

TASMANIAN FOREST AGREEMENT 2012

Between

Australian Conservation Foundation

**Australian Forest Contractors
Association**

Australian Forest Products Association

**Construction, Forestry, Mining and
Energy Union**

Environment Tasmania Inc

**Forest Industries Association of
Tasmania**

**Tasmanian Forest Contractors
Association**

Timber Communities Australia

Tasmanian Sawmillers Association

The Wilderness Society Inc

The Wilderness Society (Tasmania) Inc

22 NOVEMBER 2012

This agreement is made on 22 November 2012 between the:

Australian Conservation Foundation
Australian Forest Contractors Association
Australian Forest Products Association
Construction, Forestry, Mining and Energy Union
Environment Tasmania Inc
Forest Industries Association of Tasmania
Tasmanian Forest Contractors Association
Timber Communities Australia
Tasmanian Sawmillers Association
The Wilderness Society Inc
The Wilderness Society (Tasmania) Inc

(together the **Signatories**)

The Signatories to this agreement affirm our commitment to a long-term vision for the forestry industry, the environment and communities in Tasmania.

We have worked together to seek a joint solution to the long running conflict that has divided Tasmania and call upon the Tasmanian and Australian communities to join with us in giving their proud support to both the Tasmanian forest product brand and its entire conservation estate.

We affirm our support for all aspects of this agreement and the principles it embodies. We call on all political parties and the community to support all of the industry, community, economic and conservation outcomes promoted by this agreement, and for governments to commit to the implementation and funding of its relevant terms.

The Signatories agree to:

SHARED OBJECTIVES

1. A genuine, lasting end to conflict over Tasmania's native forests through commitment to a long-term durable agreement that delivers:
 - A. an ongoing, vibrant forestry industry in Tasmania based on native forests and, increasingly in the future, plantation
 - B. protection of significant additional areas of native forest with important conservation values
 - C. strong, resilient communities and decent and secure jobs for workers and contractors
 - D. a strong focus on research and development to assist in driving these objectives.

The Signatories recognise that the above outcomes are interrelated and no one outcome takes precedence over another.

2. The Signatories agree to publicly and proactively support the outcomes of this agreement, including in markets for Tasmanian forest products.

AGREED VISION

3. The Signatories agree to the long term vision for the forestry industry, the environment and communities in Tasmania, as set out in Attachment A₁ and that it should be recognised in legislation, as an expression of foundation policy.

INDUSTRY REQUIREMENTS

Wood resources

4. The Signatories agree to ongoing native forest and plantation wood supply for industry from State forest, including high quality sawlogs, peeler wood and specialty timber in the following terms:
 - a. At least 137,000 cubic metres per year ongoing of high quality sawlogs across the state, including volumes required at regional level. This volume to be included in legislation as a minimum supply requirement.
 - b. Peeler wood supply to meet renegotiated contracts arising out of this agreement.
 - c. A yield of specialty timber to meet the need for special species timber supply. The agreed required yield will be determined by the process established in Clause 9. Pending that determination, annual supply will be as per the FT Special Timbers Strategy 2010.

5. The Signatories acknowledge the requirements of regional sawmills for secure supply of low quality sawlogs (Category 2 and Category 8). These log grades are to be prescribed in legislation in accordance with Forestry Tasmania's current specifications.

It is agreed that the forest manager will immediately implement an analysis of the sustainable supply level of low quality sawlogs arising from other harvesting activities and that the volume be made available for contracted supply to industry.

6. The Signatories agree that volumes should be made available to industry through long-term fully compensable supply contracts, with legislated sovereign risk protection.
7. The Signatories ask the Tasmanian Government that the agreed wood production areas defined in Map A, and Map D, be set aside in legislation as Permanent Timber Production Zone Land and Specialty Craft and Timber Zone respectively, and that the minimum wood supply levels required to be supplied annually from these lands, in accordance with Clause 4(a) and the outcome of Clause 9(b), be explicitly recognised in legislation
8. The 37,954 hectares, shown in Maps A and D should be designated as a Specialty Craft and Timber Zone and be placed under a special management order that will suspend forestry rights, other than getting special species timber and the recovery of eucalypt products that arise as an integral component of that harvesting in accordance with the Special Timbers Management Plan. It is agreed that these areas will be available for production of special craft and timber supply requirements and the arising eucalypt products while the process outlined in Clause 9 is followed. If any forest within the Special Craft and Timber Zone is typed as eucalypt forest the special management order should permit those forest areas to be harvested as if they were part of the Permanent Timber Production Zone Land.
9. The Signatory/Stakeholder Council, working closely with the Forest Manager and in consultation with others, will review the required yield of special timbers and prepare a special timbers management plan to:
 - a. explicitly determine a long term required yield of specialty timber
 - b. determine ways of optimizing long term required supply from:

- i. the Permanent Timber Production Zone Land and
 - ii. the Specialty Craft and Timber Zone land shown in Map A and D - a decision on the final tenure status of these zones should be made in the context of this review
- c. review ways to maximise recovery of commercial pieces of special timbers from harvested areas
 - d. ensure that utilization standards, contractor skills and harvesting arrangements are adequate to ensure recovery of specialty timber material
 - e. implement feature-grade specifications for non-sawlog specialty timber material to assist its recognition and recovery
 - f. improve knowledge of market trends & demand
 - g. review ways to reduce theft of special timbers.

Transitional Implementation and Scheduling

10. The Signatories recognise that there will be a necessary transitional period required to allow wood requirements to be met while logging schedules are redirected to be outside of the agreed reserves. This transitional period will involve some short-term logging in some areas identified for reservation, to avoid stand-down of workers and contractor and mill closures.
11. A transitional schedule that minimises any impacts on the agreed reserves will be developed and will incorporate the outcomes and flexibility arising from: the voluntary sawlog contract buyback program; changed peeler wood supply to meet renegotiated contracts; progress in resolving wood residue issues; consideration of practical and operational constraints and funding support from governments to assist with implementation.
12. The Signatories will work with governments and Forestry Tasmania (including the Chair of the Board) to develop the agreed transitional schedule prior to the issuing of the Protection Order.
13. The agreed transitional schedule will form part of the first Durability Report, according to Clauses 40-45.

Voluntary industry restructuring

14. Governments should complete Stage 2 and 3 of the Tasmanian Native Forest High Quality Sawlog Contract Voluntary Buyback Program. Additional funding may be required to complete this program.
15. The Tasmanian Forests Regional Sawmiller Exit Assistance Grant Program should be finalised and run immediately to assist regional sawmillers to voluntarily exit the industry

on fair and equitable terms determined in consultation with the relevant industry association. The Program should be able to fund a package of assistance, as outlined in the Funding Schedule, the final amount dependent on take up numbers (this is not inclusive of the requirement for sawlog buy-back under the Tasmanian Native Forest High Quality Sawlog Contract Voluntary Buyback Program.

16. Following completion of the two compensable exit programs sawlog volumes are to be reallocated up to 137,000 cm per annum on a fully competitive and compensable basis, in parcels not greater than 5,000 cubic metres and assessed on triple bottom line principles. It is acknowledged by the Signatories that any contract volume of Cat 1/3 high quality native forest sawlog above this minimum agreed figure will be permanently retired.

Support for affected workers, contractors and communities

17. The IGA Socio-economic Modeling will be run and publicly released to assess and report on the regional and statewide impacts of the agreement.

18. Implementation of this agreement should include support from governments for affected workers and contractors, particularly in regions impacted by any reduction in forestry activity. Depending on the outcomes of the compensable exit programs and the socio-economic modelling, funding, as outlined in the Funding Schedule, for employee support and for contractor business exit support should be provided.

19. Informed by the outcomes of the socio-economic modelling, support for communities affected by this agreement should be provided through the Economic Diversification Fund, as outlined in the Funding Schedule, established under Stream 3 of the Tasmanian Forests Intergovernmental Agreement. The allocation of this funding should be overseen by the Regional Development Taskforce Tasmania.

20. The Signatories call on all relevant commercial entities including the Forest Manager to put in place fair and equitable arrangements with forest contractors including terms commensurate with the investment and risk borne by these contractors.

21. The Signatories also call for the Tasmanian Government to establish and mandate an appropriate forest contractor training, accreditation and licensing system for harvest, haul, silviculture and roading in forest operations.

Transition to greater use of plantations

22. The Signatories agree on the need to develop and implement a plan for utilisation of the existing and future plantations as an integral part of a future forest industry, and an agreed transition plan to reflect the sustainable yield available from native forest on Permanent Timber Production Zone Land. The development of these plans will be overseen by the Signatory/Stakeholder Council, working closely with the Forest Manager and others.

