



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **GOVERNMENT BUSINESS SCRUTINY COMMITTEE B**

#### **Sustainable Timber Tasmania**

**Friday 3 December 2021**

#### **MEMBERS**

Hon Rosemary Armitage MLC (Deputy Chair)

Hon Jo Palmer MLC

Hon Tania Rattray MLC (Chair)

Hon Jo Siejka MLC

Hon Rob Valentine MLC

Hon Josh Willie MLC

#### **OTHER PARTICIPATING MEMBERS**



## **WITNESSES IN ATTENDANCE**

**Hon. Guy Barnett MHA**, Minister for Energy and Emissions Reduction, Minister for Primary Industries and Water, Minister for Resources, Minister for Trade, and Minister for Veterans Affairs

**Steve Whiteley**, Chief Executive Officer, Sustainable Timber Tasmania

**Suzette Weeding**, General Manager Conservation and Land Management, Sustainable Timber Tasmania

**Chris Brookwell**, General Manager Corporate Services, Sustainable Timber Tasmania

**Rob de Fegely AM**, Chairman, Sustainable Timber Tasmania (via videolink)



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**CHAIR (Ms RATTRAY)** - The time being 11. 15 a m., I welcome everyone here to our government business enterprise scrutiny. We have Sustainable Timber Tasmania, formerly much-loved Forestry Tasmania.

Thank you, minister, and would you please introduce your team at the table? We have until 1.15pm for this scrutiny, two hours. We look forward to an engaging process. I feel sure that you will have an opening statement, as brief as you can to allow as much time as possible for questions. It is getting towards the end of the year, so let's hope everyone keeps focused on what we need to be doing here.

**Mr BARNETT** - Thank you, Chair, for the opportunity to present with Sustainable Timber Tasmania before your committee today. I introduce the Sustainable Timber Tasmania Chair, Rob de Fegely, who is online from New South Wales today.

**CHAIR** - Hello, Rob, welcome. It is the first time we have had a chair of a government business enterprise on Webex.

**Mr de FEGELY** - Thank you, and I'm looking forward to returning to the state very soon, as soon as the minister will let me back in, and if we keep New South Wales under control, which will hopefully be the case. Thank you, Chair.

**CHAIR** - If you're looking to get New South Wales under control, I don't think you'll ever get back here.

**Mr BARNETT** - Thank you, and likewise, Steve Whiteley, CEO; Suzette Weeding, General Manager Conservation and Land Management; and Chris Brookwell, General Manager Corporate Services. I thank each of them for contributing today. I will share an opening remark, as you've indicated. Firstly - wood is good.

**CHAIR** - Bingo.

**Mr BARNETT** - Wood is good. It's sustainable, it's recyclable, it's renewable and it's the ultimate renewable. We're sitting here, enjoying some of the finest Tasmanian timbers in our parliament, in this committee room. This is a carbon sink, right there, as I knock on that wood.

It's a fantastic \$1.2 billion support for our economy, and some 5700 Tasmanians work in this industry. More than half of those are in the primary and secondary processing. As a Government, we have backed the industry with \$11.7 million to support and promote the sector, including the \$10 million for the on-island processing, value-adding downstream processing in Tasmania; \$450 000 investment in skills and diversity in forestry to help deliver a modern, skilled and diverse work force, and \$1.15 million to support the promotion of wood and help build demand for our wood and wood products for the high-end, high value-added uses.

I am also pleased to make very clear and unambiguous, the decision by the full bench of the Federal Court, backed by the High Court of Australia, backing in our Regional Forest Agreement. We are the only state in Australia that has a statewide Regional Forest Agreement. We are delighted with that decision in the last 12 months, backing in our world-class forestry sector in this state.

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Sustainable Timber Tasmania remains a very important part of the industry and its value is reflected in this year's operational and financial results, along with a multitude of positive achievements and highlights. I am very pleased to advise that Sustainable Timber Tasmania has achieved its fourth profit in a row. That's very good, on the back of many years of being in the red.

Sustainable Timber Tasmania paid \$115 million to 673 Tasmanian businesses supporting local communities, including \$53 million to harvest and haulage contractors, helping to keep regional Tasmanians employed during the COVID-19 pandemic. Sustainable Timber Tasmania's value to the community extends beyond the operating profit, supporting fire-fighting activities and protecting communities from our bushfires, particularly with this summer ahead. Lots of good work has already been undertaken.

**CHAIR** - Which has already started, by the way.

**Mr BARNETT** - It has already started, indeed, Chair. STT are working collaboratively with our apiarists, our tourism businesses, our recreational users, mountain bikers, operators and events for everybody's mutual benefit. They are managing and maintaining our roads to support and facilitate access to hive sites, attractions and experiences. I take this opportunity to thank the board, the chair, more than 160 staff and, of course, the hundreds of contractors of Sustainable Timber Tasmania and all those involved in the forest industry for their resilience and hard work and together we look forward to growing a sustainable forestry sector. With that, Madam Chair, I will pause and if possible, allow the chair of Sustainable Timber Tasmania to make a few short remarks as an opening for the committee.

**CHAIR** - Thank you, Rob.

**Mr de FEGELY** - Thank you very much, Madam Chair, and minister, for the opportunity to make some brief comments which, hopefully, will help you with a bit of background for your questions to us this morning.

This year the strong contribution from more than 1000 employees and contractors enabled Sustainable Timber Tasmania to continue operating at a profit and to support businesses, jobs and communities across Tasmania. The 2020-21 financial year required both the STT board and management to navigate several challenges, including COVID-19 and a volatile international market.

Despite this, I am very pleased, as the minister mentioned, to share the business has reported a total consolidated comprehensive income of \$3.9 million, which is our fourth successive profit result. We thank our customers for their continuing support in a difficult market environment. Throughout the year, the organisation continued to develop its focus on several things including adaptive land management, resource security, customers and our supply chain, and the communities we work in and our workforce.

As an active, adaptive forest manager, STT maintains and enhances the conservation and protection of forest values while maintaining access to our forests for multiple uses. A focus on developing and adapting a sustainable land management approach in a changing climate to meet society and market expectations is essential to our future. There was significant

effort over the year to drive continual improvements, for example, we progressed our forest monitoring utilising technology, new technology and digital forest research.

We revised our seed zone systems to manage future forest health and resilience. We are investigating a natural capital accounting framework to improve our reporting for everyone on all our forest values, not just our financials, and we undertook a range of habitat retention trials to improve our forest management. This year, STT actively participated in over 25 research projects. This was to support sustainable forest management in a diverse range of areas including forest genetics, biodiversity, fire management, natural capital accounting and the Internet of Things.

During the year, a major customer consolidated processing operation at Smithton by closing their southern facility. This change has created the opportunity for new investment in wood manufacturing in the south of the state. Importantly, STT's value to the community extends way beyond operating at a profit. STT paid \$115 million to Tasmanian businesses, as the minister mentioned, including \$53 million to harvest and haulage contractors who then flow on and support local communities.

Importantly, we helped to keep regional Tasmanians employed during the COVID-19 pandemic. We sowed nearly 90 million seeds to regrow forests for future generations of Tasmanians and maintained almost 3000 kilometres of roads to provide access to our permanent timber production zoned land for multiple uses including tourism businesses, bush walking, mountain biking, hunting, and fishing.

Furthermore, STT is committed to protecting communities and the impacts of bushfires and contributed over 1200 hours of firefighting activities while attending 24 bushfires. Despite the disruptions in 2020-21, STT produced a similar volume to the previous year and for this I am very thankful to our staff and our contractors with nearly 1.6 million tons of forest products, including over 115 000 cubic metres of high-quality eucalypt saw logs which were delivered to our customers.

STT understands a successful future relies on developing a capable, diverse and safe workforce. As a statewide team, STT has worked tirelessly to maintain an ongoing commitment to continual improvement to promote safety. We want our employees and contractors to go home safe and well every day. Implementing safety circle training across the state has been a fundamental part of this approach and demonstrated the great importance of investing in the safety of those delivering a wide, tangible impact on the ground.

Finally, Madam Chair, I wanted to say a very warm thank you to our STT employees, the staff, our contractors, our customers, my fellow board directors, and stakeholders, and the wider Tasmanian community for their continuing support and engagement with our activities over the last year. Thank you, Madam Chair.

**CHAIR** - Thank you Rob. I am not sure the CEO will have anything left to share with us, but we shall see how we go.

**Mr VALENTINE** - It is noted while production of most wood products is similar to 2019-20, production of solid wood and pulp wood from hardwood plantations was down by around 113 000 cubic meters, that is on page 86 of your report. It is also noted on page 33 and page 87 gross revenue was down from \$50.8 million from \$178.201 million in 2019-20 to just

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\$127.362 million in 2020-21. What proportion of the reduction in volume is associated with each of the wood product categories? What extent does this reduction represent a change in the availability of each of those wood products as compared to market conditions?

**Mr BARNETT** - Thank you for the question. It is a comprehensive question and in many parts. I will kick it off and then then I will pass it.

**Mr VALENTINE** - I will give it to you one at a time if you like, minister.

**Mr BARNETT** - No worries, but I am just acknowledging that and if I could make some opening remarks in response and then I will pass to the CEO to drill down and we will work through those questions to assist the committee.

It has been challenging during the COVID-19 pandemic for all of us in Tasmania, including the forestry sector, but I want to pay a compliment to those at STT and in the forestry sector for doing what they did during that difficult time. It was challenging and they kept going.

**CHAIR** - Never missed a beat, minister.

**Mr BARNETT** - Never missed a beat. They had plenty of challenges ahead of them during that time and addressed them. I wanted to commend them on the way through, before I passed to the CEO because it has been difficult for everyone in Tasmania but particularly those in the industry. They employed COVID-19 safe practices. It worked in the social media space, across the industry and did a good job to keep people in jobs and keep operating.

**CHAIR** - I certainly agree and if you want the member to dissect those questions he can.

**Mr WHITELEY** - I will give a general answer first and if there are things I have not picked up you can follow that up with specific questions.

**Mr VALENTINE** - It is just about the volume.

**Mr WHITELEY** - Broadly, in terms of the nature of the segments of our business, overall volume from native forest is normally the product itself, the saw logs and the peeler logs for our domestic processing customers and then there are residues that arise from that. In aggregate that provides the whole-of-the-tree view of the world. A couple of changes we have made in the last 12 months, we have increased the thinning of native forest. That is in younger forests particularly regenerated in the 1970s and do not yield many sawlogs now, but it is to grow future sawlogs. There is an increase in volume from that activity. The rest of it is the balance of how much sawlog we produce.

In terms of the plantation question, as you know, our state is largely intended for solid wood production and the regime we use is to prune the trees, then when they are ready, to thin them. Over the years we have been running that program. We have almost completed the thinning phase. That is the last phase and the decline in plantation volumes associated with completing our thinning program. We have started doing some trials in plantation to make available some of the older solid wood products. We have been supporting research projects through National Institute for Forest Products Innovation and other research entities, along with customers too for them to trial the wood properties.



