

**TASMANIAN GOVERNMENT RESPONSE TO THE STRATEGIC  
GROWTH PLAN FOR THE TASMANIAN FORESTS, FINE  
TIMBER AND WOOD AND FIBRE INDUSTRY**

**May 2017**

# 1. INTRODUCTION

The Hodgman Liberal Government has a strong plan to regrow the forestry industry and to ensure that growth is sustainable.

The Government thanks the Ministerial Advisory Council on Forestry (the Council) for their advice contained within *A Strategic Growth Plan for the Tasmanian Forests, Fine Timber and Wood Fibre Industry* (the Growth Plan) and welcomes the recommendations contained within the plan.

The Growth Plan sets a 'growth objective' to *double the industry value add to \$1,200 million by 2036*. The Government supports this goal as an industry target and the Government initiatives below will help the industry to achieve it.

The Government supports many of the targets and core elements outlined by the Council and has outlined its response to each core element below.

The 2017-18 Tasmanian State Budget will support the sustainability of our vital forestry industries with \$4 million to support the Growth Plan (\$2 million in new funding over four years towards implementing the Growth Plan, with a further \$2 million available from remaining Tasmanian Forests Intergovernmental Agreement (TFIGA) funding). Funding is also maintained for all existing commitments.

This additional \$4 million will provide two key components:

1. \$2.4 million over four years for improving forestry related socio-economic data and its consideration in decision making, including:
  - a) \$1.2 million for assessment of the socio-economic impacts of ongoing evolution of environmental regulation in the Forest Practices System, including employment of an additional full-time resource to assist with socio-economic analysis in relation to the Forest Practices System.
  - b) \$800 000 for ongoing socio-economic effectiveness testing of existing environmental provisions in the Forest Practices System.
  - c) \$400 000 for annual surveys of key socio-economic indicators.
2. \$1.6 million over four years to facilitate implementation of the community awareness, marketing and education strategies.
  - a) \$150 000 for seed funding to support an industry umbrella body in the initial years of its establishment phase.
  - b) \$1 million funding (matched by industry) for industry marketing.
  - c) \$450 000 for community awareness projects.

The Government looks forward to working closely with the forest, fine timber and wood fibre industry in Tasmania to achieve growth, and ensure the environmental, social and economic values of forests are maximised.

## 1.1 BACKGROUND

The Growth Plan has been developed by the Council to provide direction to enhance employment and profitability in Tasmania's forest sector.

Development of the Growth Plan commenced in the latter half of 2015 and was released in April 2017. The Government undertook to consider the Council's advice and issue a response in due course.

Extensive consultation was undertaken in the development of the Growth Plan both through the Council and directly with industry stakeholders. Issues raised by stakeholders during these consultations were key inputs into the Growth Plan.

The Growth Plan is based around the following eight core elements, with strategies recommended for each of these elements.

1. Meeting Community Expectations
2. Tasmania's Wood and Wood Fibre Resource
3. Research, Innovation and Extension
4. Encouraging Investment
5. Essential Public Infrastructure
6. Market Development and Strategic Marketing
7. Skills Retention and Development
8. Industry Representation and Collaboration

The elements of the Growth Plan are broadly consistent with the 2016 recommendations of the National Forest Industry Advisory Council, made to the Australian Government to enhance the national industry.

## 1.2 GOVERNMENT ROLE & POLICY

The Government views its role in responding to, and implementing relevant aspects of, the strategy as one of a facilitator and an enabler. The Government intends to achieve this through a policy framework that provides the private sector with sufficient security of access to resource to make investment decisions, and a consistent and rigorous regulatory system to protect environmental and safe workplace outcomes. The private sector should then be free to respond to market signals in terms of the products harvested and the scope of their operations.

## 2. GOVERNMENT RESPONSE

### Core Element 1 – Meeting Community Expectations

- **Regional Forest Agreement (RFA) extension**  
The Tasmanian Government strongly supports the RFA as the appropriate mechanism for progressing inter-governmental forest policy negotiations for Tasmania and remains committed to the goal of extending the RFA to become a twenty year rolling agreement.  
The Tasmanian Government is working with the Australian Government to achieve this goal.
- **Permanent Native Forest Estate Policy Review**  
A full review of the Tasmanian Permanent Native Forest Estate Policy is underway as an adjunct to the third five-yearly review and extension process of the RFA.

