

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE TASMANIAN FORESTS AGREEMENT BILL 2012 MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON THURSDAY 24 JANUARY 2013

Ms JANE CALVERT, SECRETARY, FORESTRY AND FURNISHING PRODUCTS DIVISION OF CFMEU, WAS RECALLED AND RE-EXAMINED.

CHAIR (Mr Harriss) - Welcome, Jane.

Ms CALVERT - Chair, I had three questions from my previous presentation that I wanted to follow up on. The first was in response to a question from Mrs Taylor, who asked if most of the Gunns workers had found jobs. To clarify, the state and federal governments have funded two types of support for workers. One is the workers assistance package, which is job search, training and relocation assistance. The second is a transitional support payment called TSP. This is in relation to the first one, the workers assistance, which is where they try to find new jobs or careers.

Since September 2011, I am advised that Forest Works has and is providing assistance to approximately 662 workers, 30 or so of whom were pulp paper workers when the mill shut down. So far, approximately 330 of those have gone into other jobs. Some have retired, some are still in training, some are relocated out of the state and a number are still actively working with Forest Works looking for jobs. You may be interested to know also that I am advised the majority of the jobs have been in agriculture, forestry and fishing, then construction and mining and then accommodation and food services.

Mrs TAYLOR - And the proportion of full-time?

Ms CALVERT - I don't have that figure. The majority are full-time but a number are seasonal, some are casual and some are sequential, where you get a job for a fixed term and that leads to another job. I think that answers your question, Mrs Taylor.

The second one is in response to Mr Hall about how much money Forest Works received in relation to the Gunns exit package. Again, the first part is the workers assistance package and the second is the transitional support package. From September 2011 to June last year Forest Works was funded as a component of an O Group contract; O Group is a JSA that operates in the state and they were part of that contract up until June last year. I am advised that Forest Works was funded \$1.9 million including GST for that work. From July 2012, a contract is now stand-alone for Forest Works that takes us through to June 2014. I am advised that Forest Works is funded \$3.9 million inclusive of GST for that period of work. That is the work that helps deliver work for the workers.

The transitional support package is a package of support directly to workers who lost their jobs related to Gunns' exit from native forest supply, so it is fairly specific. I think I said last time that 340 former Gunns direct employees received payments and another 49 direct applications, which might have been from related contractor employees. I am advised the total transitional support payment fund was \$15 million, of which Forest Works received \$200 000 for running and administering the distribution of the payments. That fund, as I understand, has been distributed but there may be one or two payments

still to come. The rest of the \$200 000 was financial support paid direct to workers as a transitional support payment.

The last question I want to follow up on is from Mr Mulder about the union's position on renewable energy credits for forest or sawmill residues. Chair I would like to table a letter, which I will go to in a minute, which is on union letterhead. There are two things I want to say in response, Mr Mulder. I note and we welcome the comment from the Climate Change Authority, which in their final report at the end of last year said:

The authority believes that the commonwealth government should explore whether REC eligibility for native forest wood waste is likely to increase the rate of logging of native forests. If satisfied it would not, the authority recommends that wood waste eligibility should be reinstated and subject to appropriate accreditation processes to ensure no additional logging of native forest occurs as a result.

We think that's a very welcome statement.

Mr MULDER - This agreement would just about be absolute proof of that, I would have thought.

Ms CALVERT - I would agree. That is my first response to your question. Secondly, I will table, as I've tabled the CFMEU submission on the exposure draft regulations to exclude native forest biomass as an eligible renewable energy source under the REC scheme, and in this submission, which you will have a chance to read later, we oppose the exclusion of native forest biomass, so I hope that answers your question.

Chair, since the last appearance we've put in a written submission, which more or less encapsulates what I said then. I'm happy to take questions, but I don't have anything else I wish to place before the select committee at this stage.

CHAIR - Thanks, Jane.

Mr VALENTINE - Were you involved with the industry reference group as an organisation back in July 2010?

Ms CALVERT - Yes. We've been involved as a union right from the start of this process throughout all the permutations.

Mr VALENTINE - You don't happen to have any minutes from those meetings that you can share?