**Mr VALENTINE** - Also UTAS?

**Mr WHITELEY** - Yes, through UTAS, so they do the work. UTAS in Launceston effectively are one of the main service providers there, combined with industry. There are companies like Britton Timbers, CUSP Building Solutions in Wynyard, Neville Smith Forest Products and others involved actively through those trials. They are really a research partner and we are a partner in regard to supplying the material. They mill them and then they have measurements taken by Greg [inaudible] and others from UTAS. That is a ramp up of some of the activity in the older plantations, along with the decline in the thinning program that has really come to its natural conclusion.

**Mr VALENTINE** - The reduction of 113 000 cubic metres in that hardwood plantation?

**Mr WHITELEY** - It is related to -

**Mr VALENTINE** - harvesting. As the question I have put, what proportion of the reduction in volume, is associated with each wood product?

**Mr WHITELEY** - The wood product there is thinnings, it is a pulp wood product from thinnings. The volume, in terms of the table you are looking at, is attributed to a decline in the thinning activity because it has been completed.

There had been a slight increase in activity of harvesting some mature plantations at this stage, principally for research purposes.

**Mr VALENTINE** - There is basically no change in the availability compared to market conditions?

**Mr WHITELEY** - Some of our customers had to navigate COVID-19, as the minister and the chair have said, so there was a change in demand. There was also the Ta Ann decision, because of the bushfires and COVID-19 and the situation in Malaysia; they made the difficult decision to stop operating in the south and move some of their equipment up to Smithton, to make their operations more efficient.

All of those things in combination changed demand for some of our products. You might see that some of the peeler logs that were previously domestically processed, particularly in the south, went out as log exports and that is really to maintain the contractors segregating those products.

We have gone through a process to reallocate some of that wood. We have put an expression of interest out. There have been some changes for a range of reasons, some of them biological, some of them market, related to COVID-19, bushfires and those sorts of things.

Your other question was about the significant change which is netted off, revenue and cost. That was a role we were playing in being the ultimate aggregator of wood prior to it being loaded onto a ship. We were a trusted party for a number of businesses, simply to be the point of sale. We would pool our wood with others in order to make a shipment, but we were the party that undertook the transaction.

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That has changed a little since Midway Tasmania have started operating directly, and there has been some private sector capability brought to the state. It doesn't relate to the volume of wood coming from ourselves or the private sector; it is simply a change in arrangements because the private sector has been able to take on that role. Effectively, we were filling that role because the government was trusted to be the aggregator that held the contract for a period and that was a pass through. It nets off one for one.

**Mr VALENTINE** - What proportion of the \$51 million reduction in gross revenue would that drop in hardwood production, make up?

**Mr WHITELEY** - The bulk of it is simply the commercial transaction component where we were the aggregator and as you will see in there, it is netted off. Chris might have some specific numbers for that?

**Mr BROOKWELL** - Yes. The volume of total product is flat, that is one and a half million tonnes and the revenue has dropped as you have rightly pointed out, by \$40-ish million. The entirety of that drop is triggered by the cessation of the aggregation role that we were playing. The \$48 million worth of sales that we made in that way in the previous year, we didn't make a margin on.

The change that Steve has identified, impacted revenue significantly, but didn't impact margin on the stable volume.

**Mr VALENTINE** - Do you charge for that aggregation role?

**Mr WHITELEY** - No. It was a service.

**Mr VALENTINE** - Basically, facilitating for the industry?

**Mr BROOKWELL** - That is correct, yes.

**Mr VALENTINE** - Okay. I have other questions to go to. If people have other questions on that particular issue.

**Mr WILLIE** - I have questions on supply.

**CHAIR** - We will finish this first before we go to specialty timber.

**Ms ARMITAGE** - Specialty timbers, when we are ready.

**Mr WILLIE** - I have heard of a few reasons, minister; but why did STT not deliver the legislated 137 000 cubic metres of high quality sawlogs?

**Mr BARNETT** - Through you, Chair, that is incorrect. The legislative requirement to make available 137 000 cubic metres of high-quality eucalypt saw log per year, has been met and it will continue to be met. Let's make that clear. It is in legislation. It is a requirement. The Government has very expectation that STT will continue to meet those requirements.

The CEO can outline how this operates. It is a matter of making that wood available. It is then a matter for those that wish to seek that wood to take that wood, on terms and conditions

that are then agreed. The legislation requirement has been met and the Government's expectation is that it will continue to be met. To understand that more fully, I would like the CEO to add to the answer.

**Mr WHITELEY** - Effectively, there are three parts to the way we organise our production. Within legislation we are required, as the minister said, and it is quite clear, that there is a volume of wood for the Tasmanian veneer and sawmilling industry. It's for a particular purpose and to a particular specification. There is a production policy, within the legislation effectively,

What that means for us is that we need to grow trees for that purpose. That is the way that we support the policy. Each year, we prepare a three-year wood production plan that reflects the demand from our customers. Each year we are able to make that available, but it may require customers to source their own contractors to do some other things. It is not a supply question; we need to make sure we have sufficient quantity of the right quality of material. Each year we do a check on that. We check on the standing volume of how much wood we have in the forest across the estate that is able to have a forest practices plan prepared. In other words, it could be made available.

The most recent snapshot showed that there is about 2.4 million cubic metres of sawlog of the prescribed quality, standing in the forest. It is a question about, does the industry seek that wood? This has been a question that has been around for the last few months. We have been asked it on several previous occasions.

Because of the that, I had a look at the history from 1997, the start of the RFA period, and sought to see how many years from 1997 through to now, has the actual supply met or exceeded the production policy. It ended up being for 5 or 6 years in the mid 2000s, and that was in the era where people were seeking land to put plantations on and the industry chose to operate at that level. It has only been in recent times, after the TFA, that STT has got a disproportionate proportion of the contract, that we're contracted to. Prior to that, the production system was managed by the industry itself. Gunns had the majority of the contractors and there were other companies who did that.

Each year we are required to make available that amount of wood - and we do. As another part of the equation, we do a five yearly review in accordance with the Regional Forest Agreement, to review our sustainable yields. That is looking at the same standard of log. We are in the midst of doing this year's five yearly review at the RFA itself. It started in November 1997; on our time table, we need to do the review by June 2002, in order for the state to report by about November 2002. We are doing work towards that at the moment.

It really is a biological statement. We measure the forest. We look at how much it has grown. We look at if there has been fire damage. We look if there have been changes to environmental standards. All of those things get pulled together and it creates what you may be familiar with - a statement of sustainable yield. We are currently doing that. That is a biological calculation - counting how much is out there and spreading it over time. We need to assure ourselves as a state, that we can sustainably manage the forest to continue to be able to biologically make that available.

Then the third party is commercial contracts. We have a number of commercial contracts with large and small businesses. The other important part of the production policy is it's for

one grade of log so it's for the high-quality sawlog and veneer logs. Many of the millers, particularly the small and medium millers, rely on what we call category two and category eight logs. There's quite a volume of those that support many of the mills as well.

It's a mix of what a business requires in log mix, whether it be high-quality sawlog or lower grade logs. They have different equipment, different markets. They value the wood properties of Tasmanian eucalypts, particularly the Tas oak species. It's a great brand that the Government and the industry have been investing in the last two or three years in better marketing of Tas oak. It was one of things where, as the resource is diminishing but also plantation wood is coming on, it's important from a Tasmanian point of view, that we really capture all of the value that's inherent in not just our special timbers, which are other species, but effectively the special timber that we have in the Tas oak species as well.

**Mr WILLIE** - Minister, I'm trying to work out what this disconnect is because the message coming from Government is very different to the message from industry. We're hearing about huge demand, we have timber shortages, industry is telling us they can process more but their contracts aren't being filled. How do you explain that disconnect between industry and what you're saying? You're saying you are making it available but the industry is not taking it but they're telling us their contracts aren't being filled and the Government's not getting to the legislated requirement.

**Mr BARNETT** - Let's go back a step, in terms of the 137 000 cubic metres which is a legal obligation to make that available. How did that come into effect? That came into effect as a result -

**CHAIR** - Through negotiation. It took a whole summer.

**Mr BARNETT** - Through negotiation as a result of the TFA. Under a Labor-Greens government, it was more than halved from 300 000 cubic metres to 137 000 cubic metres. Of course, what happened? We saw the industry decimated; jobs were lost, two out of three jobs were thrown on the unemployment scrap heap. That was under the previous government.

**Mr WILLIE** - How long have you been a minister?

**Mr BARNETT** - You're asking a question and I'm giving you the context. Then you get back to the 137 000 cubic metres which is required to made available. It is a legislative requirement. As the CEO has indicated, and I've indicated, that remains the case. That does have to be made available. The CEO has outlined the arrangements in place for what's called the sustainable yield report which will be available by mid-next year.

We've made it very clear in our policy commitments that resource security is very important for both the smaller sawmillers and the medium and larger sawmillers going through to 2027 and beyond. We've made commitments for that but we have to have that report by mid-next year to make those good decisions that are sustainable decisions for the future.

I'll pass to the CEO to answer the other aspects of your question relating to meeting those requirements for the various sawmills.

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**CHAIR** - It's a genuine question about the disconnect. We have pre-hearings, pre-briefings before this process and that's not the message that we received. So I'm keen to hear the answer.

**Mr WILLIE** - A lot of frustration.

**Mr WHITELEY** - A lot of what we hear and from a national point of view, the chair might be able to comment on this, but a lot of the housing commentary is about softwood. Most of the timber framing now is softwood. Tasmania makes an important contribution to that. We have a mill at Bell Bay that processes the Tasmanian-grown trees, including taking some to the south.

My understanding of the national situation is all of the softwood mills are going flat out at the moment and the shortage, nationally, is because of the lack of imports. That's the story here about housing.

In terms of the local commentary, it's separating -

**Mr WILLIE** - Let's not confuse the issue. We're talking about the 137 000 cubic metres.

**Mr WHITELEY** - I think there's a sentiment there about we don't have enough timber for housing but, to make clear, that comment particularly relates to radiata pine and house frames. A lot of the fit-out, whether it be commercial fit-out, housing, timber floors and those sorts of things, does come from hardwood. People select that because it's beautiful timber, it's hard and tough, all of those things. People do use hardwood timber - Tas oak timber - in their building projects but it's not the trusses and the frames. It's the features, it's the kitchens, the furniture and those sorts of things.

We last tested the market broadly via a tender process, probably more than four or five years ago up in the north east. The way that the sustainable yield calculation works, it counts every sawlog. Some of the areas, particularly in the north of the state, have been cut-over in the past. A lot of the sawlogs have been removed. In order to go in and harvest the next crop, you also need to deal with the rising pulpwood residues. We offer that to people who are willing to take the whole stem.

For us, if we are looking to service our contracts, we need forest that is capable of being managed with a high enough proportion of sawlog material. Beyond that we are happy to open up to the private sector, but they then, would need to effectively buy the whole stem.

Within a biological system it is different from plantation, where it is quite uniform. Here there is a whole timber harvesting history. There are quality aspects and those sort of things. So, not every coupe in our world is associated with a high proportion of these sawlogs.

We actually say to the private sector, if you would like that, we will make that available to you, but it is up to the private sector to set up some commercial systems if they wish to acquire that timber.