- **2017-18 Tasmanian Budget Initiatives**

The Government through the 2017-18 Budget is improving forestry related socio-economic data and its consideration in decision making with funding of \$2.4 million over four years including:

- \$1.2 million for assessment of the socio-economic impacts of ongoing evolution of environmental regulation in the Forest Practices System, including employment of an additional full-time resource to assist with socio-economic analysis in relation to the Forest Practices System.
- \$800 000 for ongoing socio-economic effectiveness testing of existing environmental provisions in the Forest Practices System.
- \$400 000 for annual surveys of key socio-economic indicators.

Core Element 2a – Tasmania’s Wood and Wood Fibre Resource (private forests)

- The Government strongly supports the opportunity to improve the productive value of the private forest estate and will work closely with Private Forests Tasmania to achieve this.

Core Element 2b – Tasmania’s Wood and Wood Fibre Resource (public forests)

- The Government strongly agrees that the public forest manager must operate on a long-term sustainable basis. We have already announced a major restructure of Forestry Tasmania and the creation of the commercially-focused Sustainable Timber Tasmania to ensure that this is the case.
- The *Forestry (Unlocking Production Forests) Bill 2017* has been introduced to Parliament to unlock production forests and increase access to forestry products.

Core Element 2c – Tasmania’s Wood and Wood Fibre Resource (Special Species Timber)

- The Government agrees that the reduction in the size of the public production forest estate has contributed to reducing the availability of special species timbers. This was a disastrous outcome of the Labor-Green forest lock up and one which the Government is putting right with the *Forestry (Unlocking Production Forests) Bill 2017*.
- **Special Species Timber Management Plan**  
The Special Species Management Plan is an initiative of this Government and the Government is working closely with the special species timber sector to determine how best to provide long-term security of access to the resource as required by the *Forestry (Rebuilding the Forest Industry) Act 2014*.
- **Tasmanian Special Timber Woodcraft Sector Community, Market Awareness and Engagement Program Funding**  
Funding of \$115 000 has been provided to the Tasmanian Special Timbers Alliance for the development and implementation of a Tasmanian Special Timber Woodcraft Sector Community, Market Awareness and Engagement Program. This program will support the implementation of the Special Species Management Plan.

### Core Element 3 – Research, Innovation and Extension

- The Government agrees that innovation will be critical in growing the industry and has initiated a number of programs to encourage and support innovation, including:
- **National Institute for Forest Products Innovation**

The Australian Government committed \$4 million over four years towards the establishment of the Institute to provide additional forestry research and development across Australia. The commitment included a \$2 million research hub in Launceston. The Tasmanian Government has committed matching funding for the Launceston hub of \$2 million over four years. Both Governments' commitments envisage similar funding from industry, potentially creating a \$6 million hub in Tasmania. The hub is expected to be up and running before the end of 2017.
- **Tasmanian Government Wood Encouragement Policy**

The Tasmanian Wood Encouragement Policy, announced in the 2016/17 Budget, is designed to encourage the use of sustainable timber and timber products in Government projects and is the first of its kind adopted by an Australian state. The Policy is being finalised and will be released in the near future.
- **Wood and Fibre Processing Innovation Program**

In July 2016, the Tasmanian Government announced the Wood and Fibre Processing Innovation Program, with up to \$1.25 million in funding available. Grants of up to \$100 000 were made available through the Program to support the development of projects that utilise forest harvesting and timber processing residues and/or agricultural plant residues to create value-added products in Tasmania. 13 projects were successful in gaining grant funds worth a total of \$1 242 600, and the total value of the projects is more than \$7 million.
- **Norske Skog Cyrene**

The State Government is providing Norske Skog with a grant of \$1.5 million to go towards the construction and commissioning of a \$6.6 million demonstration plant that will produce test-marketing quantities of Cyrene. This is an innovative new bio-solvent to be used in the pharmaceutical industry.
- **Forico – Thermally Conditioned Wood Pellets**

The Tasmanian Government has contributed \$250 000 towards the cost of a \$5 million feasibility study into an export wood pellet plant, being undertaken by Forico. The target market for the wood pellets will be Japanese electricity producers, looking to secure thermally conditioned wood pellets (black pellets) for co-firing with coal in existing coal fired power plants.
- **Hydro Wood Investigations**

Funding of \$275 000 has been provided to assist the University of Tasmania, through its Australian Research Centre Industrial Transformation Training Centre for Forest Value Unit to undertake research into timber salvaged from hydro storages, with particular reference to its high end utilisation.