Ms CALVERT - No, I don't.

Mr VALENTINE - Who facilitated that group? Was it government?

Ms CALVERT - Is this in the lead-up to Kelty? Where are we up to?

Mr VALENTINE - I think Julian Amos might have chaired it.

Ms CALVERT - I can take that on notice and respond in written form, but Mike O'Connor was the very early participant on behalf of the union for that first 12 months. I don't need to appear again, but I can certainly supply you with some more information.

Mr VALENTINE - If you have any minutes it would be good.

Ms CALVERT - I doubt if I have, but I will certainly look; I'm happy to do that.

Mr VALENTINE - Just for interest to know who was involved in that at that point.

Ms CALVERT - Essentially who was involved?

Mr VALENTINE - Yes, I'm interested in the groups that were around the table.

Ms CALVERT - Yes, no problem, I can certainly answer that question.

Ms FORREST - Jane, with regard to the proposed government amendment, some have expressed concern particularly about the lack of a durability report in the first instance and also the fact that if that were accepted and adopted it would mean every lot in the schedule would be individually assessed for the process of the debate of the amendment. Do you have concerns from your perspective about the government amendment? What is your view of that?

Ms CALVERT - I agree it's concerning and I'm pleased to say we have ongoing discussions with the government to try to come up with a better amendment and hopefully we can lay that in front of you as an agreed position between the signatories and the government. I'm sure you will deal with it if we don't but I'm hopeful we can get an agreement about how to change that amendment.

Ms FORREST - So what are the concerns the CFMEU has?

Ms CALVERT - The CFMEU is concerned that it changes a very fundamental part of the architecture of the agreement because it bunches up the protection order on the first big tranche of reservation with the bill, so there's no time lapse. We always envisaged there to be a time lapse. It is of concern, the other way, to allow for a cherry-picking of the parts of the reserve as opposed to all or nothing. I can understand that concern as well. But I also acknowledge the very real requests you had before Christmas about asking, what are we looking at; we need to see what we are going to be doing here. I think you have now at least had the opportunity to see that by the way they have done the amendment.

Ms FORREST - If we go back to the way the bill is and then I and Tony had some amendments proposed to try to enable greater individual assessments of lots that would be in the form of a protection order. Part of that was because of the timing when the bill had been passed before Christmas; there was that time then for us to consult. Now we have all the information, so that removes some of that time issue. I understand the funding is also an issue. If we went back to the way it was, it would be fair to say, wouldn't it, that if we debated the bill in its current form with some amendments, not the big government one that we have, to pass the legislation and within a matter a days the

protection order, because it is all ready to go, could be gazetted and then we are into that process anyway.

Ms CALVERT - The important parts for us are that there is the enabling bill and whatever length of time - and there has been some now - to flush through all this. Part of it was assessing the signatory ENGOs about their support in the market. I guess you know that some of them are over there now, in Japan, because of that, so it is real. We have had some durability testing. So the enabling bill and at least some passage of time to then put in a durability report, and that being a disallowable instrument. They are the key things from my point of view.

Ms FORREST - The protection order being a disallowable instrument?

Ms CALVERT - Yes. That first tranche of reserve being a disallowable instrument. I am supportive of it being one lot comes up or goes down. I am respectful also of some of the comments you made. If you had time to look at it since and consult, that really solves that problem. We could see that before Christmas.

Ms FORREST - We need to be a little bit cautious about the time for the funding. One of the comments from the government representatives on Tuesday was that their amendment - and I do not know if the power would flow otherwise - would facilitate the freeing up of funds for the contractors and the sawmillers to exit the industry. As I understand it, if we stick with the current bill, none of that can flow until after the protection order is dealt with. It is a bit of balance here, trying to get the right amount of consultation involvement. There is support for those people who are desperate for it - and when the banks are standing ready, almost, for a lot of these people - but not compromise that and not create a problem where you cannot have a durability report that supports the ongoing process if that is a favourable report.