I am not sure, specifically -

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**Mr WILLIE** - Are you saying some of the coupes are uneconomic to harvest? Is that what you are saying?

**Mr WHITELEY** - It depends on the range of products. A couple of years ago we were getting very buoyant prices for pulpwood in those times where all products - people were making a lot of money. The processes, the contractors, where a high proportion of their quotas were able to be filled. As different parts of the market changed then people have to adapt. So we adapt as well as the contractors.

In looking at the customer by customer mix, COVID-19 did change things significantly, particularly our major customers. I will not identify them individually but they requested much lower volumes than they were potentially entitled to under their contract. The bottom line total for the year reflects the decisions of all of our customers in combination. Many of the larger customers that make the most difference to the bottom line sought to have a reduction in deliveries while there was uncertainty about COVID-19 and particularly their distribution channels. They were managing their risk.

It was not to do with a shortage of trees.

**Mr WILLIE** - Again there is a disconnect because the industry is saying we cannot get our contracts filled and they want more. They want to process more.

**Mr WHITELEY** - Well, we are delivering what they are asking us to. If they would like more wood, it may be that they need to go and source their own contractor to get it. We are not going to necessarily step up and deliver to them. We are happy to make it available, for sure if they request, as part of the annual cycle of updating our three-year production plan. These things take time as well to get orders in, do the preparation, consult the community about what coupes are being scheduled. We need to build roads to many of them. Some of them have had roads built previously but often at least we will have to build a short spur road into some of these to make it available.

We have this annual cycle where we prepare for that based on our conversation with our customers about what they would like. As I say, in terms of our record in this annual report, that changed because of COVID-19. More was available than was ultimately requested.

**Mr WILLIE** - Minister, some of these issues being discussed, what does that mean until 2027? Are you going to be able to deliver the legislative requirement each year until 2027, given some of the reasons that have been described, that might prevent that?

**Mr BARNETT** - It is a legislative requirement. We expect it to be met.

**Mr WILLIE** - So are you considering negotiating the early end of timber contracts?

**Mr BARNETT** - No, as I indicated earlier and the CEO indicated, there is a sustainable yield report which is due by mid-next year. That will give a very clear understanding, much clearer than the one of five-years prior.

This has been done consistently over the last many decades now, consistent with the Regional Forest Agreement. That report will be done so what we have made clear in our

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election commitment and we make clear again today, is that we support resource security for the smaller, medium and larger sawmillers and those that are seeking that wood.

Once that report is available we would expect further discussions, negotiations, with STT to commence and then to take place to provide that security in the future. Those discussions will not start until next year once that report's available. Everyone can see the report, it will be made available. We expect those discussions to take place. As I say, resource security to 2027 and beyond would be our expectation.

**Mr WILLIE** - You are not ruling out, once you receive that report, negotiating early end of contracts?

**Mr BARNETT** - We are ruling in resource security. That is our policy position.

**Mr WILLIE** - It is a pretty simple question, you can rule it out now.

**Mr BARNETT** - You have just asked the question; do we abide by the legislative requirement.

**Mr WILLIE** - Will you rule out negotiating early end of contracts before 2027?

**Mr BARNETT** - Let us be very clear, we support resource security. In terms of meeting the legislative requirement, it will be our expectation that would be met. It is a legislative requirement. We are not going to be changing the law, not like under the previous Labor- Greens government.

**Mr WILLIE** - I am not asking about changing the law, I am asking about contracts.

**CHAIR** - One speaker at a time.

**Mr WILLIE** - It is a simple question, Chair. Will you rule out negotiating the early end of contracts by 2027?

**Mr BARNETT** - That is a matter for the CEO.

**Mr WHITELEY** - I am happy to give you a direct answer. We have been asked the same question by the TFP. We have said to them we have sufficient wood to meet all contracts to 2027 and beyond. The other one is in terms of the state and you will see that if you look at the sustainable - we have to manage a migration from what sawmills have traditionally used, which is the Tas oak species, into some of them migrating to, effectively, plantation wood. That was set in train in 1997. It has been apparent, we are getting closer to that time.

At the moment, to be clear, the contract holders right are to native forest timber. We have done a snapshot this year and we have 2.4 million cubic metres of high-quality sawlog available. You can do the maths around 137 divided by the number of years to 2027, so very clearly, biologically we have the trees there. There are contracts and no reason why they would not be honoured in full.

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There is a process we will need to go through in the next few years about some businesses that choose to process plantation timber and how that plays out. I cannot answer that as it is something we will need to work through with each of those commercial businesses, based on their wish. Some may wish to supplement their resource, some may wish to exit native forest and focus on plantation, some may wish to continue with native forest.

The resource is there, from what we saw in the last review, it is about 50-50 after 2027, plantation natives. We have the resource there, but there is a structural change. It has been around since it was put in train when the RFA was set. We are doing the trials now, and getting some R&D. People are testing those logs and having a good look and at their markets. It is not just about the ability to cut up the wood and dry it, it is about what it can be used for. It has different wood properties -

**Mr WILLIE** - Yes, we heard yesterday from the minister.

**Mr WHITELEY** - There is a stack of potential. This is where innovation, engineered wood products, all sorts of opportunities for the state, to really lead in that. We have a fantastic resource in our nitens plantations on public and private land. We are growing pruned trees that deliver clear wood, but there is a huge private resource. Some of the private growers are becoming more interested in growing their trees for a bit longer. Originally, they were put in to support a pulp mill. Now, with carbon opportunities, with domestic processing opportunities people are having a good rethink. We have CLT products and other really exciting projects there in combination, particularly public and private growers, and a great resource for Tasmania. If you are a processor in Tasmania over the next few years, there will be really good opportunities to invest.

**Mr BARNETT** - That is one reason we have committed the \$10 million for the on-island processing, value-adding of our timber.

**CHAIR** - You have already mentioned we have great resource here. We were informed yesterday there is an opportunity to grow some of that resource out for, say, another five to six years and keep it here on island and not send it to Victoria like we are doing now. Can you give me some explanation on doing that and about supporting our local industry, for them to be able to deliver all these wonderful products and not prop-up the likes of Victoria who don't have that same quality resource.

**Mr BARNETT** - Thank you for the question. I will ask the CEO to respond. There is a balance in getting the mix.

**CHAIR** - We understand the state trade but you have to look after your own, minister.

**Mr BARNETT** - We know section 92 of the constitution which states trade between the states must be free and fair. There must be a balance and there is a mix. The point the CEO was making about the growth in plantation estate needs to be taken into account. That is why there is much more work, investigation and research into engineered wood.

There has been a reference to Cusp Building Solutions on the north-west coast, to Britton Timbers and others that are working in this space because we have to be able to use the wood more effectively and wisely wherever possible with on island processing. We are all about promoting jobs, growth and opportunity in Tasmania. The CEO can add to that.



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**CHAIR** - Can we have the quantum of resource that has been let go to Victoria? Is that available?

**Mr WHITELEY** - I am happy to answer your question fully. Perhaps I could start in terms of what STT are doing. It flows on from the work we are doing about R&D. Last October, we put out an expression of interest. We had commissioned a third party to do some more intense measurement of our plantations. We have grown them over many years. We have been pruning and thinning them. We have been doing monitoring level assessment of them but what we really do need to do to help underpin investment is to know a lot more about character of the stems, what their diameter is, how much of the wood is in the pruned section, how much is in the larger section above that.

These wood properties we have are older trees so they tend to be 25-plus, a bit different to the 15-20 that is on a lot of the private estate. We put out an expression of interest prior to engaging consultants because we wanted to make sure we knew what to measure. We had good support from Tasmanian processing businesses. Both have just put up their hand to flag we are interested. Some others were specific about seeking resource for them to test various products. It was a broad range of types of response. We had responses from three or four interstate businesses who made it clear that to the extent they were interested, this was about processing material in Tasmania unequivocally.

In answer to your strategic question, the resource in Tasmania is for processing in Tasmania. Some of those businesses have manufacturing facilities elsewhere and we offered small quantities for them to test. There are no contracts. It is not commercial quantities. It is very small quantities for them simply to test. I was about to do some maths to give you a percent. I would rather not give you numbers. I will answer the question by giving you a percentage.

**Mr de FEGELY** - I think the interesting point at the moment is that Australia has run out of wood, whether it be softwood for housing and hardwood for the raft of products we use hardwood for. In simple terms, power poles and hardwood pallets that are used by all the major supermarket chains to transport goods, as well as our manufacturing. Most people have taken them for granted until they weren't there. We are importing about 70 000 cubic metres of hardwood a year from overseas. A lot of that comes from South East Asia where we have no idea about the sustainable management of those forests.

I appreciate the members' questions this morning about supply and sustainability and it is an ongoing challenge for us to balance our harvesting operations to get wood at the cost that our customers want it for, plus the volatility of the export market. Domestically the challenge for us, and Australia, is a moral one: to become self-sufficient, and to get the right sort of processing in Tasmania. The more security that investors can feel about wood supply long term, the greater attractiveness we will see.

I am personally aware of a number of companies who are looking much harder at Tasmania about investing in wood processing where they weren't looking at this before. That is a great reflection on the state and the opportunities for Tasmania because you grow trees really well and it is a competitive advantage for the state. I can see more investment coming in the future and the challenge for STT and the private growers is to meet those new investments with the products they need.

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**CHAIR** - The percentage?

**Mr WHITELEY** - It is less than 3 per cent.

**CHAIR** - Less than per cent.

**Mr WHITELEY** - Again, it was part of a response to an expression of interest that went out via a third-party consultant and some people interstate requested that. It is less than 200.

**Mr WILLIE** - Moving forward, we have a strong commitment that that plantation will be available to Tasmanian processors first?

**Mr WHITELEY** - For processing in Tasmania.

**Mr WILLIE** - For processing in Tasmania.

**Ms ARMITAGE** - We were told that the smaller multi-generational mills in northern Tasmania have been short supplied.

**Mr WHITELEY** - Sorry. This is about plantation material?

**Mr BARNETT** - What is your source?

**CHAIR** - We are not at liberty to provide our sources.

**Ms ARMITAGE** - This is about the high quality nitens that have been going to Victoria.

**Mr BARNETT** - So, you have had a briefing?

**CHAIR** - We invite key stakeholders.

**Mr VALENTINE** - We always have stakeholder briefings.

**CHAIR** - To be perfectly frank, those key stakeholders indicated they are having discussions, so it is not something that you will be new to.

**Mr BARNETT** - It came out of the blue and I appreciate the context in which you are now sharing.

**Ms ARMITAGE** - They asked whether the smaller country sawmillers could be given the opportunity to tender.

**Mr WHITELEY** - They have been and many of them have responded. That was an early part. What we were asking there was, put up your hand if you might be interested and tell us, or tell the consultant in this case. We wanted a third party so they could reveal their commercial information but not to us, so maintain that degree of separation with a view to us designing an inventory to work out what we should and that is simply where we are at the moment.

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**Ms ARMITAGE** - You don't agree that some of the northern Tasmanian mills are being short supplied?

