

**Peter Gutwein – Speech given at Forestry Public Forum – Wednesday 3<sup>rd</sup> August 2011 at Launceston Tramsheds, Inveresk**

Ladies and gentlemen thank you very much for your attendance today.

I would like to acknowledge those members of Parliament that are in attendance today, Jeremy Rockliff acting leader of the State parliamentary party and who is here to represent Will Hodgman, who unfortunately is unable to attend.

My parliamentary colleagues Michael Ferguson MP and Rene Hidding MP, Senator Colbeck, the Mayor of Dorset, Barry Jarvis and the Mayor of Huonville, Robert Armstrong. Other councillors who are attending and most importantly those of you here who work, support or rely upon Tasmania's most important and sustainable industry - the forestry industry.

As I said in my letter to you, the purpose of today's meeting is to explain the Liberal's position on forestry and to seek your assistance in our call for the Labor Party to set aside party politics and negotiate with the Liberals to save both the forestry industry and our state economy.

Firstly I want to outline the format of today's meeting. I do not expect this meeting to be a long one.

I want to set out the Liberals' position and explain briefly both our plan for forestry and our offer to the Government to work constructively in a bipartisan way to negotiate a way forward to save this industry, save jobs and grow the economy rather than having the Greens and the Green lobby dictate to Tasmania what it believes is in our best interests.

There will be time for broader discussion and questions will be taken from the floor, however I would like to arrive at a majority consensus regarding a way forward from this meeting.

I want to start by putting some facts on the table:-

- 50% or around 3300 jobs that existed in the forestry sector have been lost in the last 3 years

- 1200 of these jobs have been lost in the period that the Statement of Principles process has been underway and more than 400 more are expected to be lost during July and August.
- These direct forestry jobs as many of you are aware support 2 other jobs in local communities in the tyre shops, service stations, machinery businesses, takeaways, supermarkets and the broader retail sector.

It is little wonder that we have the highest unemployment rate out of all of the states.

And that for 18 consecutive months that retail spending in Tasmania has declined.

Or that private capital investment has declined by 30% over the last few years.

The forestry industry underpins our economy, farmers rely upon it, retailers rely upon it, and rural communities rely upon it as do cities like Launceston and Hobart. The last 12 months have been very bad for this state and its economy and I personally think that for the first time many Tasmanians are waking up to the fact of how important this industry is to the state economy. However most sensible people with an ear to the ground are telling me that the worst is yet to come.

There is no doubt that the industry faces significant challenges.

Challenges brought about by the effects of uncertainty in world markets. The impact of one major company with a market based problem within its own supply chain and a desire to exit native forestry. As well as an incessant and prolonged and soon to be successful, if the Premier doesn't wake up to herself, campaign by Green groups who have only one intention and that is to shut down the forestry industry in its entirety.

Let me run you through the key outcomes - The Statement of Principles process which evolved out of David Bartlett's and Nick McKim's forestry round table was supposed to deliver for the forestry sector:

- Peace in the forests-failed there have been more shots fired during the peace process than were ever fired during the war
- Support from environmentalists for a pulpmill - failed
- A secure resource for the industry-based on the current proposed lockup of 430,000-572,000ha Forestry Tasmania modelling clearly points out this is undeliverable - failed again
- Significant compensation for the industry – failed again
- The reopening of the Triabunna mill - failed again and the new owners are now saying that if and when it reopens only FSC certified wood will be processed meaning that hardly a stick from the current industry can be put through it
- Certainty for the industry - failed again. The new process announced by the Premier and Prime Minister allows for a further 12 months to pass before any outcomes are legislated, meaning that resource security and therefore financial security will be none existent from a finance lenders point of view until at least the middle of next year.

Let me explain what has been achieved during the last 12 months and if the Green groups have a strategic plan sitting in their bottom drawer, these achievements would be I suspect be the outcomes that would be listed in it:

- The forest industry critically destabilised
- Job losses mount and forest workers leave the state to find work on the mainland
- No support for a pulp mill
- Resource security under threat and to cap it all off;
- The Tasmanian Greens election policy of 572,000 ha of publicly owned forest locked up for a mere pittance with the support of the CFMEU and the forestry lobby groups that are supposed to be there to support the industry.

