

Forest Industries Association of Tasmania
#38 Montpelier Retreat
Battery Point, Tasmania 7004

September 3, 2004

Mr. Ralph Ashton
WWF Australia
GPO Box 528
Sydney NSW Australia

Dear Mr Ashton,

**Re: “A Blueprint for the Forest Industry & Vegetation Management
in Tasmania” A Proposal from WWF Australia”**

The Forest Industries Association of Tasmania (FIAT) welcomes the endeavours by WWF Australia (WWFA) to bring an element of scientific foundation to the environmental movements positioning on the debate about forestry in Tasmania and is pleased to provide the following comment on the “Blueprint”.

FIAT

The Forest Industries Association of Tasmania (FIAT) is an industry association formed in 1983 to represent the interests of processors of Tasmanian forest products. Our member’s activities are diverse and include the production of veneers, hardwood and softwood timber, pulp and paper production, woodchip production, plantation forestry and native forest management on private property.

FIAT’s 18 member businesses include all of the State’s larger processors of forest products and a significant proportion of the crown sawlog output, as well as the entire veneer product processed. Members of FIAT account for more than 75% of the gross value of production of the forest and wood products industry in Tasmania.

Tasmanian Regional Forest Agreement

One issue regarding the Blueprint that does pose a major concern to FIAT is the inherent requirement for the industry to move beyond the provisions of Tasmania's Regional Forest Agreement. We note that WWFA make a number of references to the RFA and to the processes utilised in it's promulgation but there is no discernable commitment to its continuation.

We note in this context that the RFA was viewed by industry, and Government, as a document that provided a balance between resource security for industry whilst providing for conservation and biodiversity outcomes through the CAR reserve system and requirements of the Forest Practices Act and Code. This intent and the final result of the RFA has been the catalyst for industry confidence to invest in downstream processing and industry restructure. FIAT members alone have invested \$940M since the finalisation of the RFA. Total employment in Tasmania's forest industry is 10,693 (FAFPESC 2004).

Specific Comments on the "Blueprint"

Ref WWFA Blueprint, Page 5 "

(II) Investment in Job Intensive Downstream Processing Facilities

"An ongoing issue in Australian forestry and Tasmanian forestry in particular has been the difficulty in getting industry to invest in downstream processing facilities. The Regional Forest Agreement and Plantations 2020 attempted to overcome the lack of investment by providing resource security but downstream processing facilities have been slow to develop."

This passage, which is unsourced, ignores the extensive investment previously mentioned and the current evaluation of a world-class pulpmill with a likely investment of \$1.5 billion along with other investments planned by the industry. When investments by Country Sawmillers and Forestry Tasmania are added to the \$940m of FIAT members, we believe there is clear evidence that the security of the RFA has provided a satisfactory climate for investment.

Until the RFA, a significant deterrent to investment in Tasmanian downstream processing was the incremental removal of large tracts of valuable forests into reserves over many years and the ongoing uncertainty generated by constant unwarranted attacks on the industry by ENGO's and the Tasmanian Greens seeking ever greater areas of forest to be removed from multiple use status.

The WWFA document appears to leave these fundamentals unresolved and this will require considerable dialogue to resolve.

In summary the industry will be highly reticent to abandon the security and confidence provided by the RFA without very clear guaranteed outcomes of any alternative strategy. As discussed in our meeting in Canberra this may

include discussions on how the entire ENGO community can be brought into any solution.

Plantations for High Quality Sawn Products

The WWFA Blueprint is predominantly hinged on the presumption that it will be possible to substitute native forest sawlog inputs with plantation sourced hardwood. At best this presumption is highly speculative and a “leap of faith” and at worst it is potentially very damaging to a valuable and sustainable industry.

There is no conclusive scientific and economically sound analysis that supports this supposition but conversely there are many factors that indicate caution.

Reference is made in the WWFA Blueprint to research carried out by Washusen (2004) however recent work in Tasmania to obtain high quality sawn timber from regrowth forests and plantation have not realised the yield nor quality of outcome to be a realistic alternative to native forest. A research programme currently being conducted by the Timber Research Unit at the University of Tasmania (Dr T.Innes) has been scoped to provide more definitive data on “fitness for purpose” of the hardwood plantation estate in Tasmania.

It must also be kept in perspective that the legislated supply of 300,000m³ of high quality sawlog is already underpinned by an element of substitution of regrowth and plantation sourced product starting in 2020, which is unproven and speculative. These plantations were established to replace the loss of forest productivity associated with reserving some 293,300ha of native forest during the RFA process in 1997 to fulfil the CAR reserve system requirements. To remove any further areas of forest from the sustainable yield calculation can only further exacerbate the uncertainty of industry and may act to stifle further investment as industry investment is centred around resource security.

It will be a number of decades before either existing or new plantations will be capable of producing any high quality sawlog given that the vast bulk of the Forestry Tasmania plantation estate has only been planted in the last five years. If a 35-year rotation is assumed, it is realistic to suggest wood flows from this source could not commence for approximately 30 years (approximately 2030) although we do acknowledge some wood flow may commence slightly earlier than that date.

Our point is that the assumed substitution of native forest for plantation grown material may well be problematic and considerably more definitive work will be required to provide confidence the plantation material will satisfy the commercial requirements of high quality timber and it will take time to develop the plantations to a harvestable age.