#### Core Element 4 – Encouraging investment

- The Government agrees that the promotion of forestry on private land, encouraging venture capital through innovation and promoting wood supply solutions for multi-storey buildings can contribute to greater investment in the industry.
- The Government has a strong and consistent forestry policy which was agreed to by voters at the last state election and which we are implementing.
- Government recognises that efficient regulation and red tape reduction are key factors in encouraging investment. As detailed above, \$2.4 million in new funding has been provided in the 2017-18 Tasmanian Budget to improve the effectiveness of forestry regulation and improve consideration of socio-economic impacts on the forestry sector in Government decision making.

#### Core Element 5 – Essential Public Infrastructure

- The Government agrees that it has a role to play in providing essential infrastructure. For this reason we are separating out the commercial and non-commercial arms of Forestry Tasmania – this restructure is well underway with Sustainable Timber Tasmania scheduled to commence operation in July 2017.
- **Infrastructure Tasmania - Review of roads infrastructure**  
Infrastructure Tasmania are undertaking a review of Forestry Tasmania's road network to ensure the current arrangements for ownership and maintenance are appropriate.

#### Core Element 6 – Market Development and Strategic Marketing

- The Government is supporting market development and strategic marketing of the forest sector. Funding will be provided in the 2017-18 Budget to support a greater focus on strategic marketing and market development with \$1 million funding (matched by industry) for industry marketing and \$450 000 for community awareness projects, over the next four years.
- As mentioned above, the Government is also finalising a Tasmanian Wood Encouragement Policy to promote the use of wood products and grow the industry in Tasmania.

#### Core Element 7 – Skills Retention and Development

- The Government is already pursuing a number of initiatives related to skills development in the forestry sector, including:
- **National Institute for Forest Products Innovation**  
The Australian Government committed \$4 million over four years towards the establishment of the Institute to provide additional forestry research and development across Australia. The commitment included a \$2 million research hub in Launceston. The Tasmanian Government has committed matching funding for the Launceston hub of \$2 million over four years. Both Governments' commitments

envisage similar funding from industry, potentially creating a \$6 million hub in Tasmania. The hub is expected to be up and running before the end of 2017.

- **Training and Skills Development Service**  
Approximately \$6 million funding has been provided to ForestWorks by the Australian and Tasmanian Governments to support the rebuilding and reskilling of the Tasmanian forest and timber industry.
- **Forest Operations and Contractor Business Accreditation Program**  
\$2 million has been allocated to ForestWorks by the Australian and Tasmanian Governments to support development of a forestry operations and contractor business accreditation program. The program is an investment in the industry to increase the professionalism of the contracting sector and will operate on a self-funding basis.
- **Arbre Hub - Industry Promotion and Community Awareness**  
\$150 000 of funding has been provided to the Arbre Forest Industry Career and Training Hub Inc (Arbre Hub) to support the development of training facilities and development and delivery of industry promotion and community awareness activities.

#### Core Element 8 – Industry Representation and Collaboration

- **Industry Umbrella Body**  
The Government has provided funding of \$50 000 to Private Forests Tasmania (PFT) to assist industry in the development of its own umbrella body. The 2017-18 Tasmanian Budget provides a further \$150 000 as seed funding to support the umbrella body in the initial years of its establishment phase.

### 3. SUMMARY

The Government again thanks the Council for their work in developing the Growth Plan, and intends to work closely with the forest, fine timber and wood fibre industry, to facilitate ongoing implementation of the Growth Plan and further identify how best the Government can deliver on its role as a facilitator and enabler.