**Mr WHITELEY** - This is a research phase. None of this wood is contracted. We have simply gone out to customers to help inform us about what we should be measuring. We have some older plantations that were established in the early 1990s, the Helsham plantations. We said we are happy to make that available for you to test. It is not a contract and that is open to any of the millers. We have made that available to all of the small millers as well. If they wish to come and get a load of logs, test it and see what it looks like, see whether they're interested, we are very happy to do that. We are all in this development and learning phase at the moment.

**Mr VALENTINE** - That's pruned product, is it?

**Mr WHITELEY** - Pruned and unpruned. A small sample of the feedback we have is that people are seeing value in the older age class. A lot of the wood we have supplied has been to Cusp (CLTP) and they certainly value the wood properties of the older wood even though they are looking to run their business predominantly on younger wood. They are doing engineering testing.

Sawmillers we have worked through with NIFPI projects, there are a couple of sawmills that have been long-term research partners but, in this case, it was an all-comers. You put up your hand, let us know and we will look to arrange one coupe and we will distribute that to people who put up their hand.

Again, small quantities, not contracted, simply to do some product testing, give us feedback so when we do our inventory, we can work out what form these trees are in, how much volume is in the pruned bit and how much volume is in the larger sections above that. Part of what we are all trying to figure out is whether it is age affecting wood properties, whether the clear wood from pruning is the most important or whether it is the dimension that is most important. We have a number of factors there that we know theoretically and we really only want to get feedback from a range of customers.

There is a lot of wood going out of the state, but that is coming from private land and that is both plantation and native forest wood. There is a lot of wood going out and I notice, in terms of local businesses, they see logs disappear out of the state and that is simply the right of any private grower to go to the market and choose to sell to whoever they would like to.

**CHAIR** - Those heavy haulage vehicles don't say STT or private owner?

**Mr WHITELEY** - No. That is correct. We unequivocally do not sell native forest sawlogs out of the state. That is absolutely clear. It is part of the state's policy written in legislation. There are some plantation logs, but it is very small quantities for the purpose of having a look at the logs.

**CHAIR** - Less than three per cent.

**Mr WHITELEY** - Less than three per cent.

**Mr WILLIE** - On that expression of interest, Chair, supplementary?

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**CHAIR** - The last question because then I need to go elsewhere.

**Mr WILLIE** - Were we selling plantation timber out of the state before that expression of interest?

**Mr WHITELEY** - I do not believe so because I do not think we were harvesting then. I think we were just still in the phase of doing thinning and NIFPI trials. Really, this is one where we are looking at some of the older plantations for a more commercial purpose, rather than a research purpose. It is not tied into the customers having to be formally part of NIFPI or something like that; it is simply for them to get a couple of truckloads of logs and run through their process and see what it looks like.

**Mr BARNETT** - To be very clear on what the CEO has said, we are talking about STP so we cannot talk on behalf of private operators that may or may not have done that.

**CHAIR** - Hence my comment around that we do not -

**Mr BARNETT** - Yes, that is right.

**CHAIR** - The community does not see who the wood belongs to -

**Mr WHITELEY** - No.

**CHAIR** - - when it is going out on those heavy vehicles.

**Mr WHITELEY** - But it is and I am aware it is both not very nice native forest logs and some plantation logs, but they are from private land.

**CHAIR** - Thank you, Ms Armitage, a really important area we would like to drill down into and know you will be ready for it.

**Ms ARMITAGE** - Speciality timber. In 2015, Forestry Tasmania was tasked by the Department of State Growth to conduct a Huon pine volumes assessment of the Teepookana Plateau. My understanding is the assessment showed there was 21 years worth of sawlog supply remaining at 168-ton cubic metres per year but in December 2020, a mere five years into the 21-year period, STT advised there was only one year of supply remaining from identified accessible areas at Teepookana. Can you advise when STT became aware that their 2015 assessment of Huon pine volumes was so inaccurate, minister?

**Mr BARNETT** - Thanks very much.

**Ms ARMITAGE** - That is my first question. I have a few.

**Mr BARNETT** - I understand; a very important area.

**CHAIR** - Let us take them one at a time.

**Ms ARMITAGE** - I thought one at a time.

**CHAIR** - And let us try and make the answers as brief and to the point as we can.

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**Mr BARNETT** - Special species timber is a very important area and we are sitting around some of it today. We are surrounded by it in this room and in the parliament.

**Ms ARMITAGE** - The last you are likely to see by what we were hearing.

**CHAIR** - And if we do not find a way of getting it to those people who produce these wonderful products, we will never sit around one again.

**Mr BARNETT** - I will pass to the CEO in a moment, it is a very important part of our industry, we appreciate that, particularly for furniture, wooden boats, a whole range of wood craft products.

**Ms ARMITAGE** - When did STT become aware of that, minister?

**Mr BARNETT** - We have a Special Species Management Plan put in place in 2017 and long-term sustainability is very important. The special species timber harvesting is also available through the Future Potential Production Forest Land and that must be carried out in accordance with that land. To date there has been no formal attempt to make access to that land in line with the plan. With respect to the details around the question, I will pass to the CEO.

**Ms ARMITAGE** - Thank you. Twenty-one years worth of sawlogs remaining but in 2020 you were told there was only one year.

**Mr WHITELEY** - Really that is a distinction between access and resource. The Special Species Management Plan was a view of the resource. It was coast-to-coast. It was the whole of the landbase in Tasmania. That is what it looked at - what is the biological capability. The second component is how much of it is roaded, effectively.

You may recall in about 2004 under the TCFA there was significant money put into special timbers, including roading. We have benefited on the Teepookana Plateau since then, so there was a significant access investment made. I'm not sure how many years it ran to build the roads, but think it was something like 10 kilometres of access roads built on the Teepookana.

**Ms ARMITAGE** - I can probably ask my second question while you are answering this. When will you recommence the Huon pine salvage at Teepookana?

**Mr WHITELEY** - No. As you say, we have come to the end of that scheme, where we have got one coupe left roaded under the current arrangements. That is absolutely correct. We have wood in stockpiles. We also salvage wood that has been accumulated and looking to have an orderly market, not flood the market, so there are a couple of stockpiles of sawlogs on the west coast.

The resource that is accessible is in two parts at the moment. The logs that have already been pulled out are in one of two stockpiles. We have a forest practices plan associated with the last remaining area accessible under the investment that was made in the early 2000s. In order to access the further potential Huon pine, there will need to be some further investment in access.

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**Ms ARMITAGE** - So you are looking at future salvage operations then, on your active account?

**Mr WHITELEY** - Yes.

**Ms ARMITAGE** - Has that work commenced already?

**Mr WHITELEY** - We are doing some work towards that. We are looking to do some work, but Suzette might like to add on what our intention is around the resource.

**Ms ARMITAGE** - And when the volume assessments will be completed?

**CHAIR** - And bigger pieces of timber than you can make a bowl out of.

**Mr WHITELEY** - We have got a lot, we are not going to run out of craft wood.

**Ms ARMITAGE** - How about boats, the big stuff?

**Mr WHITELEY** - Boats broadly is the challenge because the recovery of boat boards, they are very specialised products. They do need to come from category 4 grade of saw log, and it is a relatively small proportion of many of those logs. So, we do rely on the high quality logs for things like boat boards, furniture boards and those sorts of things. There is a lot of other Huon pine out there. The history of harvesting on the plateau was all of the best material was taken out, decades ago. We are simply coming back and picking up the logs left on the ground. The bits of tops of trees. People would pick out the very best logs. These are pretty good logs and we know there are more there, as you have said, through the special timbers resource statement. The issue we are facing is access.

**Ms WEEDING** - To add to your earlier question around the management plans. The management plan was an estimate. It was based on a range of things, on a combination of what we understood from our ground assessment to date, but also some extrapolation across the land base.

**CHAIR** - It was not an accurate thing?

**Ms WEEDING** - No it was not. It was clearly said within the management plan it was not an accurate estimate, that it was a view of what was available at that point in time that is consistent with a salvaged resource. It is not standing trees, it is resource on the ground, covered by debris. So, in terms of what you are actually picking up, it is really what is there and what you can pick up at that point in time.

In terms of the further assessments, since then we have undertaken some detailed further assessment across the plateau. It is quite challenging to access, you can imagine. We go in by train and it is a lot of walking around for our people to determine what is there. That process is still entrained. We have people up in the last 12 months and early in the new year to look out for the volumes potentially available in additional areas, that should we have available resource to be able to do further roading we would be able to access to get more product in.

In terms of the makeup, it is really what is there. As the CEO said, it is the pieces left behind from the previous harvesting activities on the ground. We do not harvest live point

Huon pine, it is the material on the ground and we pull out what is available at that point in time.

**Ms ARMITAGE** - This timber has been recovered years ago. But we were told the price for a cubic metre of Huon pine was around \$13 000. The cost apparently has grown considerably.

Is there a reason that STT is significantly increasing the price? Is it because of the shortage? But then you are saying there is plenty, but there is no access.

**Mr WHITELEY** - Unfortunately, we do not receive \$13 000. That is probably the retail price. One of the things we do through old specialty timbers and other means, is to test the market from time to time. Offer small quantities of logs to see what the market price is. It is very difficult to price special timbers. It does come back to where the market is at the time. As you would expect, there is both the perception and a reality of scarcity. We have found black heart sassafras is probably the one that has really increased in value in the last few years. Huon pine used to be the leader. It used to be the logs that commanded the highest price. At the moment it has been overtaken by black heart sassafras. Nevertheless, any of these quality logs that are scarce. There's a lot of material out there that's craft grade, but the high quality logs for these specific purposes are scarcer and difficult, and with Huon pine, particularly, we can't provide an accurate estimate of the quality of the material simply because it's been cut over in the past and we're going in to discover the quality of the logs that have been left.

**Ms ARMITAGE** - In the past few years, the Government spent, I believe, \$1 million matched by industry in advertising Tasmanian timbers and according to the Tasmanian Timber website, five of the seven species listed are specialty timbers.

Why is the Government advertising these timbers and generating demand when there's no plan to supply; or is there a plan to supply?

**Mr BARNETT** - First of all, there's no stronger supporter of the industry than our majority Liberal Government and that's why we've put \$11.7 million to back it in over the next forward years and, of course, half of that funding has been provided through Sustainable Timber Tasmania.

We're backing in the Tasmanian Timber Promotion Board, we're backing in wood encouragement, we have policies across government to encourage the use of timber wherever possible because of its sustainability uses.

**Ms ARMITAGE** - But we don't have specialty timbers.

**Mr BARNETT** - In terms of specialty timbers, it's best for the CEO to respond on behalf of STT because most of that product, or nearly all of it, goes through the permanent timber production's own land. Individual stakeholders who you have contact with and others, always have the opportunity to make an application to gain access to specialty timber on future potential production zone land, and that remains the case.

**Ms ARMITAGE** - If it's available, I guess - things like Huon.

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**Mr BARNETT** - It's legally available, subject to a plan and subject to the application being approved.

**Ms ARMITAGE** - Provided it's there.

**Mr WHITELEY** - My comment's going to be general because it's not really an STT matter, directly; but my observation of the website, the other collateral and the promotion, a lot of it's been proportionately allocated to availability. The original Tas oak campaign is probably the main area. There's also blackwood in there so really blackwood and Tas oak are the premier species that could be available for architects and fit-out people to get volume.