23. The Signatories call for a properly funded, as outlined in the Funding Schedule, seven year, research and development program centred in the National Centre for Future Forest Industries to underpin the immediate, medium and longer term outcomes of this agreement,

with a particular focus on plantations for solid wood supply and manufactured products including engineered wood products such as cross laminated timber. This program should be developed in consultation with the Signatory/Stakeholder Council.

24. The Signatories call for a review of existing and potential policy initiatives that will incentivise and facilitate investment in and management of plantations for solid-wood production, in particular to examine the carbon farming and storage potential of plantations.
25. The Signatories further call for government funding for direct investment in a Public Plantation Management Fund, as outlined in the Funding Schedule, to support investment in improved plantation management for the production of solid and reconstituted wood products from existing plantation land to assist with a transition to a greater reliance on plantations in Tasmania as necessary to facilitate this agreement.
26. The Signatories call for the establishment of a Plantation Manufacturing Innovation Fund, as outlined in the Funding Schedule, to encourage private-sector investment in solid and reconstituted plantation wood manufacturing, increase demand for plantations managed to supply solid and reconstituted wood and to assist with a transition to a greater reliance on plantations.
27. The Signatories agree that further developing the skills of workers and managers is an important component of achieving a transition to greater use of plantations. Government, in consultation with the Industry Skills Council – Forestworks, should ensure a focus on skill development to support implementation of plans for a greater use of plantations.

Residue solutions

28. The Signatories acknowledge that the harvest and processing of forest products, whether from native forests or plantations, will produce residues. The Signatories agree that economically viable and environmentally sustainable solutions to address utilisation of both native forest and plantation residues arising from harvesting and processing operations should be developed and put in place.
29. Whilst it is agreed that practical short term interim solutions are needed and are fundamental to the success of this agreement, priority will also be placed on identifying economically viable and environmentally sustainable medium to longer term solutions across the full range of options and with a focus on adding value to those residues within Tasmanian rather than on the export of an undifferentiated woodchip product. These solutions should be consistent with the terms of this agreement and a transition to a greater reliance on plantations.
30. As a short term interim approach the Signatories call on Governments to urgently seek to achieve access to the Triabunna processing and export facility and to the Burnie wharf facility and short term woodchip stockpiling arrangements. The Signatories call on all relevant parties to do everything possible to facilitate these short term solutions or to put in place suitable alternatives. Progress on this will form part of the Durability Report prior to the Protection Order.

31. Consistent with Clauses 29 and 30, the Signatories call on the governments to urgently convene and resource a process, involving Signatories, independent experts, commercial interests and representatives of the two governments, to:
- a. investigate and report on the economic viability and environmental sustainability of a range of proposals to minimise and process, value add and/or utilise wood residues in Tasmania, including opportunity for public input
 - b. provide a progress report as part of the first Durability Report and a final report by the end of 2013, subject to review by the Signatory Council.
 - c. identify and provide support to progress to the feasibility and/or business case phase suitable options, on a regional basis, consistent with the terms of this agreement.
32. The Signatories call on the governments to establish a Value-Adding Facilitation Fund, as outlined in the Funding Schedule, to facilitate specific regional projects and initiatives to progress the outcomes required under Clauses 30 and 31.

CONSERVATION OUTCOMES

New reserves

33. The Signatories support the legally binding protection of an additional 504,012 hectares of native forests with important conservation values, as shown in Map A, to be protected as part of the National Reserve System.
34. Immediate protection of these areas, subject to transitional scheduling under Clauses 10-13 and pending the reserve making process under the legislation, should be provided through:
- a. A Protection Order that will suspend forestry rights, revoke certified Forest Practices Plans, and refer to the land as Future Reserve Land; and
 - b. A new Conservation Agreement under the *Environment Protection and Biodiversity Conservation Act 1999*.
35. The new reserve areas should be given permanent legislative protection through proposed reserve orders. Such permanent protection will be progressed as follows:
- a. 395,199 ha, shown as tranche 1 on Map B, as soon as feasible after enactment of the Protection Order,
 - b. 108,813 ha, shown as tranche 2 on Map B, by March, 2015.
 - c. Agreed areas arising from the 2022 durability report as per Clause 39.
36. Governments should deliver the highest appropriate land tenure protection under State and Commonwealth law for the new reserves.