Another aspect of the plantation scenario relates to land purchase, FIAT members believe the purchase values proposed in the Blueprint are considerably understated and the likely cost of land purchase will be much higher than suggested. Given the already keen competition for scarce suitable cleared land our members are concerned that increased competition for that land through a taxpayer-funded scheme will exacerbate an already difficult market place. Indeed it will disadvantage private plantation investors. We pose the question for consideration whether or not it might be preferable to allow private enterprise to undertake the plantation land procurement and establishment but that public funds be used to subsidise more intensive longer rotation management regimes resulting in high quality timber production.

With respect to land conversion from native forest to plantation, Tasmania has a comprehensive legislated framework (Forest Practices Act and Code) that protects biodiversity. Conversion of native forest to plantation has not been large scale with only approximately only 5,720 ha and 7,660 ha respectively in the last two years. The Forest Practices Act and Code ensure that a network of native vegetation is retained to protect other environmental values such as streamside reserves, wildlife corridors and visual amenity. It is also worth noting that area of tree cover in Tasmania including plantations increased by 10,700 ha during the first 5 years of the RFA.

Appendix E Improved Public Forest Management

Appendix E appears to suggest an overall loss of yield of between 76,000m³ to 152,000m³ between 2004 and 2048 with the only proposed amelioration until 2029 being by way of bringing forward logging of regrowth production coupes. This proposal appears to ignore the significant reduction in diameter associated with harvesting regrowth at an earlier age than the predicted 90-year cycle, an issue that will have a damaging impact on the quality and quantity of timber recovery in sawmills and affect their economic viability.

On this matter the Symetrics report by Professor Bruce Felmingham observed as follows: -

“The conversion to smaller logs either from plantation or shorter rotation of native forest will result in a transition of the industry from a position as a supplier of high quality timber products to that of a commodity supplier threatening the viability of the industry.

If there is no way to reclaim the decreased forest productivity, the resulting decrease in the annual supply of logs will result in greater job losses and further mill closures.”

Whilst we acknowledge that the Symetrics report was commenting on a different proposition to that put forward in the Blueprint it is never the less apposite to the range of issues canvassed within the WWFA proposal.

Tasmania's competitive advantage as a forest processing industry is predominantly derived from our high quality timbers delivering high quality sawn products to the value adding sector of the industry with final use as timber for furniture, flooring, architraves, mouldings and parquetry. Any solution that in any way detracts from this advantage will attract the adverse impacts identified in the Symetrics report and will have an extremely damaging effect on the industry's future viability.

Biodiversity Conservation

We believe that the conservation of biodiversity of Tasmania's forests has been achieved through the RFA process through the CAR reserve processes and the requirements of the Forest Practices Act and Code. We believe the Janis criteria and the way in which the bioregions have been applied in the Tasmanian RFA is correct. We acknowledge that there are a small number of forest communities where the RFA target has not been achieved and we are supportive of on-going endeavours to include them in reserves.

It needs to be borne in mind that the International Union for the Conservation of Nature has set a target threshold of 10% reservation of each forest community and this has been met or exceeded in the Tasmanian RFA for all but a handful of communities.

We believe the RFA envisaged that an active management plan be developed for the areas of forest reserved to maintain biodiversity. This would see the development of a range of age classes for the various communities, particularly important for the pioneering species such as eucalypt. Simply locking up forests until they are destroyed by wildfire will not serve to maintain biodiversity for future generations. Catastrophic landscape scale wildfires such as those that occurred in Victoria and Southern NSW in 2003 have the potential to eliminate species. A more logical approach would see the development of a comprehensive management plan complete with infrastructure such as access to facilitate hazard reduction burning, or regeneration works and to provide quick access to for the suppression of wildfires. The industry would be supportive of complementary activities such as salvage of commercial timber.

The Tarkine Wilderness Area

With respect to creating a large Tarkine National Park, FIAT is experiencing some confusion over which boundaries are being proposed. We do not understand why substantial areas of eucalypt forest should be included in a reserve targeting temperate rainforest when eucalypt forest communities are comprehensively reserved elsewhere.

The Northwest forests provide high quality special timbers that contribute a higher than average product value to the economic viability of those three mills referred to in the "Blueprint". Our analysis is that it is unlikely there will be any uncommitted special timbers or eucalypt sawlogs available from other regions of public forest in Tasmania. All multiple-use forest contributes to the

sustained yield so increasing the harvest elsewhere would result in overcutting in that region and the undesirable effects this will bring. Similarly to transfer timber supply from one region to another would shift the supply shortage from one mill to another mill and add the disadvantage of transport inefficiencies.

FIAT notes that with respect to myrtle, the current harvesting plan calls for selective harvest over a long rotation, which will have minimal effect on other aspects of the ecosystem.

An industry audit conducted in 1999 estimated that jobs in the forest and forest industry sector in the Circular Head or Smithton area was 534. Since then there has been an increase in downstream processing in the area, which will have lead to an increase in these employment numbers. Given that logs will not be able to be supplied from elsewhere, a reduction in log supply in the region will directly result in a reduction in employment and as the forest industry is a major employer, the effect will impact a great number of businesses within that region.

Summary

The aforementioned comments need to be placed in the context of those raised with Ralph Ashton and Paul Toni during their recent meeting with the NAFI Board in Canberra on 10 August 2004. We intend in that discussion and this response to raise a number of our concerns with you in advance of future discussions with WWFA at a time in the not too distant future to more fully explore these and associated issues.

We suggest a variation to this meeting that includes an on-ground inspection of some of the issues by your representative and ours. We would be pleased to arrange details for such an inspection.

Yours sincerely,

Terry Edwards
Chief Executive