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The Secretary
Legislative Council Select Committee - Tasmanian Forest Agreement (TFA) Bill
Parliament of Tasmania
Parliament House
HOBART TAS 7000

Personal submission to the Select Committee on the TFA Bill 2012

This is a personal submission to the select committee on the TFA Bill 2012 made as a private individual and I have signed the submission in that capacity.

I welcome the Legislative Council (LC) Select Committee process allowing scrutiny of the TFA process and comment on how to provide for balanced consideration of social, environmental and economic issues and the assessment of sometimes complementary and sometimes competing objectives.

The select committee process provides a key mechanism to consider ways to

1. overcome the limitations and imperfections in the TFA process to date
2. deliver a more balanced process and associated triple- bottom line (not environmentally dominated) outcomes that take sufficient account of what future social and economic possibilities will be closed out from hasty decisions made now under pressure for so-called 'short term certainty'.

I urge the LC to resist pressure for 'quick' assessments and decisions. The Australian on 18 Jan 2013 details Rio Tinto' experience of the costly impact (\$22.9 billion writedown) of pressure to "act now" and then to stick to flawed analysis and decisions for fear of being seen to back-track or take a early loss.

"Until now, Mr Albanese had largely survived the consequences of a separate, damaging \$US38 billion acquisition of Canadian aluminium company Alcan in 2007 - his first major investment as top dog, when Rio **was under pressure to bulk up or be acquired.**" [emphasis added]



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Executive Summary

This submission demonstrates that the TFA process

- has been extremely conservation centric and has produced a very unbalanced outcome weighted far too much to conservation for its own sake - where environmental objectives are seen as 'ends in themselves'
- does not give sufficient weight to the existing comprehensive, adequate and representative conservation values and outcomes reflected in the 42 per cent of Tasmania that is already reserved
- is extremely detrimental to the current and future broader social and economic aspirations of the Tasmanian community
- severely constrains potential future growth and development based on a sustainably managed native forest and plantation hardwood resource.

Suggested approach to complete the TFA process from here

1. Defer the consideration of any further reserves until a credible review is undertaken of the potential for hardwood from Tasmania's native forests to provide commercially viable hardwood timber products in Asia and elsewhere in the short, medium and longer term under key scenarios including
 - 1.1 the potential for plantation hardwood for use in solid timber products to supplement the current level of native forest harvested for solid timber products
 - 1.2 for a period until plantation hardwood of sufficient scale and quality is available to replace some or all the current level of native forest harvested for appearance and other solid timber products

(Note - using existing relevant reports wherever possible and new research to fill any gaps)
2. Review the need for the reservation of any more native forest in the context of a true triple bottom line assessment where the present **and future** foregone social and economic value of native forest hardwood is taken into proper account alongside environmental values
3. Change TFA processes to ensure robust and transparent analysis, representative consultation and government decision making.

The TFA process is unbalanced and has been dominated by environmental considerations to the exclusion of key social and economic objectives.

Green groups are driven by an ideological position that they (not democratically elected Parliaments) are the arbiters of what level of environmental conservation is appropriate and what forms of development and other activities will be permissible.

For example, an article in the Australian on 24 Oct 2012 described how at a wilderness conference in September 1983, the Australian Conservation Foundation vice-president told delegates: *"We have demonstrated **a right of veto** over development."* [emphasis added]

The article summed up how the electorate is being held hostage to ideology imposed by green groups this way

*"Three decades after Franklin, it is surely time to recognise that the environmental movement now effectively controls Australia's future. **Unelected and unelectable**, an eco-oligarchy sets the rules that governments and industrialists must follow."* [emphasis added]

