tasmanian Forests Agreement Act 2012*. Such conservation reserves will need to meet the requirements of the *Carbon Farming Initiative Act* and be covered by an appropriate methodology that is still to be developed. The methodology will need to address baseline setting as well as other key requirements such as the project boundary and a discount for leakage. It is anticipated that officers from the Australian Government Department of Climate Change and Energy Efficiency and the Tasmanian Government will commence discussions on a methodology in early 2013.

There are a range of estimates for emissions reductions from forest management under the Kyoto Protocol. Some of these are overly optimistic. Estimates of forest management being worth billions to the Government may not take into account issues such as the risk of future emissions from bush fires or the national cap on crediting.

3. *Durability of the package:* As members are aware, durability was a key issue for the Signatories in their negotiations. A clear durability requirement is that their Agreement be implemented as a complete package.
4. *Private forestry and other sectoral interests:* I am aware of concerns that the package will somehow have a negative impact on private forestry operators. On the contrary I consider that the package provides significant opportunity to the private forest sector. I am also 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.
5. *Alternative solutions:* I urge members to consider the implications for Tasmania of not supporting the Tasmanian Forests Agreement 2012. The agreement is not a government imposed solution, rather it is an historic agreement between the parties to the forest wars which have plagued Tasmania for over 30 years. I would like to emphasise the significant compromises that all parties have made to reach this Agreement.