I and my colleagues have said on numerous occasions that this is simply madness. Tasmania cannot afford to go down this path. That is why Will Hodgman has had the courage to offer a bipartisan way forward to the Premier. He has done not what is in our political best interests, but what is in the best interests of the State of Tasmania and I want to read to you the letter he sent to the Premier over 10 days ago a copy of which is being circulated to you all now:

*24 July 2011*

*Dear Premier,*

*I write regarding Tasmania's critical native forest industry, which supports more than 6,000 jobs, is worth more than \$1.4 billion to the Tasmanian economy, and supports regional communities right around Tasmania.*

*I have recently reviewed the 2010 election forestry policies of all three political parties and note that both major parties promised to extend the existing Regional Forest Agreement, and to grow the industry. In contrast, only the Tasmanian Greens proposed an initial lock-up of an additional 572,000 hectares of public forest and a phase out of native forestry.*

*In other words, 20 of 25 members in the House of Assembly (four-fifths) were elected on the explicit platform of growing the forest industry, not shrinking it. Only five MHAs were elected on a platform of locking up 572,000 hectares of public forest and phasing out native forestry, as your Government is currently contemplating.*

*While there is no doubt that the industry does need to structurally adjust following the commercial and voluntary decision of Gunns Ltd to exit native forestry, and that forest contractors consequently need urgent assistance, the cutting of the industry in half and its eventual closure is not the answer.*

*Over the past two decades the Tasmanian forest industry has enjoyed the bipartisan support of both major parties because of its economic and social value to our state. While Labor abandoned this position following the 2010 election, with the former Premier's decision to set up the roundtable process, it is not too late to restore a bipartisan approach.*

*Accordingly, I propose that you and I meet together with Mr Green and Mr Gutwein, as well as industry representatives, including from Forestry Tasmania, to urgently advance an alternative way forward to grow the forest industry, and provide long term security for it.*

*These negotiations should be based on our mutual election commitments to extend the RFA, and I propose the Liberal 13-point plan be included as a basis to commence discussions. I also repeat my suggestion that the Government compulsorily acquire the Triabunna woodchip mill to on-sell to the industry to ensure its ongoing operation, rather than paying tens of millions of dollars to Gunns Ltd for contracts they have already voluntarily given up.*

*I note that our 13-point plan does canvass the protection of up to an additional 150,000 hectares of high conservation value forest, but that this would be based on firstly ensuring a secure wood supply to the industry, and a triple bottom line assessment being conducted so that the economic, environmental and social consequences of any proposed changes could be fully understood before any proposal was implemented.*

*In light of the previously long standing commitments of both the Liberal and Labor Parties, I am confident we can still provide for a secure and expanding sustainable forest industry in Tasmania.*

*Premier, given the obvious urgency, I look forward to your response.*

*Yours sincerely,*

**Will Hodgman**  
**Leader of the Opposition**

That is the position of the Liberal Party and as was said clearly in the letter we want to use our 13 point plan as the basis upon which to commence discussions with the Premier. However, I want to make this point we want to enter into good faith negotiations and we are prepared to negotiate if the Premier will come to the table.

The 13 point plan which is now being circulated has never to the best of my knowledge been circulated widely by any of the key forestry representative groups, despite our requests for them to do so.

This plan was discussed and developed with some of the current signatories to the round table process.

The plan which is underpinned by a triple bottom line assessment to understand the social, the economic and the environmental impacts of any proposed changes has broadly been endorsed by the modelling conducted by Forestry Tasmania for the Statement of principles process. The reason I say this is because the industry as a part of the round table process put forward the reservation of more than 140,000 ha of forests to satisfy the Greens and FT found that under that scenario ongoing supply of wood at levels requested by the industry were sustainable.