Some of the others, even though the volume is small, don't underestimate things like veneer. We're looking for these scarcer, more decorative timbers as a really important role in the veneer that's being produced up on the north-west coast.

**Ms SIEJKA** - Minister, I'm interested in finding out where the FSC accreditation process is at, if you could give us an update to start.

**Mr BARNETT** - We can provide an update on that, no problem at all. As a Government, we've supported STT in its ambitions to support FSC accreditation. I will pass to the CEO and/or Suzette to speak on that.

**Mr WHITELEY** - You may recall we've had a couple of audits. The last audit that we had was just after the first time that the FSC Australian standard had been released. We knew generally what was likely to be in the standard but there were a few nuances in the new standard.

Coming out of that review, there were some major areas that we needed to do more work on and that's what we're doing. Suzette can talk about broadly where we're at with that process.

**Ms WEEDING** - As the minister and the CEO have said, we are fully committed to continuing on the FSC certification process. The audit in 2019 identified a number of non-conformances or major non-conformances which are required to be closed in order to achieve FSC certification.

Since that time, we've been setting up a plan and working through a process of addressing those non-conformances. One of the key areas of activity, which is essentially a time constraint in terms of how long it takes, is undertaking a number of operational trials.

A couple of the non-conformances were quite specific to the retention of older, larger trees in regrowth areas - looking within a particular operational area and looking at how we might retain those larger trees for the values that they contain, as in habitat or for the habitat of the swift parrot, for instance.

In the interim, we've been looking at implementing these operational trials, looking at a range of aspects of harvesting methodology -

**CHAIR** - Like heli-harvesting?



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**Ms WEEDING** - No, looking at more how we might manage those trees and the landscape, using our conventional harvesting and our methods, by looking at how we can harvest the regrowth forest from in and around those large trees. As you can imagine, that's a considerable process to work our way through. There are a number of aspects we have to look at. A key one is safety. We don't compromise on safety. Is it safe for people to be operating in and around these large trees in retaining those within your harvest area and being able to take out the regrowth forest from underneath? Is it commercial? There are a few questions we are still working our way through. Importantly, are we able to regenerate those coupes? So, can -

**CHAIR** - Isn't it up to the market to decide whether it's economical or not?

**Ms WEEDING** - It's economical in terms of the cost. What's the wood production cost? If you can't -

**CHAIR** - Again, isn't that up to the market?

**Ms WEEDING** - Correct. However, from a trial perspective, if we end up having to leave a number of smaller trees around that larger tree in order to retain it, what's the cost from an economic perspective? Can we still afford to, or is it still economical for us to harvest that coupe? What's the cost in terms of wood production from those particular areas? Those are the things we're weighing up at the moment from a decision-making perspective.

**Ms SIEJKA** - In a follow-up to the accreditation process, one of the concerns we heard yesterday was around the special species. I want a clarification on whether the majority of special species harvesting on public land will need to end in order to achieve the FSC. If you're talking about protecting particular trees, are the two goals at odds?

**Ms WEEDING** - No, that's incorrect. We wouldn't be looking at -

**CHAIR** - It won't have to end.

**Ms WEEDING** - It won't have to end, no. The FSC certification process enables harvesting of special timbers; enables harvesting of forest products in general. There are specific constraints around areas considered high-conservation value, and those areas which contain special species timber that are high-conservation value are not available for harvesting under the FSC certification system. The areas that contain special timbers that aren't, and we've undertaken high-conservation values assessments that identifies some of these areas, they are certainly still available for special species harvesting. Huon pine is certainly one of those areas that is still available for salvage harvesting, as well as other specialty species.

**Ms PALMER** - Can you outline for the committee how the Government and STT are supporting the apiary sector's infrastructure needs.

**Mr BARNETT** - They have worked together very well over a long time, with an MOU with STT and the Beekeepers Association in Australia and at a national level. I'm delighted with that work in terms of the Australian Honey Bee Industry Council, Tasmanian Beekeepers Association and that memorandum of understanding, which was signed in 2019. It proves that the forest and the apiary industries can and should continue to coexist.

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It's very important in Tasmania. The beekeepers do a great job. We want to build on that and provide further support. I can advise the committee today that we are committing \$500 000 for infrastructure development to allow beekeepers to continue to access their floral resources, such as leatherwood, manuka and blue gum. The first round of those grants to support the apiary sector will total \$100 000 for remedial work on six roads. This will provide access for the beekeepers to those parts of various forests around Tasmania, to get to an estimate of more than 1200 beehives. That is in mostly leatherwood areas around Tasmania.

We are very pleased with that commitment and it's based on feedback from the apiary industry, the Beekeepers Association. Most of those hives are then rotated to various sites around Tasmania and they are also rotated into farming landscapes, which is good for agriculture in terms of pollination purposes. It is obviously good for forestry, good for agriculture and good for the beekeepers. It's a win-win-win outcome.

We understand the importance of honey and the pollination sector and we believe that is important to improve to some of those remote locations, as has been referred to earlier in the committee hearing. The chair referred to some 3000 kilometres of roads that have been maintained around Tasmania, thanks to Sustainable Timber Tasmania providing that maintenance and access in to different parts of Tasmania.

We are pleased with that commitment, which is based on feedback and the benefits it provides for beekeepers, the honey industry, agriculture and pollination services. Thanks to our beautiful bees here in Tasmania and thanks to the good work of Sustainable Timber Tasmania in helping to provide that access.

**CHAIR** - I'm interested in table 21 on page 84 of the annual report: 'Stakeholder engagement activity'. You had 50 environmental ENGO events in 2020-21 and two each for suppliers and customers. I am interested in how you value your customers and your suppliers compared to others. There were 80 events for neighbours - they are important; 101 events for community; 13 for recreational; 9 for industry; and 2 each for good old customers and suppliers. They didn't get much attention in my view - or their view. If I was a supplier or a customer I probably wouldn't be that happy, minister.

**Mr BARNETT** - I can assure you there is a very strong engagement with suppliers and customers; but it is best for the CEO and his team to share that information with the committee.

**Mr WHITELEY** - I might clarify through Suzette the source. This is our consultation manager. It is a database that is used for people who contact us. We have a stakeholder email and people contact us through that means. What we do in addition to that -

**CHAIR** - This is these people engaging with STT, not the other way around?

**Mr WHITELEY** - This is a subset, is the start of my answer. We have a whole range of people in the field in our commercial area. We have customer service managers who daily talk to customers. This is a particular lens through which people have approached us and it is a record of that. This is a database called consultation manager, where people approach us because have invited them to. Each year, as you know, we publish our three-year plan. We also put up an interactive map. It is really for the community to approach us about a range of things. When it comes to be commercial operations, our service providers, we have a whole lot of contractors, as the chair said. There are 1000 staff and contractors together, who conduct

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all the work. We work closely with a whole lot of customers and service providers. That is not picked up by this means. It is through a different channel.

**CHAIR** - I suggest that needs a note to it.

**Mr WHITELEY** - Perhaps the feedback we get for the annual report is it is not clear this is a limited data set. You are absolutely right, if you were to interpret this as being the full story around the way we do our business, I can assure you it is not.

**Mr BARNETT** - To clarify, the consultation with suppliers and customers is comprehensive, and ongoing throughout the year.

**CHAIR** - It would need to be better than two events.

**Mr BARNETT** - That is right. There is an assurance that the engagement is very strong and ongoing and comprehensive. The CEO might want to clarify that for the record.

**Mr WHITELEY** - I can give you that assurance and I also take on board the inadequacy of the way the table has been presented.

**Mr VALENTINE** - Back to beekeeping. I am interested to know when you do your selective logging - you do that by coupe in a mosaic fashion, is that still practised?

**Mr WHITELEY** - Yes.

**Mr VALENTINE** - When you assess something for selective logging, do you assess the amount of leatherwood that is in that coupe and how do you approach that? It is a dwindling resource for beekeepers and leatherwood is a very desirable product. How do you handle that side of it?

**Mr BARNETT** - It is an important matter. It is taken seriously by Sustainable Timber Tasmania and that is why, as a Government, we are pleased that they have signed the memorandum of understanding and comply with it. They meet with the Beekeepers Association and have feedback from the honeybee industry at a national level. That has all been signed and agreed, so there are terms and conditions in that MOU about collaboration and consultation and that is a priority for Sustainable Timber Tasmania.

**Mr VALENTINE** - What do they do when they find leatherwood in a coupe that they have earmarked for selective logging. Do they still go ahead and take that tree out if there are two, three or 10 trees in there?

**Mr WHITELEY** - I can give you a brief answer. We seek to map the leatherwood and we know where the leatherwood is, in fact. Like all those things, it needs to be field checked. If we find leatherwood in commercial quantities, it is excluded from any type of harvest, let alone commercial harvest. We look to give that priority.

We agree - apiary is very important to Tasmania for a whole range of reasons. Leatherwood is special. If we find leatherwood in commercial quantities, we would simply exclude that from harvest.

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From time to time we find there are scattered leatherwood and there needs to be a judgment call around that. Anything that is assessed as being commercial, as the minister referred to, we have consulted with the beekeepers about how to interpret that prior to doing the field work. We would seek to exclude all commercial leatherwood.

**Mr VALENTINE** - My other question was about special species. You talk about roading in to be able to get access to certain things. That is reasonably destructive in its own right, but have you seriously looked at helicopter recovery for special species? We are talking about the Teepookana Plateau and what is on the ground there, and sometimes it can be under all sorts of rubbish.

Do you look at that? It has been put to us that it could be cheaper, to helicopter harvest some of that rather than driving roads in, which might be more destructive.

**CHAIR** - There was some money put aside for exploring that, about \$400 000? Is that right?

**Mr BARNETT** - The 3000 kilometres of maintenance and funding for this year, is part of about 10 000 kilometres of roads that STT maintains to support the local community, tourists, visitors, beekeepers and the like. This is a community service that is available to members of the public. With respect to the helicopters and access, I will pass to the CEO.

**Mr WHITELEY** - Not in recent years. We are aware that people have looked at heli-harvesting. My perception, coming out of the special timbers management plan, was that some of that wasn't Permanent Timber Production Zone (PTPZ) land.

In regard to our land and the nature of Huon pine, for example, because it isn't the whole tree, it is less likely to be economic. Some of the parties who are interested in Huon pine think that heli-logging could be an appropriate way to do it, but it more likely to be in those areas that haven't been cut over.

**Mr VALENTINE** - We were made aware that people are purchasing special species timber as an investment, which means our artisans can't get to that unless they pay a premium price for it. Is there anything that can be done to stop that from happening?

It seems to me to be a bit perverse, that our own artisans can't use special species timber and in fact, quite a lot of it gets sold interstate. Do you have comment on that and what can be done to make sure that artisans in this state get to use what are dwindling quantities of special species in this state?

