

History of Forestry in Australia

- 2.1 This report focuses primarily on the future of the Australian forestry industry. The terms of reference specifically direct the Committee to consider the 'current and future prospects' of the industry. However, it is necessary to briefly set out national forestry policy history, so that the Committee's findings and recommendations have a proper context. Two major periods of policy development will be discussed: the 1960s 'Softwood Agreements', and the period since the National Forest Policy Statement in 1992.
- 2.2 As the discussions below demonstrate, forestry policy is a shared policy, between all levels of government. However, as also demonstrated below, this is no impediment to good national outcomes. In each case, all levels of government have been involved to some degree, and a cooperative approach has given Australia coherent national policy that is sensitive to the differences between regions around the country.

Softwood Agreements in the 1960s

- 2.3 As noted by numerous submissions to the inquiry, the plantation estate in Australia expanded significantly in the 1960s, as a result of concerted efforts by the Australian Government and State and Territory Governments. As explained by the Department of Agriculture, Fisheries and Forestry in its submission:

Max Jacobs, Director-General of the Forestry and Timber Bureau, argued in 1964 that Australia should become self-sufficient in wood. The Australian Government supported the States in strategies to establish more plantations to cover the expected shortages, and find pulpwood markets for the otherwise

unsaleable trees so that native forests could be regenerated as future tree crops...This was facilitated through the Softwood Forestry Agreements Act 1967 and subsequent acts (1972, 1976, and 1978), and self-sufficiency became implicitly, if not explicitly, a 'national' policy.

From the 1960s to the 1980s the rate of plantation establishment increased to an average of around 25,000 hectares per year...Over 90% of the plantations established in this period are exotic pines managed on [30 – 35 year rotations] primarily for sawlog production.¹

- 2.4 This extensive plantation resource has contributed significantly to Australia's timber and wood-product output. As pointed out by numerous submissions to the inquiry, the establishment of these plantations was assisted by loans from the Australian Government to State and Territory governments.² Whilst this policy resulted in a considerable plantation expansion, it was largely through government managed areas. As outlined below, policy in the past two decades has strongly emphasised private establishment and ownership of plantations.

The National Forest Policy Statement of 1992

- 2.5 In 1992, the Australian Government, along with five State and two Territory Governments, agreed to the *National Forest Policy Statement* (the 1992 Statement). In 1995 the Tasmanian Government also agreed to the Statement, thereby securing the agreement of all State and Territory Governments.
- 2.6 The 1992 Statement recognises the 'specific interests and responsibilities' had by each of the three levels of government in Australia. Whilst these different interests and responsibilities mean that no single government has sole power to make decisions about forestry, the statement 'describes a process of consultation and cooperation designed to protect Australia's natural and cultural heritage in the context of conservation and development initiatives.'³

1 Submission 59, DAFF, pp.11-12.

2 Submission 105, Mr Robert Newman, p.3; Submission 1, Dr Judith Ajani, p.33; Submission 99, Australian Plantation Products and Paper Industry Council, p.8.

3 *National Forest Policy Statement* (2nd Ed., 1995), p.2.

- 2.7 Under the 1992 Statement, the Governments express a shared vision for the management of Australia's forests. This vision includes an increase of forested land, the management of private forests in close cooperation with public forests, a 'range of sustainable forest-based industries, founded on excellence and innovation', the efficient, environmentally sensitive and sustainable use of forests and their resources, and the participation of the Australian community in 'decision-making processes relating to forest use and management'.⁴
- 2.8 The 1992 Statement has a number of principal objectives, which include:
- maintenance of an extensive and permanent native forest estate in Australia;
 - protection of nature conservation values in forests;
 - sustainable economic use of native forests and plantations, for wood production;
 - maintenance of the existing private native forest cover;
 - facilitation of the ecologically sustainable management of private native forests for nature conservation, catchment protection, wood production or other economic pursuits;
 - increased commercial plantation development on cleared agricultural land including integration with other agricultural land uses;
 - improved productivity of existing plantations; and
 - expansion of plantation base by industrial growers and public forestry agencies to satisfy specific requirements.⁵
- 2.9 The statement also discusses specific policy initiatives directed at achieving these objectives. The following section details the foundation provided by the 1992 Statement, and two major mechanisms that sought to bring about the objectives of the statement: in relation to native forests, the Regional Forest Agreements (RFA) process; and in relation to plantations, the *Plantations for Australia: the 2020 Vision* (the 2020 Vision) initiative.

4 *National Forest Policy Statement* (2nd Ed., 1995), p.3.

5 *National Forest Policy Statement* (2nd Ed., 1995), pp.6-36.

