

The following has been released in relation to a request to the Minister for Resources for information relating to Future Potential Production Forest.

Executive Summary: Submission to Minister Courtney February 2019 on Forestry Matters

Fiat acknowledges the Hodgman government's plan to double the Tasmanian forestry sector as per the document A Strategic Growth Plan for Tasmanian Forests, Fine Timber and Wood Fibre Industry (2017). The recent fires have underlined the sector's need for security of resource. Clear and consistent policies in relation to the sector as well as security of resource will necessarily ensure ongoing private investment and contribute to the expansion of the industry.

The current set of circumstances require urgent attention to the following issues:

1. Support for domestic value adding;
2. Security of supply;
3. Tarkine - maintenance of current timber production access;
4. The impact/opportunity of the coming Federal election; and
5. Engagement between FIAT and government on forest policy matters.

The expansion of the forestry sector will depend heavily of the development of domestic value adding. This will require a context where private investment is encouraged and long term risk is reduced. This private investment can be encouraged via effective policy settings such as a good wood policy or support for specific new projects, and a focus on innovation.

The most recent Sustainable Timber Tasmania "Sustainable Yield" Report indicates a significant drop off in availability of high quality saw logs in the near future. This problem has been exacerbated by the recent fires. A strategic approach to this circumstance needs to be developed urgently. FIAT recommends a strategy be developed in relation to the exchange or conversion of Future Potential Production Forest land to the Permanent Timber Production Zone land as part of a suite of measures to address security of supply. FIAT proposes:

- A collaborative strategy development group formed by government and FIAT representatives
- An independent assessment of the FPPF land to form the basis for the strategy; and
- A longer term productivity commission style report on the forestry sector

The Tarkine has been a source of high quality, unique Tasmania timber. The area of PTPZ land in the Tarkine is very small, only some 5% of the total Tarkine area. However, this area is vital to the forestry sector in the north west and should be maintained into the future.

A federal election is likely in May. There are 3 marginal federal electorates in northern Tasmania. These electorates all have significant exposure to the forestry sector.

It is the intention of FIAT to work collaboratively with government to achieve the best possible outcomes for the sector in order to enhance ongoing viability of the sector as a whole. The central elements of that collaboration will revolve around the "Growth Plan" and specifically the following strategy areas:

- A predictable and practical policy framework;
- An affordable regulatory environment;
- Access to required public infrastructure; and
- Effective and equitable stewardship of the public resource (p9 "Growth Plan")

The proposals in this submission are not only necessary to grow the industry, but they also align with the Government's aspirations as defined in the Growth Plan.

Security of Supply

The potential for exchange or conversion of Future Potential Production Forest (FPPF) land to Permanent Timber Production Zone (PTPZ) land must be urgently undertaken to mitigate the impact of current forecast future reductions in contracted native log supply combined with any reduction in volume caused by the bushfires. FIAT should be a key partner in the development of a strategy for this process.

A key strategic issue for the forest industries is security of tenure and stability in the policy settings around tenure and access to timber resources. A secure and stable forest and resource context will enable ongoing private investment into the sector. Importantly, this investment can be long-term given the renewable nature of forest products thus remaining a reliable part of the Tasmanian economy year on year. The "Strategic Growth Plan" identifies the following strategy initiatives in this regard:

- Ensuring the public forest manager operates on a long-term sustainable basis so that decision-making can be aligned to the long-term nature of the management task; and
- Providing efficient, effective and equitable access for industry to public production forests - both native and plantation." (p16)

The STT "Sustainable Yield Report" indicates a substantial drop off in availability of logs in the relatively short terms. The recent fires will have exacerbated this problem. FIAT expects that the government will take steps to consider all options to address this supply problem.

Some Background Numbers:

- The PTPZ (Permanent Timber Production Zone) is 812,000ha which is 12% of Tasmania
- Only 60% of the PTPZ is available for harvesting (the remaining 40% forms part of the Tasmanian Comprehensive and Adequate Reserve System or has other management priorities including conservation)
- The native eucalypt forest available for harvesting represents less than half of the PTPZ land.
- There are 399,000 ha of FPPF land

- Most likely 25%-30% FPPF land would be suited for harvest. Previous STT assessments suggested some 12,000 to 16,000 m3 of high quality sawlog per year would be available but the basis of this assessment is unknown to FIAT.
- The sustainable yield report predicts a reduction in supply at 2022 with a significant drop at 2027.
- The sustainable yield report numbers are likely to be substantially impacted further by the current bushfires.