**Mr BARNETT** - I think you have made a very good point about the importance of speciality timber in Tasmania, and the artisanship that is demonstrated, not just in Hobart, but across the state. We are proud of it and that is why we try to support it. I do a shout-out to Hydrowood at Lake Pieman where they harvest the timber under the water in the lake, and then make it available domestically but also in Melbourne and Sydney because it is an iconic -

**Mr VALENTINE** - There is not much Huon in that though is there?

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**Mr BARNETT** - They do get some Huon but they have certainly eucalypt, hardwood, blackwood. They get some Huon. I am not sure of the exact volumes but, of course, that is privately done. They do a good job. I have been out there assessing it myself.

I think it is best that the CEO tries to respond to your question, but I have to say the law of supply and demand, we cannot stop people doing what they want to do with whatever product they own.

**Mr VALENTINE** - And you are not the one selling it?

**Mr BARNETT** - No. You cannot tell somebody what they must do. It is the law of supply and demand in the price they pay. We value it greatly in Tasmania, the speciality timber and the artisanship. I think you raised a good point about intervening in the market and telling somebody exactly what they do with the wood.

**Mr VALENTINE** - I suppose what I am getting at is that you are supplying a third party with these products. The third party is then selling to others. Is there some other way of making supply of this product available to Tasmanians without being able to say, we do give it to a third party? A third party can do with it as they wish.

**CHAIR** - We just passed a law in this state to say that Tasmanians cannot gamble at a high-roller facility. So, we can make laws.

**Mr BARNETT** - I think the point the CEO made earlier, is there is no issue with artisans, the timber like at Salamanca Place -

**CHAIR** - We are not talking bowls here, though. We are not talking beautiful bowls. We are talking about decent sized pieces of wood. We know wood is good.

**Mr VALENTINE** - He has converted her.

**Mr WHITELEY** - There are two dimensions to your question. What we deliberately do, particularly through old specialty timbers, is seek to supply the local trade, if you call it that. We look to do that.

They tend to be non-sawlog growth. We do get some sawlog grade in the south. We do not have a miller down here. We will normally offer those on a tender system but we also have other stock. We tender a small proportion of it ready to understand the market. We are also very sensitive to loyal, local customers who run businesses.

We endeavour to do that from a policy point of view and practise through old specialty timbers. When it comes to some of the - Huon pine and those sort of things, we are aware of some of the research that has been done for various special timber studies.

A lot of people still have Huon pine in their garages and sheds with the intention of probably using it and we see from time to time an advertisement in the paper where people are disposing of those things and it may well be going interstate to investors. So I think it is probably a legacy of past supply in large part for that type of wood. People have significant collections of Huon pine because decades ago they recognised that it was a good investment or they had the intention of using it themselves. I think that is a lot of where the sawn material,

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the big attractive slabs and those sort of things, are coming from. We only sell the logs to our Tasmanian sawmilling customers.

**Mr VALENTINE** - How much goes interstate, do you know?

**Mr WHITELEY** - I don't know. It's only anecdotal. A bit like Huon, and as the minister mentioned, Hydrowood, I'm aware that a large part of their market is probably the Melbourne market. Really that is high-end. It's furniture makers, fit-out and those sorts of things.

**Mr WILLIE** - It's this table, isn't it?

**Mr WHITELEY** - I agree it's a complex set of questions but we certainly endorse the policy of seeking to make it available to Tasmanian businesses.

**CHAIR** - Minister, before we leave this area of speciality timbers, which is so important, this is a really important question: can old growth forest, including old growth speciality timbers such as celery top pine, be harvested under the Australian FSC standard?

**Mr WHITELEY** - That's a quite specific question, I might refer to - this is getting into the details so I think Suzette is best placed to provide whatever comment we're able to make there.

**Mr WILLIE** - It's my line of questioning too, Chair.

**Ms WEEDING** - The FSC Standard has -

**CHAIR** - Has been recently updated, March 2021.

**Ms WEEDING** - It has, yes. It has provisions for management and protection of old growth forests within it where they are considered high conservation value. If you've got an area of old growth forest that, through an assessment process, is determined to be high conservation value - and that goes on rarity and its prevalence in the landscape so there's an assessment process you work your way through.

If it meets the requirements and becomes essentially a high conservation value old growth forest area then it is not available for harvest under an FSC certification system. If you've got an old growth forest area, including those that contain speciality timbers that does not meet those requirements, so, it's either quite prevalent in the landscape, it's a well-represented community in the reserve system, then it doesn't fall into that high conservation value, old growth community and, therefore, under an FSC certification system can be harvested.

**CHAIR** - Mr Willie, a supplementary.

**Mr WILLIE** - I'm interested in the Government's interpretation of FSC. FSC has been talked about since I've been in this place for nearly longer than six years. Minister, there are conflicting interpretations of the guidance language amongst stakeholders and members of the Australian Standards Development Group.

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One interpretation is that harvesting of old growth forest is allowed provided that it can be demonstrated by the forest management entity that such harvesting of old growth tree stands does not threaten the viability of old growth as an ecological component at the landscape level.

The opposing interpretation is quite different: that harvesting within the management unit is allowed but the harvesting of individual old growth trees or stands within the management unit is not permitted. I've heard explanations for both of those today where you're talking about harvesting around old growth -

**Ms WEEDING** - Around mature elements, yes.

**Mr WILLIE** - Yes, mature elements. Then I'm hearing that you could potentially harvest speciality timbers if it's not going to threaten the ecological component of an area. Which one is it?

**Mr BARNETT** - Can I indicate that as a government we have supported the board's decision and, chair, Rob de Fegley, sitting there, to seek FSC.

**CHAIR** - I'm getting older by the day, minister, waiting for this to occur.

**Mr BARNETT** - Yes. They have put a lot of time and effort into this over a long period of time.

**CHAIR** - I know they have. It has been an exceptional effort.

**Mr BARNETT** - One of the experts with respect to FSC is sitting on my right - Suzette Weeding. I will ask Suzette to respond to the question.

**Ms WEEDING** - It's two different issues, one of which is old growth forest. An old growth forest has quite a distinct definition. It's areas of ecologically mature forest which is no longer - there's no evidence of disturbance. It's an area-based assessment. It's a patch of forest, if you like, generally greater than a hectare.

What we're talking about from an FSC trial perspective is individual large trees. They could be - you know, have old growth characteristics within a regrowth forest area. That doesn't constitute old growth forest. There are two different aspects of management. In terms of the retention provisions and the guidance provided by FSC and the more recent guidance, it's quite clear in there that it is permissible.

There are various interpretations which you can put forward and I guess will be subject to the interpretations of the auditor at the end of the day. But, having been involved in the processes of the standard development and the development of that guidance document, it's clear that provided you can demonstrate that that old growth community isn't high conservation value and doesn't meet those specific requirements, it is available for harvest.

That said, STT does have internal policies about management of old growth forest and how we harvest that forest. We have provisions about not clearfelling old growth forest, or coupes containing old growth, which operate on the 25 per cent by area. We take it very seriously managing these areas that are special even if they don't meet that requirement of being high conservation value.

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From our perspective, we understand the intrinsic value and intrinsic value that's placed on those communities and we put in place specific management prescriptions around those.

**Mr WILLIE** - Minister, you're saying you can achieve FSC and still harvest old growth?

**Mr BARNETT** - Suzette Weeding has outlined the answer, I think, twice now very comprehensively and very well. As a government - and the question was to me and the position of the government - the Government supports the board's position, which is the chair is on the line if you want to seek the view of the chair. But, the board's position has been very clear they have the objective of seeking Forest Stewardship Council certification and as a government, we have supported that for a good number of years now. One of the experts on FFC is sitting in the room and has provided this answer twice now to all members. We have had the same question coming back from the member for Elwick. More than happy to answer the question again.

**CHAIR** - No, we have to move on. Another question.

**Mr WILLIE** - What has the FFC process cost to date?

**Mr BARNETT** - It has cost a lot of time and effort by not just the board, but the members and staff of STT. I will ask the CEO and/or the chair to respond.

**CHAIR** - And then I have a question that you may need to take on notice and I need to get it in before we finish.

**Mr WHITELEY** - The main additional cost is simply the cost of the audit, getting the auditors here. A lot of the work we do towards FFC is really strengthening our forest management system. A lot of the silvicultural trials, habitat and those sorts of things.

**CHAIR** - And the work Suzette does.

**Mr WHITELEY** - We need to do that anyway. We do need to comply with the standard in order to have a third party accreditation of our forest management system. Many of those things we view as simply good practice.

The cost of the auditor coming in includes if they have to come from an international destination. They come across, spend a couple of weeks here. I am not sure if we have a contemporary estimate of what an audit would cost.

**Ms WEEDING** - Our last audit was in the order of \$120 000.

**Mr WILLIE** - My question is, how much does it cost when the Government decided to try and achieve FFC? I am happy for you to take it on notice.

**Mr BARNETT** - We have had two audits. And an estimate has been provided of the cost. I think that is the best answer. You have to look at not just the cost, but the benefit. That opens up markets, not just in Japan, but on the mainland and other markets.

**CHAIR** - We have not got it yet though.



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**Mr BARNETT** - That is another key point. You have to look at the cost and the benefits.

**CHAIR** - My question is, how much in area of the specialty timber areas on PTPZ land are designated high conservation value 3.3 forest? If that is available, I would be very much appreciated.

**Mr BARNETT** - Thanks for the question. It is obviously a very detailed question. I will get the CEO to answer that.

**Mr WHITELEY** - I do not think we would have that at hand. We would need to take that one on notice.

**Ms ARMITAGE** - I wondered if you could expand on the \$5.5 million transfer of capital to TasRail in the annual report? Could you advise any quantifiable benefits for the transfer of the capital?

**Mr BARNETT** - There are many benefits. The funding came through STT to TasRail. For the benefits, the question is for TasRail.

**Ms ARMITAGE** - For log transport, I am assuming.

**Mr BARNETT** - Yes. In terms of providing efficiencies. Log trailers, which are specially designed on the rail system and being manufactured at Triabunna.

**Ms ARMITAGE** - I am very pleased to see.

**Mr BARNETT** - There were some 40 log trailers, I understand. I am not sure if they have all been manufactured to date, by Graeme Elphinstone and his team at Elphinstones. I know the chair would know Elphinstones very well. They employ a lot of people in Triabunna, a lot of young people, including apprentices. They do a fantastic job. They provide the Antarctic also. They are very innovative and are big supports of the forest industry. Those log trailers are very useful and are more efficient. It is about providing efficiencies for transport of timber from the south to the north and north to the south, both ways.

**Ms ARMITAGE** - Keeping them off the roads?

**Mr BARNETT** - Keeping them off the roads which Tasmanian motorists appreciate. We are pleased and grateful to STT because they are financially viable after four years of being in the black, after many years of being in the red.

**Ms ARMITAGE** - \$2 million to the Government did I notice?

**Mr BARNETT** - Yes, a dividend there. We are pleased with the financial viability but it has taken a lot of hard work and the chair would back me in there.

**CHAIR** - Which chair?

**Mr BARNETT** - The chair of Sustainable Timber Tasmania would back us in in terms of the challenges to maintain the position in the black.

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**Ms ARMITAGE** - Will there be any more payments to do with maintenance or upkeep of the facilities or amenities to do with the logs? Will STT have to provide any more funding?

