

Minister for Resources

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Richard *Rob*
Dear ~~Senator Colbeck~~ and ~~Mr de Fegely~~

Thank you for your letter inviting the Tasmanian Government to make a submission in response to the FIAC Strategic Directions Issues Paper published in March 2015.

On behalf of the Tasmanian Government I would like to make the following submission.

The Tasmanian Government is strongly supportive of maintaining a vibrant and diverse forest industry within this State. We believe that there is a strong future for the forestry sector, including all aspects of the supply chain across both native forest and plantation-based sectors, and across hardwood and softwood products.

We believe that:

- wood is increasingly seen as the product of environmental choice – the renewable feedstock of the rapidly developing bio-economy;
- Australia's production forests will command increasing value as the sustainably managed and harvested wood becomes the world's environmental product of choice;
- there is opportunity for renewable forest industries to be the next great driver of global development; and
- that in this context Tasmania's production forests are a significant source of future wealth for our State.

With regard to FP Innovations, the industry/government joint venture established to drive innovation in the Canadian forest industry. This has flagged substantial potential for bio-refineries producing bio-fuels, bio-energy, bio-chemicals and other bio-products, all fed by renewable forest products. FP Innovations indicates the value of the global bio-polymer market alone is expected to grow from **\$500 billion** this year to **\$1.3 trillion** by 2030.

Engineered wood products are another of the multiple opportunities ahead, provided Governments get the settings right and provided we can restore the confidence to invest.

The Tasmanian Government is committed to ensuring that Tasmania's forest industry makes the most of the growth opportunities ahead. Our policy is to facilitate rebuilding the Tasmanian forestry industry, following the crippling impacts of the Global Financial Crisis (GFC), unfavourable post-GFC market conditions and previous minority Governments' interference.

Our basis for restoring confidence and creating growth and jobs in the Tasmanian forestry sector will be establishing a secure environment for private investment and private enterprise. We note that the private plantation sector has already returned to a significant growth phase in Tasmania and that the future is very positive.

To facilitate a similar outcome for our public native forest sector, the Tasmanian Government has recently announced a new direction for our public native forest manager – Forestry Tasmania. This essentially involves Government getting out of the way, to open the way for increased private sector participation in bringing timber to market. Forestry Tasmania will be focussed on growing trees and managing land, and contracting for wood supply to the private sector.

We envisage a transition phase over the next couple of years for our public native forest operating model, which includes a consultation period with forest industry stakeholders over the next few months.

As a consequence, it is premature for the Tasmanian Government to respond in detail to each of the specific questions raised in the FIAC strategic directions issues paper. I have, however, provided some detail below on the strategic forestry-related activities involving, or of importance to, the Tasmanian Government over the next 12-24 months, as a general response to the issues paper.

It is the Tasmanian Government's view that without a consistent long term framework, the specific investment required to meet our particular goals will not be forthcoming. At a broad level the key parts of the framework that the Tasmanian Government desires to see progress on, and to ultimately be reflected in FIAC's proposed discussion paper is as follows:

(1) Regional Forest Agreements (RFAs) and associated legislation

Despite the sometimes difficult journey of Tasmanian forestry since the RFA signing in 1997, it remains critically important that RFAs, now falling due for renegotiation, are extended and updated. In particular, it is important that RFAs continue to embody key sustainability principals to ensure that there is harmony between social, economic and environment outcomes for the forest industries (and wider community) without the burden of red tape across multiple tiers of government. Ongoing recognition of RFAs in the Australian Government's *Environment Protection and Biodiversity Conservation Act 1999* is therefore critical to minimising the regulatory burden on industry.

This type of policy and legislative backing has been demonstrated to underpin the confidence needed for investment in the long term assets that are the forest resource and the forest processing industries. Unfortunately history has shown opportunistic political interference can destabilise this confidence and a feature of the upcoming extensions should have strengthening the resilience of the agreements as a key goal.

Without this ground work, discussion of potential innovative solutions and emerging markets will likely to remain significantly challenged.

(2) National principles for ecologically sustainable forest management

Behind the development of RFAs across Australia is the National Forest Policy Statement signed by states and territories in the early to mid-1990s. The general principles around ecologically sustainable forest management articulated in the Policy still stand relevant today. The Tasmanian Government has previously indicated support for a review and updating of the National Forest Policy Statement, and sees a re-articulation of these principles as an important element underpinning Australia's forestry sector in a globally competitive market.