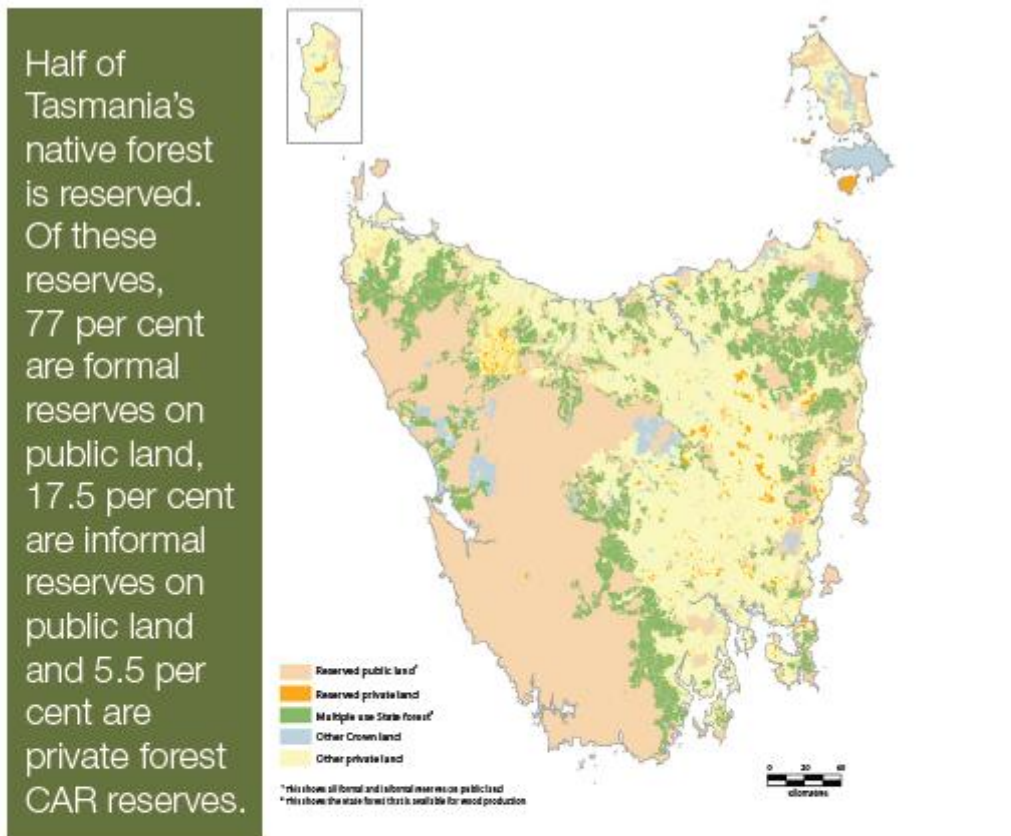
There is no better example of the success of green groups dictating their narrow interests to the exclusion of important broader social and community interests than the 20 plus year campaign against harvesting Tasmanian native forest despite significant reservation of native forest and other land.

In 1982 about 13 percent of the State was reserved. By 1990, after the Tasmanian Forests and Forest Industry Strategy (TFFIS) and other land use policy decisions, this area increased to 21 percent. Following the 1997 Regional Forest Agreement the area of reserved land (including substantial areas of native forest) increased to 40 per cent of Tasmania's land area and increased again to 42 per cent following the Tasmanian Community Forest Agreement.

Over this extended period campaigns by green groups against harvesting native forest have intensified (rather than eased) despite legislation and supporting agreements and implementation plans for the significantly increased the area of reserved land.

Intensive action against harvesting native forest on public land continues to be pursued vigorously despite the fact that ***two-thirds** of native forest on public land is either reserved **or otherwise unavailable for wood production.***

Land use in Tasmania, June 2011



Forest tenure/reservation	Total 2011 (hectares)	Area change since 2006 %
Conservation reserves (a) (d)	1 172 000	+4.5
Other State forest (b) (c) (d)	1 080 000	-4.3
Other publicly managed land (c) (d)	74 000	-12.9
Private forest CAR reserves (d)	83 000	+72.9
Other private freehold land	978 000	-0.8
TOTAL	3 388 000	+1.0

(a) Formal reserves on public land under the Nature Conservation Act 2002, Crown Lands Act 1976, and Forestry Act 1920
 (b) Includes multiple-use forest
 (c) Includes informal reserves
 (d) The CAR reserve system draws from all these categories

Source: Table 1.1.a and 1.1.c, *State of the forests Tasmania 2012*

As history shows, the TFA cannot provide certainty if, as is apparent in the TFA process, some green groups won't accept commitments in an 'agreement'.

All that will happen if more area is reserved is that the non-signatories to a TFA will continue campaigns against harvesting any native forest that remains designated for wood production.

Credible evidence that many green groups won't accept any TFA outcome that is not totally aligned with one-sided ideological views on the environment includes (but is not limited to) these examples:

Still Wild Still Threatened [SWST] state on their web site that "*As long as Ta Ann continues to accept such wood we will continue our international campaign to bring an end to the destruction of our globally significant forests.*"

The Last Stand is an action focused environmental organization that states '*...we are absolutely committed to taking whatever peaceful means necessary to take a stand for our forests. We are not committed to negotiation, playing politics, lobbying **or being reasonable.***' [emphasis added]

*SWST states "Across Australia forest conservationists are targeting the retail sector to bring about change. This national campaign in bringing together activists from around the country to focus on one company at a time, and force them to stop sourcing native forest. ... We need **more action** around the country, to create enough pressure and get the outcome that Australia's forests so desperately needs."* [emphasis added] (SWST web site).