**Mr BARNETT** - Those decisions are made from time to time as and when required. We will monitor the situation. We are pleased with the financial performance of Sustainable Timber Tasmania and have regular meetings with the board and management. We will take on board their advice and feedback and make more decisions available to advise the committee accordingly into the future.

**Ms ARMITAGE** - While you mention the board, can I just a question because it is something I generally ask the Premier every year?

**CHAIR** - Very astute when it comes to boards.

**Ms ARMITAGE** - In the annual report it says when people took their positions on the board. but it does not say how long their positions are for. Could you advise how long the board positions are for and the regions or areas? I am not asking for addresses, I would like to know north, south, west, interstate, where the board members are based.

**CHAIR** - We know the chair resides in New South Wales.

**Mr BARNETT** - Yes, the chair does and we have one of Australia's leading forestry experts and he has been an adviser to the federal government as a co-chair of the Forest Advisory Council to the Australian government and we are honoured and delighted to have him as our Chair for Sustainable Timber Tasmania. It is best answered by the chair and he might want to provide, as in Chair Rob de Fegely, a response in addition to what I have said, Rob.

**Mr de FEGELY** - We have six people on the board and the gender balance is four female and two males.

**CHAIR** - How do you get a majority?

**Mr de FEGELY** - It works very well and Professor Mark Hunt who is based in Hobart in the southern area, UTAS. Kathy Schaefer is in Ulverstone, Kathryn Westwood is in Hobart, some of you would know here as the Chair of RACT, Sue Baker who was in Hobart but is in the process of transferring closer to her family in the further north.

**CHAIR** - We do not mean Launceston?

**Mr de FEGELY** - No, warmer climes than Launceston, to somewhere in Queensland or northern New South Wales. You made a comment before about timing on the board. Essentially, director positions are appointed for three years, as is the chair. Normal non-executive directors are allowed two terms of three, so six years, and the chair are three terms, so up to nine years. There are extensions allowable. We did extend director Baker's by 12 months through the COVID-19 period and we will have a number of people that will expire shortly.

**Ms ARMITAGE** - The people are not going to expire?

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**Mr de FEGELY** - Sorry, their term has expired. They are all fit. Therese Ryan is based in Melbourne but her family has strong family roots in Tasmania. Her father had a business with the late Andy Padgett, who many of you would know as a trucking business and her grandmother grew up in Derby, strong connections to Tasmania.

Terms of a number of directors will come to an end next year so we will be looking again for some board renewal.

I would like to make a comment, minister, if I may and thank the minister but also my fellow directors. The board has worked extremely well. It's been a challenging board. The gender base has been pretty much the same since I joined the board in 2016 and I would commend many other boards who are looking that it has worked very well. Possibly the male board members don't challenge the team as hard as the female members do and there's a lesson in that for all of us.

**CHAIR** - You might notice the makeup of this committee, chair.

**Mr de FEGELY** - I sit here in trepidation, Madam Chair. It has been a very successful board. The skills balance has worked well from both finance and legal to forest knowledge and background. I think it has provided the background for check and challenge of the management team over the time. I thank them for the effort they've all put in to getting the results and helping the management team to get to the financial results we have but also our successes in the business as well.

**CHAIR** - Thank you very much.

**Ms ARMITAGE** - I might just make the suggestion though on page 32 in future reports, within term NA, you're never sure whether it's not available, not applicable. A comment that maybe you could point out.

**Mr VALENTINE** - Having four women on the board and two men but we have nine women and six men, I have to tell you. That's why you see so many women in the Legislative Council. It's probably the most progressive in the world or any House of parliament.

There you go, I have put on the record.

The executive team though has only one woman represented within the five-person team. Can you outline the diversity and equal opportunity policy? Can you also provide the average income and income range for those groups identified within that policy?

**Mr BARNETT** - Thanks for that. Our Government supports the diversity and we've funded a \$300 000 diversity action plan for the forest industry - I draw that to your attention - to increase, not just gender, but cultural diversity in the forestry sector. That's being delivered by the Tasmanian Forest and Forest Products Network.

We're providing support for the mining industry as well in that regard. Regarding the management arrangements, I'll pass to the CEO.

**CHAIR** - Not enough females applying, CEO?

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**Mr WHITELEY** - Probably we're like a lot of industries where you have to work really hard to get people across the board so there's a lot of competition for good people and we work really hard to have a great culture. We look to be an employer of choice. We have a whole range of interesting and challenging roles. It isn't just about the male forester that could be a type that's sometimes viewed.

The organisation itself has certainly evolved in the last five years and probably the five years before that, particularly with the restructure, having more a role in management, monitoring, supervision and those sorts of things. It does open up roles where it provides an opportunity when we're recruiting to make the roles attractive to a range of applicants, particularly women.

**CHAIR** - I'm happy if you table any additional information. You talked about policies, member, weren't you?

**Mr VALENTINE** - Yes, I was wanting to have an outline of the diversity and equal opportunity policy and also provide the average income and income range for those groups identified within that policy.

**CHAIR** - Is that something you'd like to take on notice?

**Mr BARNETT** - No, the CEO can respond to that.

**Mr WHITELEY** - In terms of the organisation, about a quarter of our employees are women now from a gender point of view. The other one, like a lot of organisations -

**Mr VALENTINE** - I'm talking about the executive team, not the whole organisation.

**Mr WHITELEY** - The executive team is - assuming my reports, if you like - one-quarter (Suzette) is female. It reflects broadly the rest of the organisation. At the moment, about a quarter of all of our employees are women. Like many organisations, we're actively seeking to promote diversity, as I say, actively.

**Mr VALENTINE** - Do you have a policy associated with that?

**Mr WHITELEY** - Yes, that is correct, and beyond a policy, we have a diversity and inclusion action plan.

**Mr VALENTINE** - Can we see that or have that tabled?

**Mr WHITELEY** - That should be fine. Again, we are focusing on gender, diversity and there are a whole lot of things about mental health that we are picking up on, cultural diversity. We are looking broadly at doing that. We have done some specific things, supporting women to succeed. Whether it be unconscious bias or other things, there are important steps that we can take to make promotion and recruitment more accessible to women and we are actively pursuing those things.

We support cadetships and traineeships, actively seeking to go out into schools-based programs. Our trainees are coming in now, so we are seeking to get that balance with new people coming in. We don't have a big churn, we have a pretty stable workforce but we do

recruit maybe eight to 12 people per year, all the way through the organisation. We think very carefully about opportunities to implement our diversity action plan in all the transactions that are available to us.

**Mr VALENTINE** - What of the income and income range of those groups identified within the policy?

**Mr WHITELEY** - We would have some statistics. If we could get a record of precisely what you would like, we are happy, through the secretary, to make that available to you.

**Ms PALMER** - I want to ask about fire management work that STT undertakes to support our community.

**CHAIR** - And that is funded through the CSO?

**Mr BARNETT** - Yes, it is funded directly to STT for fire management but they actually do a whole lot more than that in regard to fire management and I will respond to that question. They have been working at it year in, year out in advance of the fire season and during the fire season. It is amazing the amount of work they do to protect our communities, working with the TFS and the Parks and Wildlife Service. Last year, they contributed 1200 hours of firefighting activities whilst attending 24 bushfires. That is really protecting Tasmanians in a time of need.

During the 2021-21 bushfire season ahead that we are about to approach, STT has maintained and increased the capability that was deployed during the 2020-21 bushfire season. That includes 137 of the 162 staff who are trained and ready for deployment for firefighting control and management operations. I have been out there and I've seen what they have done and it is amazing the amount of training and work that they have to put in to then be out in the field, doing that work.

They have more than 100 contractors who are trained, ready for deployment in firefighting control and management operations. I put on record my thanks to those contractors for their support for the Tasmanian community. They have 16 dedicated fire trucks, 12 dedicated fire tankers and 92 slip-on tankers. The community members may have heard Tuesday morning's interview of STT staff on duty at the Mt Hobbs fire tower, another example of the contribution being made by Sustainable Timber Tasmania.

With regard to production forest, there is a vast array of not only production forest, but environmental, natural, social and other values that need to be protected, not to mention people's lives and livestock as well in the agricultural space.

Managing those forest values is very important and that is why this is really at the heart of what they do. They go above and beyond to support our local communities in delivering on that. It supports the industry, but so much more than that.

**CHAIR** - Thank you. Is there something else that we need to have?

**Mr WHITELEY** - The other one, capability is very important. The minister has given you some numbers, I won't repeat those. The way we deploy our people is both through the

statewide fuel program, which is a really important program for the state, not only about keeping communities safe but building capability and having people work together.

A bit of a call-out for the work the state has done, not only to go firefighting and be prepared to keep communities safe when there is a bushfire, but also the effort that is going into reducing fuel as well as building capability that really gets in early so we are not responding after the fact.

The minister mentioned detection, the towers and those sorts of things. We do the pre-emptive work through the fuel reduction program. We have a detection role and then we have a firefighting role, along with the Parks and Wildlife Service and the TFS.

**CHAIR** - Thank you. Supplementary, Mr Valentine.

**Mr VALENTINE** - Can you outline the extent of your engagement with traditional landowners in the management of the forest estate and whether or not you are investigating undertaking fire management programs based on the principles of cultural burning?

**Mr BARNETT** - So the interaction with those people?

**Mr VALENTINE** - Yes. How you are engaging with them and is that part of your future program to deal with fire management from a traditional perspective?

**Mr WHITELEY** - Nationally and locally, we are starting to rethink how land and forest have been managed. We know, as in other parts of Australia, that coming back to our traditional roots, knowledge and methods, used by Indigenous people has been not as active in the last few decades as it could have been. From a policy point of view, an activity point of view, we are actively pursuing that. Suzette might be able to give an account of something we have done in the last 12 months with what is generally known as cool burning. Part of it is about the fire and part of it is about the cultural engagement as well.

It is a different way of us thinking about a range of land management tools. Like a lot of places, we rely on science, we've built up practices. We need technology, we need skills. Stepping out and back and having a look and a listen to some of the skills that are inherent in the indigenous communities is very important. Suzette can add what we have been doing in that area.

**Ms WEEDING** - We see it as an important toolkit and something that we are looking to develop further on some timber production zone land. In the last 12 months, we undertook a workshop with an Indigenous fire practitioner down at Garden Island Creek. We had a fantastic day out with him looking at how they manage the land and the principles which they are applying to the cultural burning activities that they undertake.

We had a few of our management team along on that field trip as well as our fire management people. Over the next 12 months we are looking at what areas on permanent timber production zoned land we could apply such an activity. We are looking at having a broader workshop with a broader range of our staff in order to ingrain those activities within our people. We see it as an important part of the toolkit in terms of how we manage permanent timber production zone land.

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**Mr WILLIE** - I am interested whether the fuel reduction burns are done to protect the timber resource as well, given some of the supply issues we have discussed today, as well as protecting settlements and other areas.

**Mr BARNETT** - There is a broad range of objectives about not just the fire mitigation but the work they do in fire management and I will pass to the CEO.