(3) Well-articulated and robust forest management systems

RFAs have been a driver for developing, maintaining and ensuring continuous improvement of each State's forest management systems. These include the suite of legislation, policies, land classifications, codes, planning tools and guidelines that underpin efficient, robust and sustainable forest practices.

The Tasmanian Government is committed to maintaining the world class status of Tasmania's Forest Practices System and the broader forest management system that it sits within. The RFA (five-yearly) review mechanisms are a key way in which our systems have been independently scrutinised and have been able to improve and adapt to changing community attitudes, industry needs and market conditions.

We see the extension of the RFAs as an important mechanism for maintaining a systematic and structured approach to both achieving *and recognising* ongoing adaptive management. This will of course sit alongside the continuous improvement processes already built into and across our existing forest management system.

(4) Research

That research funding is being wound back across a wide spectrum of scientific endeavour in Australia is well known. For the Tasmanian Government, loss of research expertise to the State in the area of forests is of particular concern.

Forestry has and will remain a scientific and industrial landscape where long lead times for maturation of ideas and evidence is required. This type of research, by its very nature, is unlikely to be solely funded through the private sector.

As one of the few truly renewable resources that can supply energy, engineering, utility and aesthetic solutions to our communities it is imperative that as a nation we continue to undertake green-field research that is not necessarily tied to a particular business model. As a nation, we need to continue to explore the boundaries of the possibilities of the uses of forest resources in anticipation of the pressure that is being and will be placed on other non-renewable resources.

With the University of Tasmania being the host for the National Centre for Future Forest Industries, the Tasmania Government wishes to see work continue that will result in our hardwood resource being of use for higher value products that can be processed in regional communities across Tasmania and Australia. The established softwood industry is a model for this type of stable industrial base and this type of work with eucalypt plantations in particular is both necessary and unfinished.

The use of native forest feedstock for industrial purposes continues to be supported by the Tasmanian Government. It is an important resource on both public and private lands, and research into innovative uses for the currently lower value component of harvesting

material needs to be a matter of ongoing research importance. Undoubtedly this type of research occurs elsewhere, however as history indicates with the sawmilling and pulp and paper industry the detail required to utilise these resources requires a uniquely local perspective, rather than an international solution.

It has come to the Tasmanian Government's attention that research knowledge, education and experience from the period of expansion of forestry in the 1950's, 1960's and 1970's is now being lost to organisations and corporations as individuals retire from the work force.

It is understood the nature of current organisations and structures does not necessarily ensure that this knowledge is transferred into the new workforce as the background and drivers for these staff is often somewhat different to the past. However, much of this knowledge is key science-based information that underpins the continuity of forest based activities, especially on the supply side. There is real danger that the loss of this knowledge will lead to sub optimal decisions and consideration needs to be given to new techniques to make information available so that resources are not wasted reinventing the wheel.

(5) Residues Solutions

The previous paragraph highlighted research as a key aspect of dealing with the lower value component of harvesting material from forestry operations, especially native forests. The current Tasmanian experience is a lesson on how a profitable integrated logging system can unravel with the collapse or loss of a key outlet. It is also a lesson on exposing how many small business people and businesses have links obliquely or directly to the forest resource.

The southern areas of Tasmania have been crippled by supply chain decisions that have made the economics of the previous "residues" management untenable in the long term at current prices.

To ensure that integrated logging can continue to supply other industries that have heavily invested in the State, a solution is required, either in transport, local consumption or processing into a high value product that opens a wider range of transport opportunities.

Continued policy direction to have native forests residues available as feedstock to the Renewable Energy Target (RET) is strongly supported, as would be policies that encourage the use of this material in higher valuing pelt production, or energy producing boilers in local communities or at community facilities.

(6) Markets

It is unfortunate that over the last decade that NGO's have so successfully influenced key export markets to meet specific conservation goals, to the detriment of sustainable forest industries. It is this Government's view that the social and economic harm to regional economies, such as those in Tasmania, has been significantly disproportionate to the incremental environmental gains achieved over and above that delivered already through our existing forest/environmental management systems.

It is important, with access to national and international networks that Governments in cooperation with specific industries, continue to work to counter these campaigns with information and material supporting the robust systems already in place.

In conclusion, the Tasmanian Government congratulates the Australian Government on its positive approach to the forest industry. We look forward to continuing our collaborative approach on matters such as the extension of the Regional Forest Agreements and review of the National Forest Policy Statement. We also look forward to the release of the FIAC discussion paper in due course.

Yours sincerely

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Hon Paul Harriss MP
Minister for Resources