Native forests in the 1992 Statement

- 2.10 In finding a balance between the various objectives relating to native forests, the 1992 Statement identifies a 'single, comprehensive regional assessment process...[providing] the basis for enabling the Commonwealth and the States to reach a single agreement relating to their obligations for forests in a region.'⁶

Regional Forest Agreements

- 2.11 In practice, the process for assessing forests and agreeing to regional forest plans was through the RFA process. As noted by the Department of Agriculture, Fisheries and Forestry (DAFF) in its submission to the inquiry, the RFA process was developed as the 'mechanism to achieve several key goals of the National Forest Policy Statement'.⁷ RFAs have been agreed for ten regions, where 'commercial wood production is a major native forest use.'⁸
- 2.12 As noted by the DAFF submission, the RFAs have three key objectives:
- to protect environmental values and a world class system of national parks and other reserves;
 - to manage all native forests in an ecologically sustainable way; and
 - to encourage job creation and growth in forest based industries, including wood products, tourism and minerals.⁹
- 2.13 Firstly, governments created regional scoping agreements, 'to identify government obligations, regional objectives and interests, and broad forest uses, as well as the nature and scope of the forest assessment.'
- 2.14 Secondly, a national set of criteria for conservation were agreed – for a 'Comprehensive, Representative and Adequate Reserve' system.
- 2.15 Thirdly, a 'comprehensive regional assessment' was undertaken in each region, which 'evaluated the economic, social, environmental and heritage values of forest regions and involved the full range of stakeholder and community groups.'¹⁰

6 *National Forest Policy Statement* (2nd Ed., 1995), pp.21.

7 Submission 59, DAFF, p.9.

8 'Regional Forest Agreements – Regions', DAFF website, <http://www.daff.gov.au/rfa/regions>, accessed 14/9/11.

9 Submission 59, DAFF, p.9.

10 'Comprehensive Regional Assessments by State', DAFF website, <http://www.daff.gov.au/rfa/publications/cra-state>, accessed 14/9/11.

- 2.16 Finally, negotiations were held between the Australian Government and the State Government for each forest region. The final result of these negotiations – an RFA – included an agreed reserve system, as well as providing a wood supply for industry certainty.¹¹
- 2.17 Between 1996 and 2001, ten RFAs were agreed: three in New South Wales, five in Victoria, one in the South-West of Western Australia, and one covering all of Tasmania. A comprehensive regional assessment was completed for South-Eastern Queensland, but an RFA was not agreed.¹² According to the State of the Forests Report 2008,
- Queensland has a ‘statewide forests process’ for the long-term assessment and planning of the public forest estate that will result in a significant expansion of conservation areas. The process involves key stakeholders and the community and is intended to result in forest agreements aimed at providing certainty to the forest industry, protecting environmental values and ensuring ecologically sustainable management of forests.¹³
- 2.18 RFAs have been recognised in Commonwealth law, through the *Regional Forest Agreements Act 2002* (the *RFA Act*). Under that Act, certain legislation does not apply to RFA wood or RFA forestry operations (including the *Export Control Act 1982* and Part 3 of the *Environment Protection and Biodiversity Conservation Act 1999*.)¹⁴ The *RFA Act* also provides for compensation where the Commonwealth is in breach of an RFA.¹⁵
- 2.19 The RFA agreements include provision for regular review, every five years. Under a review:
- an independent reviewer assesses the Australian and State Governments’ (the parties) implementation of the milestones, obligations and commitments as outlined in the RFAs and provides information against agreed state sustainability indicators.¹⁶

11 ‘RFAs – Why?’, DAFF website, <http://www.daff.gov.au/rfa/about/why>, accessed 14/9/11.

12 ‘QLD – South East - DAFF’, DAFF website, <http://www.daff.gov.au/rfa/regions/qld>, accessed 14/9/11.