**Mr WHITELEY** - The statewide fuel reduction program, it is unequivocally about managing risk for community settlements. The funds are deployed in that way. We conduct burns under that program. It is part of an integrated selection of managing risk. In addition to that, we do both mechanical and other burning to create gaps in the landscape. This is stepping back from community.

We are probably most interested in is mechanical fuel reduction. It has been used within the landscape and it can be both burning and a hybrid of burning and removing fuels, removing the ladder fuels. Some of the activity we have done on the east coast around thinning, we have done for a commercial purpose but it could tie in with creating breaks in the landscape. It is one of those things where there can be multiple purposes there, not just protecting communities. In terms of the funds provided, it is for that specific purpose. We do some other work which is funded by ourselves, not by the -

**CHAIR** - Minister, I was surprised to see that the valuation of the current stand of the forest that we have in Tasmania, given that it is so important, was only recently revalued at \$168 million. Were you surprised that it wasn't higher than that, given that last year it was \$165 million?

**Mr BARNETT** - This is for the Manager of Corporate Services and the CEO. That figure does go up and down, depending on market prices and depending on the volume as well. It is best that the CEO and/or Chris responds.

**Mr WHITELEY** - It is done by a third party. It is an independent audit. It is based on a discounted cashflow.

**CHAIR** - Did they get it wrong, Chris?

**Mr WHITELEY** - Chris can talk about some of the method and why it ends up like that, and why you do not end up with, what intuitively you might see as, if there is a price, why doesn't that would flow through.

**CHAIR** - There's been a 26 percent increase in property values around Tasmania.

**Mr BROOKWELL** - A number of things are taken into account by the independent valuers. It is a valuation based on the standing crop, and only the standing crop, and it is a discounted cashflow to come back to the present value. It actually went up by a couple of million dollars, to about \$186 million. There is a non-current and a current portion.

In terms of the reasons - the valuers provided a sort of table for us. You have the effluxion of time, so the wood is closer to being harvested and that increases the value.

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The improvement in prices increases the value; but we also suffered an increase in costs which reduces the value. The valuers, also, take into account some of the challenges of COVID-19.

**CHAIR** - My next question is around new markets. We know that there is a bit of a China effect, not necessarily wanting our product - wine, wood, fish. I am interested in what that has done for new markets. What have you been doing? You have not been travelling, but you have been on the phone, Skyping?

**Mr BARNETT** - Our focus as a Government has been on value-adding, down-stream processing in Tasmania to deliver more jobs here.

**CHAIR** - So we are not looking for new markets?

**Mr BARNETT** - We certainly are in the trade space, and the export space. I can speak about that too.

**CHAIR** - No. We are just focusing on wood.

**Mr BARNETT** - Certainly, in terms of wood, we are doing quite a bit in the trade space in terms of diversifying our markets.

We have just hit record exports. We have a trade strategy which is to diversify and grow our exports and to grow the market. We are looking at other markets in Asia, and other parts of the world. The Department of State Growth and the department of trade have interacted with STT and the industry in terms of providing opportunities and new markets.

That takes time. There is a lot of work that goes into that sort of research and consultation to get that feedback but we hope that over time we can keep working together to support the industry to create new markets.

**CHAIR** -You are not selling in Australian dollars. Does foreign currency affect the bottom-line for the business?

**Mr BARNETT** - Again, I think that is best for the CEO as an operational matter.

**Mr WHITELEY** - Coming back to your first question. We have principally been impacted by one of our major log exporters stopping business. They were selling export logs into the China market. The one that is still in business sells its logs to Malaysia.

That has had a direct impact on private growers and ourselves who are looking to dispose of logs that cannot be commercially processed at the moment in Tasmania.

**CHAIR** - One business has had people off for three weeks.

**Mr WHITELEY** - We talked about FSC earlier, and that's really about growing our customer base.

People talk about China; but in the end, like any country, China is made up of a number of businesses. We currently sell, particularly export chips, whether public or private, to a



relatively limited number of customers. We are aware that there are some others out there. We have a new customer through a third party that we will be selling to early in the new year.

As the minister said, it is on-going in terms of approaching potential new customers, understanding what their needs are. Because it is an internationally traded commodity, pricing both relates to the price of pulp, because we are selling woodchips to people who make the pulp and that is a tradeable item.

Yes, the exchange rate does affect our returns. If the Aussie dollar goes up then that clearly affects our margin.

In terms of international markets, yes, we are aware of new customers, new products. China has changed some things for us. Really our ambition has always been, this is where we started taking about the high-quality sawlog, to supply Tasmanian businesses. We are working towards value-adding in Tasmania across all products to the extent that there is an international demand for other products that can't effectively be processed here or people aren't willing to invest in manufacturing here. For those then, simply we would seek to diversify, make the system as efficient as possible. Importantly, we rely on third party businesses. We don't sell directly to those international customers. We make it available to five or six businesses that engage in trade with China, Japan, Malaysian customers and we provide resource to them, as does the private sector.

**CHAIR** - My final question is about the superannuation liability. Minister, have you addressed your mind to the superannuation liability of this organisation?

**Mr BARNETT** - Yes, we have in past years, particularly with the restructure. Many years ago we provided support in that regard and it was a very successful restructure and is now in the black, as they say, profit for four years. I will pass onto the CEO.

**CHAIR** - According to my assessment, 32 active members. I have taken good advice.

**Mr WHITELEY** - I would expect nothing less.

It is one of those non cash things. Your questions are about valuation and defined benefit schemes. They are a couple of things that we keep a very close eye on.

**CHAIR** - Or Chris does.

**Mr WHITELEY** - No, I can assure you it is not just Chris. Chris can give you the detail and the board equally. It is one of those non-cash things that we are acutely aware of because it can cruel our reported profit performance from a non-cash activity.

**CHAIR** - If everybody waves goodbye at the same time.

**Mr WHITELEY** - That's a different question. That's really about succession planning and in our workforce. That is a different issue. From a financial point of view, we are acutely aware of changes in the defined benefit liability as it flows through the accounts and affects our reported profit as a non-cash change.

## PUBLIC

**Mr VALENTINE** - It could equal a loss, couldn't it, if you took that into account and you had to provide it yourself?

**Mr WHITELEY** - Those two non-cash items can cruel our profit performance and its largely outside of our control.

**Mr VALENTINE** - I have a number of questions but I would like to put them on notice if I can.

**Mr BARNETT** - We would like to answer the questions.

**CHAIR** - We have gone over time.

**Mr BARNETT** - That is the purpose of the committee, to answer the questions. I am happy to provide more time to answer the questions.

**CHAIR** - I am not at liberty to speak on behalf of all my committee members. Do we have another five minutes of members' time? We have five minutes, so pick your best.

**Mr VALENTINE** - I think it might take longer.

Can you outline what actions you might be taking to access carbon markets to generate ongoing income streams from forest operations and associated with the natural processes of carbon capture and storage?

**Mr BARNETT** - Yes, we can. As minister for Energy and Emissions Reduction this is a very important part of government policy going forward. We have provided funding support of \$250 000 in the agriculture sector but this is very much taken on board by STT as well.

**Mr VALENTINE** - And any values you can share in terms of what you might expect?

**CHAIR** - There is always an opportunity in the House.

**Mr VALENTINE** - That is true.

**Mr WHITELEY** - Broadly speaking, we are very interested and keenly working with Climate Change Office here as well as the national bodies who are looking at some of the standards. We've put our toe in the water at getting some ACCUs, so we are still working through that. Really, that is about interpreting - effectively it is growing some trees at a longer rotation, meeting the criteria of one of the schemes, but we need to understand as a manager of Crown assets, exactly how that works from a legal perspective.

Like anybody who grows trees, interested in carbon or in agriculture, we're very interested and actively involved in exploring things but also testing things at a small scale.

**Mr VALENTINE** - You would be aware - and it goes to the Chair's area - while it is recognised that the Derby master plan may not yet be complete, can you let us know how it is being developed and the key issues that it will address? Also, perhaps outline some possible

actions that it will deliver, given the protests that have been happening up there with the tension between tourism and forestry?

It would be interesting to get some picture of that, as to what is in that master plan and basically how you are going to deal with that in the future? Clearly, it is of interest to a lot of people up there.

**Mr BARNETT** - Thank you. I will pass to the CEO and perhaps Suzette who has done a lot of work in Derby. But for STT, much of the Derby mountain bike trails would not be there. STT have worked very closely with the mountain biking community and the local community, and have worked with the council. They have collaborated extensively -

**CHAIR** - I can support that statement.

**Mr BARNETT** - Thank you. The mayor more recently, has been very grateful for the work of STT working with the tourism industry. With regard to the master plan, it is best to pass to the CEO or Suzette. A lot of work has been going on and it continues to progress.

**Mr WHITELEY** - In the interests of time, there is a lot of detail there but we engaged with the mountain bike community specifically about Derby. It is one of those things where it has been successful beyond everybody's wildest expectations. We are really proud of -

**Mr VALENTINE** - Including the accidents, I believe.

**Mr WHITELEY** - In terms of where it is at now, we consulted with some of the representatives from the mountain biking community to lay out unequivocally - and our question was that we are all seeking, how do we make sure that Derby remains world class to 2035 and beyond? That is our premise for the plan and then it goes down to particular aspects.

The stage we are at the moment is effectively that the tracks are on both Parks managed land and our land and the council is the operator. A lot of it is bringing together - and you can imagine there is a whole lot of detail within that. The plan is looking to explore what we need to do collectively. Our collective ambition is to make sure that Derby remains world class to 2035 and beyond.

**Ms WEEDING** - Part of the process is getting the area out there, getting an understanding of what it actually looks like with regard to the master plan area. One of the things we are currently working on with the Parks and Wildlife Service and the council is a concept plan, which we are looking to get out before the end of the year. That will be an opportunity for stakeholders to see.

**Mr VALENTINE** - Tourism operators will have every opportunity?

**Ms WEEDING** - Sure, yes. We will be broadly circulating it in order to get some feedback on the concept plan area. It is really identifying the area. The individual management arrangement or the specific management arrangement we still have to work through. That is an area of discussion still with Parks and the council. In getting something out there so that the community can see what is going on, what it looks like, it is an area of about 900 hectares so it is not small by any stretch of the imagination. It captures all of the tracks at Derby and provides for the maintenance of those tracks into the long term.

## **PUBLIC**

**Mr VALENTINE** - Thank you, Madam Chair and I appreciate the members allowing those extra questions.

**CHAIR** - And we appreciate the minister offering to answer those questions and not taking them on notice. I am always mindful, it is not only about members, we have staff as well that we have to look out for.

**Mr BARNETT** - Always happy to help.

**CHAIR** - On behalf of the committee, I sincerely thank everyone who has been part of this hearing process and scrutiny. We very much appreciate it and we know a lot of work goes into these things. We thank you. Thank you, Rob for being with us.

**Mr de FEGELY** - Thank you, Chair.

**CHAIR** - Try and keep that state under control if you can as we are doing our best down here. We certainly look forward to future opportunities and we are always interested. It is important and if you can keep that focus on getting some access for our special species timber people who do the boat building and the like, that is very much appreciated.

Thank you, Merry Christmas, Happy New Year, stay safe and try to have a break.

**The committee suspended at 1.25 p.m.**