Action to address the impact of the fires is required immediately to assist in the mitigation of the impact across the remaining PTPZ estate. There is an immediate opportunity via the exchange provisions of the Act to "swap" PTPZ land that is otherwise unavailable for harvest and more appropriate for some other form of reservation for FPPF land that is more suited to a rotational harvest regime. An example would be exchanging PTPZ land on Bruny Island for other FPPF land with a view to contributing positively to the conservation management of the swift parrot. Another important opportunity may be immediate conversion of FPPF land affected by the fires to PTPZ land in order to enable salvage harvest.

In order to inform a proper decision-making process around the exchange or conversion of FPPF land, FIAT recommends an independent assessment of the FPPF land. The Terms of Reference for the assessment would need to identify potential commercially viable harvest coups, volumes, accessibility as well as environmental and social values and overall economic impact.

FIAT is cognisant of the importance of STT's coming FSC certification audit however this should not delay the development of a strategy to address the supply certainty issues. In this context and in order to achieve greater certainty of resource supply, FIAT recommends that a strategic approach to the conversion/exchange process be developed and should involve the following elements:

1. The strategy development process should begin immediately
2. FIAT and appropriate government officers to convene a group to create the strategy
3. The strategy should identify land based on economic value for forestry (as per act)
4. Socialising the proposed strategy in order to ensure its successful adoption

As well as considerations around a strategy for conversion or exchange of FPPF land there needs to be a longer term strategic options developed of the sector if the Government's proposed plan of doubling the sector is to succeed. In this regard, FIAT recommends a productivity commission style report on the economics of forestry and measures that need to be taken in order to achieve economic sustainability into the future. One method of achieving this would be to fund FIAT to commission the report according to agreed Terms of Reference and with specific recommendations to the government based on the outcomes.

Maintaining access to forest production land in the Tarkine.

FIAT considers (sic) that the current PTPZ land in the Tarkine should be maintained as an essential part of the north west forest industry.

1. The Land

The Tarkine is a diverse landscape in the north west of Tasmania that covers around 440,000 ha. It is a living landscape, home to fishers, tamers, foresters, miners, conservationists and tourists. The Tarkine is loved by many but not owned by any particular group as it is almost all exclusively public land.

2. Conservation

An extraordinary amount of Tasmania, as compared to the mainland, is covered by conservation tenures amounting to some 42% of the State. This pattern is repeated in the Tarkine where the great majority of the area, around 75%, falls under conservation tenures managed by the Parks and Wildlife Service including the Savage River National Park which covers some 18,000 ha. The Savage River park encompasses a large area of cool temperate rainforest. Thus the majority of the Tarkine has been set aside to manage conservation, wilderness and Aboriginal heritage values.

3. Multiple Use

This high level of conservation co-exists with other uses such as mining, fishing, forestry and tourism. In forestry terms, the Tarkine produces some of the finest and most unique timbers on the planet. The area set aside for forestry in the Permanent Timber Production is around 5% of the area and concentrated on Eucalypt forest areas. However, only about half of the area in the PTPZ (12,000 ha) is actually available for forestry. This area is managed by Sustainable Timbers Tasmania.

4. Forestry

The production of fine native timber does not involve clear felling and replacement by plantation. The native timber production method is based on a regeneration cycle approach. This means that the timber can be effectively harvested forever on a cyclic basis. It also means that this forest makes an important contribution to carbon storage and to biodiversity. The forestry sector in all its forms makes a substantial positive contribution to limiting the impacts of climate change, now and into the future

5. Potential Production Forest Areas and Special Timbers

Tasmanian law has identified other areas as Future Potential Production Forest (FPPF) zones. This area is about 19% of the Tarkine. Only a small portion of this area is actually viable for forestry and would be focused on the Eucalypt areas (around 12,000ha). Before any of this land can be converted to Permanent Forest Production Zone land, the law requires that there is a process to assess the areas' conservation, social and economic values. There is no automatic conversion of FPPF land to PTPZ land. The law allows for the swapping of PTPZ land with PFFP zone land creating an opportunity for more sensible conservation, reservation and production outcomes.