Regenerating Native Forests after Harvesting

The actions and behaviour of green groups against harvesting and regeneration of native forest have demonstrated

- a poorly informed and irrational position on the **very small** area of native forest harvested each year for timber and wood fibre
- an obsession against the mission that Forestry Tasmania has been given by successive **elected** governments to manage the ecological and wood production values of Tasmania's native forests.

This is a very poor basis for objective, reasoned and credible analysis that is essential to developing a sound and **balanced** strategy and policy settings for delivering **ecological and wood production objectives** from native forests.

The reality of native forest harvesting and regeneration is very different to green group's unbalanced presentation of the issue, inaccurate characterisation of ecological impacts of forestry and misleading emotive one-liners that are designed to create fear and get stakeholders and the community to suspend rational thought in favour of one-sided environmentally exclusive responses.

Forest regeneration in public native forests is summarised by Forestry Tasmania as "Using techniques that mimic nature, Forestry Tasmania harvests and regenerates about one percent of State forest each year, without using any chemicals – no herbicides, no pesticides and no wildlife poison."

The before and after shots below show just how quickly the aesthetic and natural values of native forest are returned following harvesting. After just eight years trees reached 15 metres, a growth rate of around two metres per year (assuming a uniform growth rate each year).

Forest area Picton 39A was harvested for veneer, sawlog and pulpwood in 1988. Logging residue was burnt in March 1989. The area was then aerially sown with eucalypt seeds collected locally.

In 1997 [8 years later] measurements had shown that the young trees had already reached a height of 15 metres and a full complement of forest tree and scrub species was returning to this new regenerated forest.



Source: *Regenerating Native Forests, Forestry Tasmania*

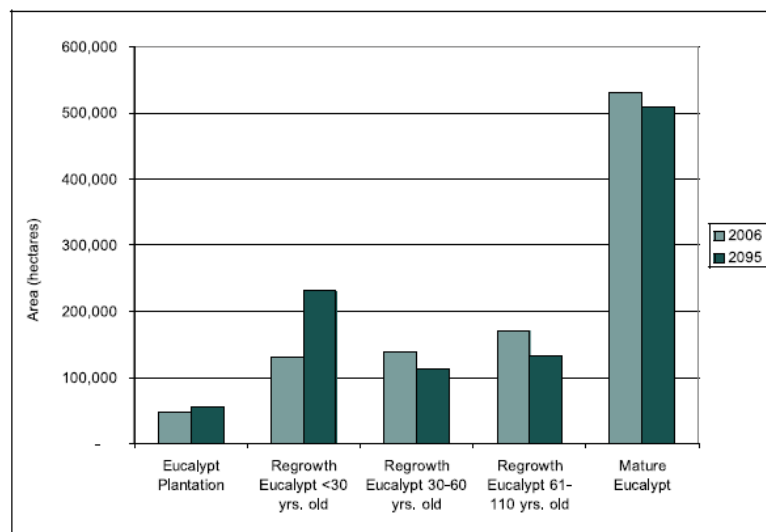
Forestry Tasmania forest management modelling in 2008 (below) shows that the current proportion of native forest in State forest will be maintained through to 2095. This is unsurprising given the regeneration regime is designed to replace the small area of native forest harvested each year.

Forestry Tasmania maintains a variety of forest growth stages to support a diversity of habitats into the future.

Recent modelling of future forest management (see section 2.2) indicates this diversity can be maintained, particularly in relation to mature forests. See Figure 3.

2008 Forest Management Plan, Forestry Tasmania

Figure 3. Eucalypt forest growth stage within State forest in 2006 and projected for 2095.



The opportunities for hardwood products are expanding

Green groups are pursuing policies that substantially reduce the supply of sustainably managed Tasmanian hardwood at a time where there is a current and future positive demand outlook for solid hardwood products including

- a likely substantial increase in Asian demand for solid hardwood products
- an emerging and strengthening momentum here and elsewhere for replacing concrete, steel and aluminium with hardwood and other timber products in commercial and residential construction in particular.

Importantly, Tasmania's plantation hardwood resource will not be capable of delivering the volume of solid hardwood products currently sourced from native forest for some years – probably well into the 2020s.