Ms CALVERT - For me, the thing that wraps all of that up is passage of appropriate legislation, including the protection order, the reserve order. Your sitting is great because you are trying to get through it in an appropriate manner, but the sooner we bed this down, the better. You are right about investment and banks waiting, but the other one is Ta Ann. That holding package is just that - a holding package. Every day that goes past I am fearful of what the board is going to look at and decide. I am hanging in there and I guess the trip from the ENGOs will help, but we are not doing anyone in Tasmania any favours the longer it goes on. My view is that this provides opportunities. I want us to get on and try to explore those opportunities.

Ms FORREST - In the media today was the report of Jenny Weber saying that Ta Ann continues to have supply taken from the forests that are included in this potential protected area. As I understand it, one of the holding-pattern arrangements was that Ta Ann would only receive wood from outside those areas. Is that a fact?

Ms CALVERT - That is certainly what Ta Ann has asked for. I cannot vouch for whether that is happening. You can say that Jenny Weber will never be satisfied. With great respect to Jenny Weber, she is one who is just going to be out - the snowball effect - because she is going to do whatever her view is until she achieves everything she wants.

Ms FORREST - The facts do not necessarily need to form part of her argument?

Ms CALVERT - Not so far. On our side too a lot of people will always secretly regret that we did it but the task of elected representatives like yourself and me is to get onto it and do things right. That is our task.

Ms FORREST - With the other proposed amendments, Jane, that have not been finalised yet - the ones to do with sovereign risk that I am proposing, the changes to the Forest Practices Authority's requirements to look at the bottom line, the increased number of durability reports and the link to clause 42 of the agreement in relation to what the contents of the durability report should be - are you familiar with those?

Ms CALVERT - The first two of those, in our view, are properly amending in order to reflect the actual agreement and we support those. The second two are amendments which we think enhance the agreement, so we support them as well.

CHAIR - Jane, when I was reviewing the IGA, clause 13 talks about the transition support for displaced workers or whatever, and then it doesn't flow into the TFA quite in precise words, nonetheless the message is in the TFA about that process. So what is the process for determining who qualifies? Has there been a set of criteria developed in terms of who qualifies and is it a monetary support in that transition or is it training and retraining.

Ms CALVERT - The TSP you refer to is the one I spoke about as the second thing, so we have workers' assistance and then TSP - transitional support payment. The first round of that was very specifically tied to the affected Gunns employees or employees affected by the Gunns exit. Most of those were direct employees of Gunns and then there was a group that were employees of contractors who were directly affected because of the Gunns exit. The same provisions are in the funding package that the federal and state governments have put together to back this bill and the agreement. The terms, whilst we will seek them to be largely the same, will have to change a bit because we are not talking about Gunns anymore.

We are talking about a whole range of those exiting sawmillers from the high-quality-sawlog exit. We had to see who put their hand up for that and then there will be some for the regional sawmillers. There will be hopefully no contractors because I am hoping, if we get the residual flowing, you have work for contractors, not closures.

So it will change a bit but fundamentally financial transitional support is one part, and then two to three years of ongoing work of assistance. That is the really important part that keeps workers from falling into the pit because it is the thing that keeps them engaged in seeking jobs, getting jobs, looking for new areas of work which they might not have considered because they did not think they had the skills. That is the key support, in my view, but the TSP is a transitional support payment.

CHAIR - Are there criteria sitting around that or is it just that they are out of work because of a circumstance, so that qualifies them?

Ms CALVERT - That qualifies them. In the Gunns' instance, that qualified them. They lost their jobs as an effect of the Gunns exist and then there was a criterion for what they got

out of that fund, based on years in the industry et cetera. It is a range of things but the criteria for eligibility was around the Gunns exit from native forest.

CHAIR - I have not looked at the IGA for a while but my best recall is that there are some time lines to all of that. June last year springs to mind. So was there any process to officially extend the cut-off dates, because when I looked at the IGA months ago I was thinking there are some sawmillers who are going to be locked out of this? There are some people who qualify for exit packages, but contractors will be locked out because the time has come and gone.

Ms CALVERT - That is a good question. You would appreciate more than most that when you have a government-funded program there is a limited amount of funding, so it becomes open slather and so you have to put some boundaries on it. So, yes, there were people cut out because of those dates or criteria. You are right about that. Had we opened it up entirely to go back to 2010 when things started to go pear-shaped, the \$15 million would not have gone as far.