37. The signatories recommend that Government nominate to the World Heritage Committee, for consideration in June 2013, the 123,650 hectares of the proposed minor extension to the Tasmanian Wilderness World Heritage Area, as identified in Map C.
38. The Signatories call for a properly funded, as outlined in the Funding Schedule, landscape conservation program for Tasmania's parks system to support the conservation outcomes of this agreement
39. The 20,183 hectares, shown in Map A, should be designated as once-off log, restore and reserve, and 1,228 hectares log-of-last-resort zones. A decision on the future tenure status of these zones should be made in the context of the consideration of a durability report, which should include an analysis of the plantation estate and its contribution to wood supply, in 2022. Pending this determination, such lands will be maintained as State forest, under the management of the Forest Manager.

DURABILITY

Signatory Council and Stakeholder Council

40. A Signatory Council should be formally established by the Tasmanian Government under the Tasmanian Forests Agreement Bill (with terms to be agreed with the Australian Government) to oversee initial implementation and durability of this agreement, including preparing reports on the extent to which key elements of the agreement are satisfactorily implemented.
41. The Signatory Council will provide a durability report to governments, to demonstrate that implementation of the commitments in this agreement, both by Signatories and governments are progressing well, prior to the tabling of the initial Protection Order, and again before any subsequent permanent legislative reserve orders.
42. All elements of this agreement should be reviewed as part of each durability report, with key elements to be considered including progress with recognition of the agreed vision in legislation, implementing the reserve gazettals; achievement of wood supply commitments including specialty timbers; agreed transition plan and its implementation; short, medium and longer term residue solutions; ongoing public and proactive support for the outcomes of this agreement, including in markets for Tasmanian forest products; support for the recommendation that governments assess the World Heritage nomination; adequate progress with the achievement of certification, adequate and satisfactory outcomes in respect of this agreement, including but not limited to the clauses about Institutional Arrangements for Parks and Production Forest Management; equitable implementation of the industry restructuring and assistance packages; and support by governments for implementation of this agreement.
43. A Stakeholder Council, with appropriate broad membership, should be established to replace the Signatory Council within two years, to ensure ongoing engagement with key stakeholders and long-term durability of this agreement.

44. Governments should provide adequate funding , as outlined in the Funding Schedule, to underpin the establishment and operation of the Signatory/Stakeholder Councils.
45. The Signatories agree that failure by the Signatory/Stakeholder Council to provide required durability reports within agreed timeframes demonstrates a lack of durability unless remedied within further agreed timeframes, and will preclude the further implementation of this agreement.

Certification

46. The Signatories support forest certification of appropriate remaining forestry activity in Tasmania, and the further development of Australian national certification standards for forest management.
47. The Signatories will actively support Forest Stewardship Council certification for the Permanent Timber Production Zone Land managed as intended under this agreement, as a matter of priority.
48. The Signatories recognise and agree that in order for the Permanent Production Forests to be certified the forest manager needs sufficient flexibility:
 - a. in scheduling (headroom) for the forests manager to demonstrate sustainability
 - b. to be able to undertake and demonstrate appropriate management of conservation values within the production estate
 - c. to be able to undertake and demonstrate full management control of the production forest estate (forest management area).

Dispute Resolution

49. The Signatories are committed to working cooperatively to develop and implement agreed solutions to address any claims or grievances that Signatories may raise in the future over implementation of this agreement or in relation to activities external to this agreement that may undermine it.
50. The Signatories have agreed to request governments to establish a dispute resolution mechanism, in consultation with the Signatory Council.

ENGAGEMENT WITH THE TASMANIAN INDIGENOUS COMMUNITY

51. The Signatories recommend that the Australian and Tasmanian Governments open up good faith negotiations with Aboriginal Tasmanians to progress a fair reconciliation of their claims regarding sovereignty of Tasmanian land.