An unique aspect of the Tasmanian environment over many generations has been access to special timbers such as Celery Top Pine and Myrtle. Access to these selectively logged species has been provided for under legislation since the 1970's. More recently access to special timbers has been provided for under the Tasmanian Forestry Agreement and subsequent legislation. The Tarkine remains an important source of these timbers, however total amounts are limited under the Special Timbers Manager Plan and calculated across all available areas in Tasmania. All harvesting of Timber

in Tasmania is strictly controlled under the Forest Practices Act. One of the most stringent in the world

6. What Next?

The Tarkine has been a multiple use landscape for more than 150 years. A balanced approach to conservation, fishing, mining, forestry and tourism can see the area sustain multiple-use for ever. The Tarkine is set to make a contribution to the future of Tasmania via its ongoing and sustainable multiuse. The forest industries in the Tarkine make a positive contribution to building and maintaining regional communities; to the economy of Tasmania; to climate change mitigation through increased carbon storage; and to the ongoing production of beautiful and unique Tasmanian timbers.

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Forest Industries Association of Tasmania

Key Forestry Issues 2018

Future Potential Production Forest

The Forestry (Rebuilding the Forests Industry) Act 2014 identifies Future Production Forest Land (FPPF) that may be added to the Permanent Timber Production Zone Land (PTPZL) after 8 April 2020. There are two methods by which this could happen: swap current PTPZL for FPPF land or after 8 April 2020 declare FPPF land as PTPZL.

There are a number of opportunities for the swap process. One of these is to swap some land in the PTPZL on Bruny Island for FPPF land. The removal of the Bruny Island land from the PTPZL might be an important step in measures adopted for the protection of the swift parrot especially since there are no sugar gliders on the island. This would mean that the swap was occurring for a conservation reason rather than a forestry reason.

An STT analysis of PFFP land indicates that only approximately 16,000m³ of high quality sawlog could be obtained from the 357,000ha of PFFP and potentially this would be reduced to 12,000m³ given high conservation value assessment. FIAT would thus welcome a "surgical approach" to the identification of PFFP land as suitable for conversion or swap to PTPZL. This would balance conservation and other uses against the ongoing need for access to resources by the forestry sector.

FIAT intends to begin discussions about this process as soon as possible.

ACTIONS

1. Early engagement around the identification of potential FPPF Land allocation to PTPZL for swaps under the Forestry (Rebuilding the Forests Industry) Bill 2014 identification of potential FPPF land for allocation to PTPZL

From: Terry Edwards <terry.edwards@fiatas.com.au>
Sent: Wednesday, 15 March 2017
To: Adrian Lacey (DPAC); Brad Stansfield (DPAC)
Subject: Emailing – FIAT Media Release 150317.pdf
Attachments: FIAT Media Release 150317.pdf

Please find attached a media release from Forest Industries Association of Tasmania.

Terry Edwards

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Forest Industries Association
of Tasmania

MEDIA RELEASE

15 March 2017

FOREST INDUSTRY BODY TO OPPOSE GOVERNMENT FORESTRY BILL

Tasmania's peak forest industry representative body has announced that it cannot support the Forestry Bill to be tabled in the Tasmanian Parliament this week.

Forest Industries Association of Tasmania, Chief Executive, Terry Edwards said "we have advised the Government that we are unable to support the Bill in the form that will be tabled in the lower House this week as it will create unnecessary sovereign risk in log supply and problems in our markets and a return to the "forestry wars".

Mr Edwards said "we do not accept the characterisation made by the Minister over the week end that these changes are required to avoid 700 job losses due to Forestry Tasmania reporting that approximately 25% of its proposed harvest within the PTPZL to meet its current contracts is uneconomic. FIAT simply do not accept this simplified view and have repeatedly requested the opportunity to review the work done by Forestry Tasmania to assist to find more practical solutions but have been repeatedly refused by the Minister".

FIAT, who undertook to work with the Government in the implementation of its forestry policy, have been advised by Forestry Tasmania that the report to its shareholder Minister did not constitute a strategic view of the production forest estate rather it was a simple snapshot without regard to any remedial activity that could lead to a better result and as such is not a solid commercial basis upon which to found new legislation.