Key Hardwood Demand / Supply Trends

Demand for solid and other hardwood products is anticipated to grow significantly internationally, and particularly in Asia. A September 2012 report by New Forests on *Hardwood Timber Supply & Demand in Asia* summarises the growth outlook as follows

“On international markets hardwood is now used primarily for appearance grade applications such as furniture, flooring, **and where a harder or more durable wood** is needed (e.g. window and door frames) and heavy duty plywood (e.g. concrete formwork and flooring for shipping containers). [emphasis added] Hardwoods are also the main source of kraft pulp used in papermaking.

“The demand growth in Asia over the past few decades has had dramatic impacts on wood flows into and within the Asian region. Led by China, there has been a **dramatic increase in timber imports** from North America, Africa, Latin America, and Oceania to support growing timber processing and consumption. Chinese timber imports in 2011 were 15 times higher by volume than in 2001, and log imports were up three-fold from ten years before. [emphasis added]

This constant upward trend in Chinese imports came to a halt in late 2011 when the government intervened to cool off the property bubble, construction activities slowed and inventories of logs and timber at many Chinese ports reached very high levels. As a result of lower demand for wood products, log import volumes during the first three months of 2012 were down 9.1 million m³ (6.6%) from the same period in 2011. **However, hardwood logs and timber imports both continued to rise over the first 3 months of 2012** from the same period in 2011, recording gains of 5% (logs) and 10% (timber), and overall timber imports were 4.6 million m³, up 5.1%. [emphasis added]

On the supply side the report by New Forests notes

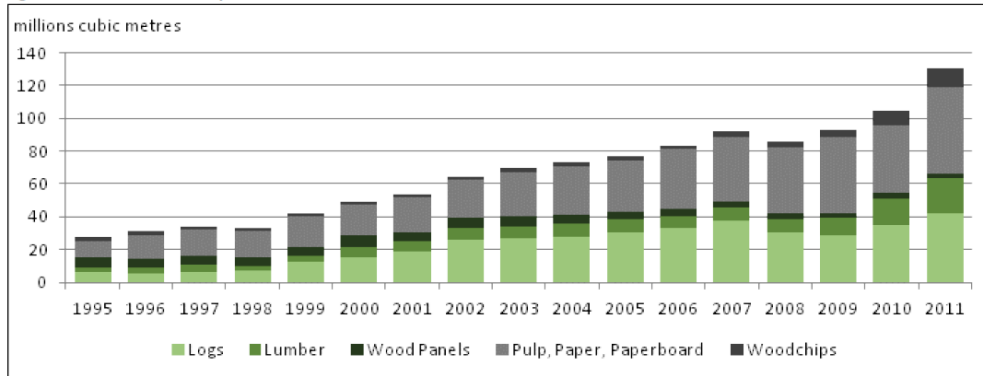
“The wood supply deficit for tropical hardwoods appears to be tightening as supply from natural forest resources is exhausted and plantation resources struggle to keep pace with Asian demand growth. This is likely to become more acute in the future as the aging, but wealthier, populations of China, South Korea, Japan, and Europe, and a growing middle class in India, drive demand for higher value consumer goods like hardwood furniture, kitchen cabinets, and flooring.”

There are positive implications for Tasmania's hardwood industry from New Forest's summary of demand and supply trends

“The combined effect of rising demand and declining supply will lead to a **growing hardwood timber supply deficit** across Asia, and we expect this will **translate into rising real prices.**” [emphasis added]

China consumes 75-85+% of its domestic production, so its imports are strongly correlated with incremental GDP growth and housing starts. Despite conflicting data, commentators are in broad agreement regarding China's wood supply deficit. **Even allowing for ongoing investment in plantation forests, China continues to face challenges in meeting its demand for wood.** [emphasis added] Figure 5 shows the increase in import of timber in China over the past fifteen years."

Figure 5: China Timber Imports, 1995-2011



Source: New Forests' analysis of FAO, RISI, and International Wood Markets data.

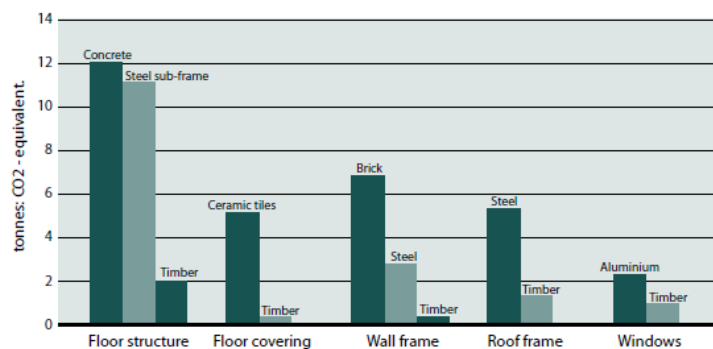
Opportunities for substitution of hardwood timber for other products

Wood products suitable for a range of uses and applications are substantially less carbon intensive than concrete, steel and other products including aluminium.

