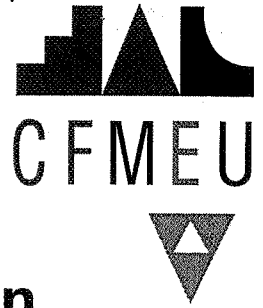


March 2011

Tasled CFMEU 9/5/11



CFMEU Statement of Factual Position

Representatives of timber workers, employers, communities and the environment movement embarked on a consensus building process in 2010. We did this assumedly due to the fact that we believed that a concurrence reached with each other on the specific nature of a Tasmanian forest and forest products industry restructure would potentially deliver superior results to all of our constituents than the results that we could be expected to deliver in the absence of an agreement. To the CFMEU's knowledge, all signatories remain committed to the process so we must assume that all signatories still believe that prospects for a better outcome for their respective constituents reside in the 'Statement of Principles' process.

In the face of an industry crisis brought on by erratic markets, uncertain wood supply and persistent inability to attract capital investment; a crisis resulting in significant and continuing job losses, CFMEU members supported the union to take a proactive and pragmatic approach. This led the CFMEU to explore possible solutions resulting in coming to an agreement with the environment movement and employers. Generally, we do not believe that locking up forests from timber production makes social, economical or environmental sense. However, we know that consensus does not mean everyone achieves every wish, but rather that it could result in an enduring agreement which resolves everyone's major concerns, mitigating disquiet and leading to mutually acceptable outcomes.

We remain committed to attempting to achieve this through the process.

Any agreement reached as an outcome of the process will be taken back to CFMEU members in Tasmania for a vote by secret ballot and will also be put to the CFMEU National Executive and the ACTU for endorsement.

We believe the following facts need to be acknowledged by the signatories, non-signatories, governments and the broader community:

1. The quality and quantity of the Tasmanian native forest resource is in decline:

- The quality of the native forest resource supplied to all remaining processors is decreasing as the yield is not sustainable.
- By approximately 2021, 50% of the 300K m3 pa of high quality saw log the state has generally been required to provide the sawmilling and veneer industry is projected to suddenly come from plantations (majority eucalyptus niten species managed under a certain pruning regime), which key enterprises have argued are unsuitable for their purposes given their current operations.
- Gunns' proposal to exit from native forests and not sell their wood supply agreement to the highest bidder presents a once in a life time opportunity to somewhat mitigate the upcoming on stream resource crisis.

2. Tasmanian native forest logging and processing has become economically unviable.

- The collapse in the value of the native forest residue chip market (especially when containing a percentage of residue of what ENGO's have branded come from 'High Conservation Value' forests) is not temporary but a permanent and structural shift, particularly in the absence of an agreement.
- State Government agency Forestry Tasmania made an \$8 million operating loss in 2010.
- The shortfall in residue chip prices for country saw millers is at least up to \$31 per GMT (Green Metric Tonne) for some enterprises, meaning millions of dollars in un-projected and un-budgeted losses per annum for the sector.
- Crown saw millers face a similar predicament to country saw millers in terms of consequences of the permanent collapse of the Japanese export chip market for native forest processing residues.
- Much of the harvest and haulage sector is financially exposed and the banks are refusing to refinance.
- All sectors of the industry are operationally and economically interdependent.

3. Further job losses in the Tasmanian timber industry are inevitable and will occur regardless of if an enduring agreement is reached or not.

- Fewer jobs will be lost as the consequence of an agreement that would have otherwise occurred under a 'business as usual' scenario.
 - The current high risk of job losses at some key community enterprises are fundamentally reduced by the very nature of an agreement.
4. There is capacity in the 'Statement of Principles' for an enduring agreement to be reached which provides the opportunity for inevitable job losses to be mitigated through job creation in a sustainable timber industry and a diversified regional economy.
- If the CFMEU agrees for Gunns' supply licenses not be re-allocated this will fundamentally reduce the opportunity for reemployment for CFMEU members who have lost their jobs in the native forest harvest and haulage, sawmilling and veneer manufacturing sectors. Alternative economic activity and subsequent employment opportunities in sustainable, safe and well paid union jobs need to be created for these workers and others in the community.
 - The development of strong and sustainable downstream processing and value adding timber industry underpinned by a Pulp Mill can partly provide this outcome.
 - Up to 2000 construction jobs will be created in the construction phase of Gunns' Bell Bay Pulp mill.
 - Up to 1500 direct and non-direct permanent jobs will be created through the operation of the Pulp Mill.
 - The Pulp Mill will underpin the development of a sustainable plantation processing industry by providing a secure market for plantation harvesting and processing revenues.
 - The development of diversified regional economies complimenting the development of a sustainable timber industry can also provide safe and well paid union jobs in a variety of sectors as part of a community by community region by region plan for regional Australia
 - Skills & retraining assistance, re-employment support and relocation assistance for CFMEU members made redundant will likely be necessary to ensure that they can capitalise on the economic development and new job opportunities created.

We believe that a better outcome can be achieved for our members compared to what they otherwise face through the implementation of the *Principles* and the achieving our *Log of*

Claims. For this we believe that commitments by the signatories, government and community need to result in:

- Comprehensive support for any union members who are made redundant including a coordinated package with adequate levels of redundancy pay, compensation, financial planning services, skills & retraining assistance, re-employment support and relocation assistance.
- A Pulp Mill at Bell Bay.
- An ongoing supply of suitable timber for current businesses that stay in the industry, with a priority of supply for enterprises which have union agreements for their workers and have shown commitments to safer workplaces.
- Signatory support for investment in the industry.
- Appropriate economic development and diversification in adversely affected communities.
- Fair compensation for voluntary business exits.
- A timely moratorium on the logging of forests which ENGOs submit warrant imminent protection due to them having 'High Conservation Values'.
- Transition, over time of the remaining industry out of native forests into suitable and socially acceptable plantation forests.
- The State and Federal Governments implementing agreed outcomes from the *Principles* through legislation where necessary.

Workers are confronting an industry crisis and an economy in transition through no fault of their own. We are mandated by our members to explore all possible means of reaching a consensus agreement. From our perspective, any enduring agreement must result in an industry restructure which delivers a better outcome for workers, families and communities than they otherwise face.