The Governments proposal may sound great but in truth their commentary does not make commercial sense. Mr Barnett talks about saving \$25M per annum in subsidies to Forestry Tasmania but that ignores the clear fact that all subsidy to Forestry Tasmania ceased 2 years ago and any future losses are to be met from the sale of the pulpwood plantations – why therefore is Mr Barnett talking about subsidies?

For more information, contact **Terry Edwards – Chief Executive Officer**

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Forest Industries Association
of Tasmania

M E D I A R E L E A S E

In his Ministerial Statement delivered on 26 October last year Mr Barnett made it very clear that there would be no more subsidies to Forestry Tasmania, the shortfall in operating income would be met from the sale of plantations, Forestry Tasmania was to be restructured removing non-commercial activities, reducing staff further, creating a Non-commercial Division and Government has absorbed a considerable proportion of the unfunded superannuation liability and some amelioration of roading costs where the roads are multi-purpose. Why then is the Government suggesting that the choice is between Forestry Tasmania and health – this is simply not the case.

The clear fact is that whilst Mr Barnett talks up the unlocking of 357,000 hectares of Future Potential Production Forest, Forestry Tasmania in the GBE Estimates process made clear that there is only approximately 64,000 hectares of production forest and an additional 20,000 hectares of special species timbers zone. Why then are the Government intent on seeking to take on a massive fight over 357,000 hectares when the vast bulk of that area (273,000 ha) is not suitable for production forestry. Forestry Tasmania also advised the Government that only approximately 12,000 m³ of high quality sawlog would be derived annually from this area on a sustainable basis – how do the Government no one can get \$25M from this log volume.

FIAT remains positive and willing to work with the State Government to try to identify an appropriate practical way forward that does not entail a return to supply uncertainty and unnecessary conflict and that continues to provide the industry a pathway for a return to prosperity.

Ends

For comment please contact Terry Edwards – 0419 319789

For more information, contact **Terry Edwards – Chief Executive Officer**

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From: Terry Edwards <terry.edwards@fiatas.com.au>
Sent: Friday, 17 March 2017
To: Adrian Lacey (DPAC); Brad Stansfield (DPAC)
Subject: Emailing – FIAT MR 170317.pdf
Attachments: FIAT MR 170317.pdf

Please find attached a media statement by FIAT

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Forest Industries Association
of Tasmania

MEDIA RELEASE

17 March 2017

FIAT OFFERS TO CONTINUE COLLABORATIVE APPROACH

FIAT note the passage of the *Forestry (Unlocking Production Forests) Bill* through the lower House of the Tasmanian Parliament last night.

FIAT Chief Executive Terry Edwards said “we have worked hard to offer the State government practical support to improve commercial returns and protect the jobs of thousands who depend on sustainably supplied hardwood products from our public and private forests”

In specific terms FIAT have over the past 3 years: -

- offered practical assistance to review and reduce the costs of cable harvesting;
- offered commercial expertise and co-operation to work collaboratively with Forestry Tasmania to reduce its operating costs in the 25% of coupes that it is struggling to make economic;
- offered cooperation to review and assess areas for future sustainable wood supply from the Future Potential Production Forest area that could have been exchanged for non-productive land managed by Forestry Tasmania under the terms of the existing legislation;
- offered to work collaboratively with the State Government and Forestry Tasmania to critically review the full value chain of forestry production to identify impediments to profitability and to identify solutions to those impediments.

FIAT makes no apology that it represents the commercial interests of its hard working members who employ thousands of Tasmanians in regional towns around Tasmania however we have always had, and maintain, a critical eye to the best interests of Tasmania in advocating those interests”, Mr Edwards said.

All of FIAT's offers to help, that have been with the State government for almost two years, remain on the table and we stand ready to assist in any reasonable and practical manner that we can, Mr Edwards said.

For more information, contact **Terry Edwards – Chief Executive Officer**

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Forest Industries Association
— of Tasmania —

M E D I A R E L E A S E

We are certain we all want less public criticism for trying to help forge win-win solutions and more cooperation for the benefit of all Tasmanians and we are committed to pursue a more sensible outcome.

Ends

Terry Edwards Chief Executive 0419 319789

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For more information, contact **Terry Edwards – Chief Executive Officer**

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