The use of wood products also results in overall lower greenhouse gas emissions than most alternatives such as concrete and steel (see Figure 9).

2008 Forest Management Plan, Forestry Tasmania

Figure 9. Greenhouse gases emitted in the manufacture of building materials used in a range of construction components for a single-storey house.



Source: Forests, Wood and Australia's Carbon Balance report, Forest and Wood Products Australia, 2007.

Most importantly, hardwood timber products are an increasingly **commercially viable and competitive** alternative to replace concrete, steel and other high carbon intensive products.

For example an article in Timber Design and Technology on 1 Nov 2012 featured the world's tallest timber building in Melbourne.

Timber Design and Technology article, November 2012

The world's tallest residential timber building has topped out in Melbourne with builders having recently lifted the last timber panel to complete the structure. Taking shape near the water's edge in Melbourne's Victoria Harbour, Forté is being built with Cross Laminated Timber (CLT), which has a structural strength akin to the traditionally used concrete and steel. CLT, which is already a proven success in Europe for more than a decade, is being used to build the 32-meter high-rise apartment building, which upon its completion will make it the tallest timber building in the world.

According to Lend Lease, the developers behind Forté, the project represents a new era for the construction industry as it incorporates a more efficient and environmentally-friendly construction process that has not been undertaken in Australia before. By using CLT, Forté will reduce CO2 equivalent emissions by more than 1,400 tonnes when compared to concrete and steel – the equivalent of removing 345 cars from the roads. Chief Executive Officer for Lend Lease's Australian business, Mark Menhinnitt believes that CLT is the most significant form of innovation in construction technology that Australia has seen in many years.

CLT will transform the construction industry by introducing a more efficient and environmentally-friendly construction process that has never been undertaken in Australia before," said Mark Menhinnitt. "In 2001, we introduced the innovation of chilled beam technology to the Australian market, which has now become the industry norm. CLT is another example of how Lend Lease is leading the way with innovations that will create value for consumers in the industry."

Sustainability and a lowered environmental footprint have been the key drivers behind the wide use of engineered timber, more commonly referred to as CLT [cross laminated timber], in Europe for more than a decade. A building material that has been around for centuries, timber, enables the permanent capture of carbon so buildings become essentially 'carbon sinks'. Using innovative technology, timber panels undergo a process whereby they are stacked at right angles and bonded together over their entire surface and then hydraulically pressed. This process delivers a viable alternative to concrete and steel that can withstand the same pressure as prefabricated concrete.

"With an increasing number of people moving to urban areas, this innovation is timely given the urgency to create livable, sustainable cities that are climate positive. The adoption of green technologies, materials and construction processes, like CLT, means we are closer to achieving this," added Menhinnitt.

As an engineered mass timber product, CLT is very different to a traditional wood frame. Mass timber – dense solid panels of wood engineered for strength through laminations of different layers – provides significant benefits and has the equivalent structural integrity to concrete. CLT on a weight to strength basis meets, and in some cases exceeds, the performance of reinforced concrete, resulting in a very stable and durable structural outcome.

Designed and produced in a factory environment means it will also be built 30 percent faster than its material counterparts, while being cleaner and more efficient.

Murray Coleman, Managing Director of Lend Lease's Project Management and Construction business in Australia, said that as well as offering a strong, solid, warmer and more natural living experience, the use of timber was also better for the environment. "Forté is built on the principle that what's good for the environment is good for the resident too. Using CLT offers better thermal performance and requires less energy to heat and cool," states Coleman.

Aspiring to be the first 5 Star Green Star As Built residential building in the country, Forté in Victoria Harbour, Melbourne will rise over 10 storeys, offering 23 boutique residential apartments and 4 townhouses. Designed and built by Lend Lease, the building will reflect the contemporary inner-city lifestyle of Victoria Harbour while combining environmental initiatives such as better energy efficiency in terms of heating and cooling.

Opportunities potentially forgone if any more of the existing one-third of public native forest currently available for wood production is reserved

With demand solid hardwood timber likely to increase significantly in the short to medium term and supply from many unsustainably harvested international hardwood resource bases declining, reducing the volume of Tasmanian solid hardwood product from Tasmania's sustainably managed native forests will

- contract the existing forest and timber processing industry
- eliminate the capacity to pursue growth opportunities arising from
 - likely rising Asian demand and a growing hardwood supply deficit
 - substitution of solid hardwood products to replace more CO2 intensive concrete, steel, aluminium and other products in a range of applications.