Let me quickly run you through our plan:

<p><b>1. Jobs and regional communities come first</b></p>	<p>While the Liberals support improved environmental outcomes, regional jobs and regional communities must not be sacrificed on the altar of political self-interest</p>
<p><b>2. Government must take a leadership role</b></p>	<p>Government should not out-source the future of our state-owned resource to an unelected group of big business, big environment and big union</p>
<p><b>3. A full socio-economic and environmental study should be undertaken</b></p>	<p>Science should drive decisions, not politics. A full socio-economic and environmental study of any proposed changes must be undertaken before the changes are made. This should be undertaken by a credible third party with an understanding of Tasmania.</p>
<p><b>4. Native forest harvesting in Tasmania should continue for perpetuity</b></p>	<p>Our native forests are an asset which can and should be managed for all their values into perpetuity – including harvesting. It makes no sense to lock up our native forests to deal with short-term adjustment and commercial imperatives, and instead cover our productive farmland with monoculture plantations.</p>
<p><b>5. Up to 150,000 hectares of high conservation value forests, including old growth forests such as the Styx, Weld Valley, and Florentine can be locked up.</b></p>	<p>Following the commercial decision of Gunns to end native forest harvesting, once resource supply, including room for growth, is secured for the remaining operators, it is expected that some of Gunns sawlog allocation can be retired. This means that most of our remaining old growth forest can be preserved</p>

	and protected (apart from a specific and small speciality timbers resource), as identified through the socio-economic and environmental study.
<b>6. All discussions must be open and transparent</b>	Dialogue and development of practical solutions should be between all stakeholders in an open and transparent process, with strict timelines.
<b>7. There must be minimal State public expenditure</b>	The State Government should not be in the business of buying out forestry industry jobs. However, exceptions may need to be made for forest contractors who continue to suffer from reduced volumes.
<b>8. Private forest operations must not be compromised</b>	Private forests contribute annually between 30-40 percent of Tasmania's native forest production, and are a critical part of our future forest industry.
<b>9. A new 20-year rolling RFA should be negotiated with the Federal government</b>	The final outcome should be formalised in a new, 20 year rolling Regional Forest Agreement to ensure ongoing resource security and investment.
<b>10. We can have a pulp mill and native forest harvesting too</b>	Tasmania can have a pulp mill and native forest harvesting. We don't need to and shouldn't exchange our existing forestry jobs and their communities for a plantation feed pulp mill, which will add value and local jobs to our lowest value, commodity (woodchip) resource.
<b>11. Comprehensive and properly funded forest management strategies need to be developed</b>	If we are going to reserve more forest, it needs to be properly managed, not allowed to turn into a bushfire time-bomb.
<b>12. Alternative uses for wood-waste need to be seriously examined</b>	As well as woodchip exports, alternative wood waste uses such as biomass and biofuel need to be seriously examined.
<b>13. Innovation, research and development must drive our forest industry</b>	The industry must continue to invest in innovation, research and development in order to remain competitive and add maximum value to our forest resource. As part of this, the Government should consider establishing a Forestry School of Excellence, and should continue to support the Forestry CRC.

Thank you for your patience - you all now have an understanding of where the Liberals sit, but before I throw to questions I want to give you one last thing to think about:-

*Bob Gordon announced last week that Forestry Tasmania was taking their contractors back up to 100% of their quotas. He also said that despite arguments to the contrary there was strong and growing demand in international markets for Tasmanian native forest products.*

Just consider for a moment, if for the last 12 months the Labor party had not been a captive to the Greens in parliament and that rather than supporting a process for the last 12 months that has been working out how to downsize this industry, they had instead been looking at ways to diversify and innovate our product mix, they had been looking at ways to develop demand in both national and international markets - imagine where we might be today if the Government's focus had been on growing the industry rather than tearing it down.

I am happy now to take any questions but I would like to remind you all that today's meeting is not about gaining agreement for our 13 point plan rather it is about gaining agreement for the Premier and the Labor party to enter into good faith negotiations with the Liberals to save the industry and our economy.