Having said that, in the next round we have had discussions and my hope is that we will pick up some of those people who fell through the gaps because if this legislation goes through, we have put to the governments that you really need to ensure the next round of money picks up some of those people who fell through the gap. It will be extremely unfair if another round of funding comes through and those who fell through the gaps don't get the new and didn't get the old. We have agreement about that so the criteria will have to be made to try to encapsulate that now. That might mean we have to stretch that money a bit further but in my view that is the fairest thing to do for those workers and communities, quite frankly, because it is money out of the communities, it is not just the worker that is affected, as you know.

CHAIR - The only other one I have along that same line is that I am thinking it was the IGA, but it was probably the TFA, which indicated that there would be two training providers, if you like, for retraining and so on. Is Forest Works the only training provider at the moment?

Ms CALVERT - Forest Works is not a training provider. The role they play is in brokering access to workers for services and ensuring that workers access the services. You would all appreciate that many of the workers we are talking about don't naturally know how to access a lot of services and training that is available and don't know how to go about putting their CVs together. Forest Works acts as the broker for that and the model is that some of the ex-shop floor employees then become the co-ordinators for that. They know the workers, they've worked with them for many years, so in fact if you look at the people who are actually delivering that work out on the ground they are ex-employees of our industry. That's what makes it work. People trust them, they know them, so they're the ones who go into industries, into new workplaces and say, 'Have you got any jobs coming up because, boy, have we got a good potential workforce for you?'. It is that kind of conduit, so they do not actually do the training, they put the workers into the right training courses and make sure that happens.

Mr DEAN - Jane, I want to put a position to you. I want to quote from one of the submissions we received and this comes from a long-time industry contractor. He makes this comment:

As one who had 30 years as a forest contractor, it pains me to point out that the contractor's views were not in the best interests of Tasmania. By far the majority of contractors were just fed up and could see federal compensation as their best way out. The few remain in an advantaged position in what remains of the industry'.

Is the TFA a good position for the industry moving forward for the long term? It does not provide for growth. The area identified for the timber production that is necessary, the 137 000 cubic metres, has been identified to us by people as being super-tight and will necessitate logging of areas that otherwise might never have been logged. For instance, cable logging will now be required and clear-felling will be necessary as a result of that.

What do you say in relation to the proposition that many of those industry people sitting around that table were in a position of accepting and signing off on this deal simply because there was going to be financial support provided to them and those remaining in the industry would get some benefit or advantage out of it, probably greater security and so on? They didn't sign it because it was good deal and a good position for Tasmania moving forward.

Ms CALVERT - I say this. There are three things we are trying to solve here. One is access to resource, and you spoke about that. Two is a viable supply chain, and that is exactly what those contractors need, and three is markets. In my and the union's view, this agreement provides the only opportunity to try to ensure we secure those three elements. It is not just about access to resource, it's not just about money, it is about all three of those elements and, in my and the union's view, this agreement and its passage into legislation is the only thing that will give us an opportunity to ensure that we create opportunity in the future through securing all three of those areas.

You can pluck out one part and say it's just about the fact that you'll get money. I am absolutely unashamed of saying that if our industry is going to change, I want to see it done in a supported way, not in a freefall with jobs lost and businesses foreclosed; that, to me, takes too big a human toll. I am unashamed in saying we support supported change and restructure; not freefall, particularly if we are trying to impose the change because of a perceived public debate or public good, which is partly what this is about.

I appreciate the comments about people just getting fed up. That's true at an individual level, but for those of us who are looking from the helicopter down, there are three big areas we have to try to secure. You could get resource legislated; you guys could resource 163 000 cubic metres of resource and maybe we could seize Triabunna and get chips flowing, but if we don't have market support and markets wanting to buy the product, it's for nothing. You've got to have the three. One alone can't stand on its own in this circumstance in Tassie at the moment.

Mr DEAN - Isn't there a market for Tasmanian hardwood timber? The mills we've currently got operating say that there's a big demand for Tasmanian hardwood timber.