INSTITUTIONAL ARRANGEMENTS

52. The outcomes of this agreement should be incorporated into existing State and Federal mechanisms, including the Regional Forest Agreement.
53. The Signatories ask the Tasmanian Government to amend the Forest Practices Act guiding principles and objectives to give effect to:
- a. the recognition of the vision in legislation and to the outcomes of this agreement, and
 - b. require the Forest Practices Authority to explicitly consider social, economic and environmental outcomes of their decision-making processes, while
 - c. maintaining the ongoing application of the Forest Practices Code.
54. The existing review of the Forest Practices Code should be progressed in a manner consistent with this agreement.
55. The Signatories agree that the production forest estate and the reserves forest estate should be managed by institutions that provide secure and durable management outcomes consistent with the intended purpose of those respective forest areas. The signatories recognise the government's strategic review process, and believe that the general notion of separating the commercial and non-commercial functions of the forest manager is appropriate, where it does not undermine the capacity or efficiency of the production forest manager. Specifically in respect of Permanent Timber Production Zone Lands, such management should be by a statutory commercial body, with an independent board with fiduciary duties, maintaining full management and control of such lands, together with full funding of any required community service obligations. Specifically in respect to the reserves estate, the management of new reserves arising from this agreement should be under the management of a properly funded dedicated Parks agency, with direct reporting responsibility to the Minister, and adequate capacity.

NATURE OF OBLIGATIONS UNDER THIS AGREEMENT AND RELATIONSHIP TO OTHER AGREEMENTS

56. Where Signatories have agreed to ensure that certain outcomes occur, this means we will do everything reasonable within our powers to support these outcomes, including through public advocacy, proactive support for passage of necessary legislation to implement this agreement, and joint representations to key stakeholder groups.
57. The Signatories acknowledge the importance of the Australian and Tasmanian Governments and the Tasmanian Forests Intergovernmental Agreement in providing the opportunity to develop a long-term durable agreement to provide a genuine lasting end to conflict over Tasmania's native forests.
58. The signatories recognise that many of the elements require action by governments who are not signatories to this agreement, but who have indicated that they will work with the signatories to ensure that an agreement can be successfully implemented. Where the agreement uses the words "should" or "will", they are interchangeable, and mean that the signatories fully endorse the action and expect that these matters will be implemented by

the governments, and that the failure to do so, may undermine the durability of the agreement.

59. This agreement stands alone and supersedes all previous agreements between the Signatories, including the Statement of Principles 2010.

SUPPORT BY GOVERNMENTS

60. We call on the Australian and Tasmanian Governments and Parliaments to support implementation of all elements of this agreement, including through appropriate funding and policy settings as appropriate.

61. We call for a properly funded communications campaign to fully and effectively promote the agreement outcomes and to enhance the reputation of Tasmanian forest products in local, national and international markets.

Signed for and on behalf of:



Don Henry, Chief Executive
Australian Conservation Foundation



Ed Vincent, Chief Executive Officer
Tasmanian Forest Contractors Association



Ken Padgett, Director
Australian Forest Contractors Association



Terry Edwards, Chief Executive
Forest Industries Association of Tasmania



David Pollard, Chief Executive Officer
Australian Forest Products Association



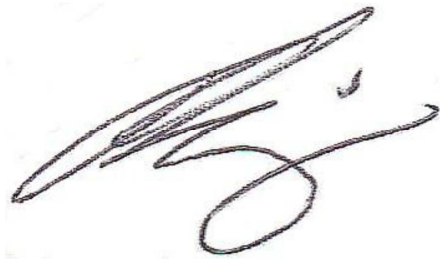
Fred Ralph, Chairman
Tasmanian Sawmillers Association



Michael O'Connor, National Secretary
**Construction, Forestry, Mining and
Energy Union**



Lyndon Schneiders, National Director
The Wilderness Society Inc



Dr Phill Pullinger, Director
Environment Tasmania Inc



Vica Bayley, Tasmanian Campaign Manager
The Wilderness Society (Tasmania) Inc

DEFINITIONS

In this agreement unless the contrary intention appears:

Forest contractors means harvest, haulage, silvicultural, roading and forest management contractors.

Forest manager means the organisation with responsibility for managing the Permanent Timber Production Zone Land.

Funding Schedule for the purposes of this agreement means those funding initiatives identified by ENGO and Industry signatories respectively, to support the implementation of this agreement.

Future Reserve Land means land placed under a Protection Order by the Tasmanian Parliament, pending formal gazettal.

High quality sawlog means sawlogs classified as Category 1 and Category 3 in Schedule 1 of the Tasmanian Parliament's Forestry Regulations 2009.