Ms CALVERT - Right, and what do you do with the residue?

Mr DEAN - That's another issue.

Ms CALVERT - Without the residue, the market's useless because you can't produce it at a profit or even viably. That's my issue about the viable supply chain. Yes, there are markets; I'm not saying there aren't markets. You need market for the best economic use of the whole product, though, not just the sawn timber.

Mr DEAN - That's right.

Ms CALVERT - To another point you made, yes, there will be a smaller publicly-owned native forest sector supply. As I said earlier, it will be smaller but they will be stable. It's more important for those who remain that they have that stability rather than a great big access to resource but no viable supply chain or market that wants that product. I go round and round and each way I look at it this seems to be the only solution that offers us some hope rather than just a prospect of more job losses and foreclosures.

I want to see somebody coming in and wanting to invest in this state, in this industry, please. It's a great resource and a great industry we've got here. We ought to be enormously proud of it, but at the moment nobody wants to invest in it. Why is that? We've got to restore that. I can only see this as the way to do it, to give it a go.

CHAIR - Jane, you've just commented on the residues being a real sticking point at the moment with regard to the viability of our industry. As Ivan said, the committee has heard some evidence that there are growing markets for our sawn timber products. We currently have one downstream processor for some of the residues, Ta Ann. We understand the challenge in their markets and how that's primarily arisen.

The other challenge for the industry is the rest of the residues which in the past was woodchipped. Wouldn't it be a reasonable proposition, if there is this sustainable renewable industry which has market demand for two of the three components of the wood product, that governments ought to provide some financial support to develop those other industries you speak about for the use of the residues, because that is a major problem we currently have in the timber industry, mostly in Tasmania, not so much across the rest of Australia because woodchips are still finding their way overseas.

We can check that with people but that's not to say such facilities need necessarily be here in Tasmania. There would be nothing to stop Tasmania chipping those residues and exporting them to a mainland state, but the sticking point there is that the federal government has a policy position of no RECs for native forest residue combustion for the production of energy - and you mentioned that earlier with the correspondence you've mentioned. I guess you can see where I'm coming from. I understand where you mention the components of where you've landed with the agreements and we wouldn't have the future support of the ENGOs for the industry, yet one could argue we may not need them if we just dealt with the residues in a different way.

Ms CALVERT - It goes a bit to the question of my first appearance. We support trying to give assistance to build some domestic use for the residue that is economically viable. We think a component of the funding package should go to that to try to tease out those markets here domestically, whether they be mainland or Tasmania. In the same vein, we

are certainly not averse to support or assistance from governments, whether it be policy, direct funding or R&D for manufactured wood products. We support that.

You would all know that you can't build an industry that relies on that financial support forever. You need start-up, R&D, market exploration and policy settings as in use of biomass. All those things are things governments can and, in our view, must do, but ultimately where we want to head is to an industry that stands on its own two feet, makes money, returns money to this economy and creates well-paid, secure jobs. That is where we have to get to, and I reckon we can. I am prepared to take the punt we can get there; I think the opportunity is there. I think it is up to the elected professionals such as yourselves and me to take the punt because if we don't we'll never know and in fact we'll go backwards. You will have had many presentations about what this means if we try to do business as usual. It won't be business as usual. The value-adding you just mentioned won't be here and I doubt if someone is going to jump in and buy their business here if there is no agreement.

CHAIR - Like everybody else at this table, I appreciate that where we have landed is where we have landed, with the projected support of the ENGOS. The proposition I just painted is another process if there was a will to walk that path, but there is not a will to walk that path from the ENGOS. I could characterise that as blackmail because I suggest we could do exactly as you have said - build and grow the industry - but in a different way, because there is a market for most of our product.

Ms CALVERT - You're right. The thing that trips us up here, and you can call it blackmail or whatever you like, is that the world has changed. It is now so damned easy to run a campaign to spoil a market through the retailers. That's what we're living with. We might wish otherwise, but that's how it is.

CHAIR - Thank you for your time, Jane.

THE WITNESS WITHDREW.