Low quality sawlog for the purposes of this agreement means sawlogs classified as Category 2 and Category 8 under the current Forestry Tasmania classification system as at 24 October 2012.

Peeler wood for the purposes of this agreement means logs suitable for processing by existing rotary peeler veneer facilities in Tasmania.

Permanent Timber Production Zone Land is as defined in the *Tasmanian Forests Agreement Bill 2012*.

Protection Order means an order by the Tasmanian Government that suspends forestry rights and revokes certified Forest Practices Plans over an agreed area.

Regional Forest Agreement means the Tasmanian Regional Forest Agreement signed by the Australian and Tasmanian Governments in 1997, and as varied from time to time.

Signatories means all of those organisations which have signed this agreement.

Signatory Council means a council of the Signatories to this agreement established under Terms of Reference agreed with the Tasmanian and Australian Governments.

Specialty Craft and Timber Zone means areas defined by Map D for the purpose of potential long-term sustainable production of specialty timbers, and proposed to be defined within the Tasmanian Forest Agreement Bill, 2012, similarly to the Permanent Timber Production Zone Land

Stakeholder Council means a council with appropriate broad membership, to be established to replace the Signatory Council. Terms of Reference for this Council will be agreed by the Signatory Council and the Tasmanian and Australian Governments.

Statement of Principles means the Tasmanian Forests Statement of Principles to Lead to an Agreement signed by forest industry, union and environment organisations on 14 October 2010.

Tasmanian Forest Agreement 2012 means this agreement.

Tasmanian forestry industry for the purposes of this agreement means those businesses and workers that depend on the growing, managing, harvesting, transporting or processing of trees or wood products from state-owned native forests and plantations in Tasmania.

Tasmanian Forests Intergovernmental Agreement means the agreement signed by the Prime Minister and Tasmanian Premier on 7 August 2011.

ATTACHMENT A

A Vision for Tasmania's Forests

Tasmania enjoys a rich forest heritage with natural and modified landscapes which can provide multiple environmental, economic and social benefits to its people on a sustainable basis into the future. Implementation of this agreement provides the basis for resolution of longstanding conflict surrounding the management of forests and for widespread public support for community, conservation and forest industry outcomes.

Tasmania's vision is for:

- A protected area estate that is accepted and valued for its permanent protection of nationally and internationally significant conservation, biodiversity and heritage values,
- A vibrant and competitive forest products sector with a brand accepted and valued in domestic and international markets,
- Proud and genuine support of the Tasmanian and Australian communities for each of the foregoing in the context of this agreement.

This Vision encompasses:

Industry

1. A strong, competitive forest sector based on sustainably managed publicly and privately owned native forests and plantations, profitable production and infrastructure and capable of innovation and investment.
2. A permanent State forest production estate, defined by the Tasmanian Forests Agreement 2012, including both native forests and plantations securely tenured and managed for wood production according to recognised sustainability standards.
3. A sustainable annual supply of high and low quality hardwood sawlogs, peeler billets and special species timber from native forest and plantation sources on State forests in accordance with the terms of the Tasmanian Forests Agreement 2012.
4. An increasing reliance on supply from hardwood plantation sources, consistent with the emerging availability of satisfactory plantation resources, technology and markets for plantations based products.
5. A forest products supply chain, processing capacity and markets which allow for the full, sustainable utilisation of all harvested forest resources and their downstream processing and value adding to maximise value for Tasmanian communities.
6. An industry that supports decent, secure and safe jobs, fair wage and contract rates, and respect for employees and contractors rights and social protection, throughout the supply chain.

Conservation

7. A protected area system on public land of a quality, scale and tenure, compatible with the National Reserve System that protects areas of National and International significance consistent with the terms of the Tasmanian Forests Agreement 2012.
8. A long-term approach to land and resource management, which optimises conservation functions at a landscape level.

Community

9. Meaningful engagement and involvement of forest stakeholders, the community and governments in the management of State forests.
10. Strong, cohesive and resilient Tasmanian communities supporting and supported by the management of production and protected forests areas.
11. A fair reconciliation of Aboriginal Tasmanian's claims regarding Tasmanian land.

Management agencies/institutions

12. Management and regulatory agencies/institutions whose decision-making is efficiently integrated at a landscape level, while providing confidence and security to production and environmental outcomes
13. Continued public and private investment in forest and forest products research and development.