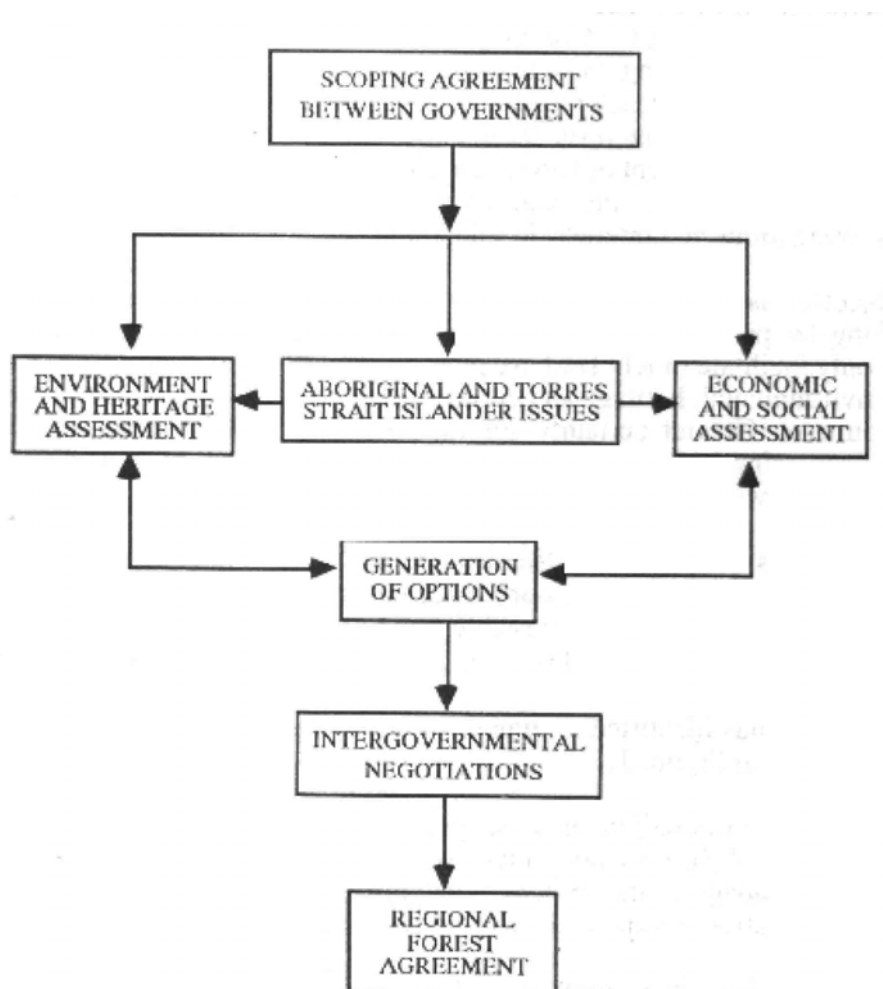
13 *State of the Forests Report, 2008*, xvii.

14 *Regional Forest Agreements Act 2002*, section 6.

15 *Regional Forest Agreements Act 2002*, section 9.

16 Submission 59, DAFF, p.10.

Figure 2.1 The RFA process



Source Department of Agriculture, Fisheries and Forestry website – www.daff.gov.au

2.20 In Victoria, for example, the five RFAs were reviewed and reported on simultaneously, in a single report. This report covered two periods: from the signing of the RFAs until 30 June 2004 (a period of between four and seven years), and from 1 July 2004 until 30 June 2009. This means that, in effect, ten five-year reviews were published in a single report (completed in May 2010).¹⁷

2.21 As noted by the DAFF submission, all RFAs have been reviewed at least once. Further reviews of various RFAs will be due in 2011, 2012 and 2014.¹⁸ DAFF further notes that all RFAs will reach their fifteen-year mark between 2012 and 2015. As RFAs have a twenty-year duration,

17 Independent Review on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs), May 2010, p.7, DAFF website at <http://www.daff.gov.au/rfa/publications/annual-reports/victoria>.

18 Submission 59, DAFF, p.11.

governments will be 'considering their approach to the extensions of the RFAs'¹⁹ over the coming years.

- 2.22 It is important to note that some evidence to the Committee criticised both the creation and implementation of RFAs. This evidence will be discussed in detail in Chapter 4, along with further consideration of the RFA process, including the options for their renewal.

Plantations in the 1992 Statement

- 2.23 As noted above, the 1992 Statement's 'vision' includes an increase in the total area of forest in Australia. One of the national goals identified was to 'expand Australia's commercial plantations of softwoods and hardwoods so as to provide an additional, economically viable, reliable and high-quality wood resource for industry.'²⁰ As also noted above, there are three main objectives relating to plantations. These objectives were to be met through a number of approaches.
- 2.24 The mechanisms for increasing plantations relied on tax arrangements, planning rules, access to information, pricing policies, export controls and research and development.²¹ Without reproducing the details contained in the 1992 Statement, a range of policies for both the Australian and State and Territory governments was agreed, according to their different powers and responsibilities. Further detail about the specific mechanisms used to encourage plantation establishment are discussed in Chapter 5.

Vision 2020

- 2.25 In 1997, *Plantations for Australia: Vision 2020* was launched by the Australian Minister for Primary Industries and Energy. The vision was the result of work commissioned by the Standing Committee on Forestry, which sat below the Ministerial Council on Forestry, Fisheries and Aquaculture (a COAG body).²² Through this process, the vision had the input and agreement of Federal, State and Territory Governments, as well as representatives of the forestry industry.
- 2.26 Whilst the 1992 Statement made no commitment to the development of a separate plantations agreement, the 2020 Vision itself notes that the plantations initiative follows from the earlier agreement: 'The Plantations

19 Submission 59, DAFF, p.11.

20 *National Forest Policy Statement* (2nd Ed., 1995), p.4.

21 *National Forest Policy Statement* (2nd Ed., 1995), p.25.

22 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.1.

2020 Visions was developed in the policy environment established by the Commonwealth and State Governments in the National Forest Policy Statement (1992).²³ Numerous submitters to the inquiry note the strong connection between the two agreements.²⁴

- 2.27 The 2020 Vision is described as a 'strategic partnership between the Australian, State and Territory Governments and the plantation timber growing and processing industry.'²⁵ The Vision's central target is to treble the area of commercial tree crops between 1997 and 2020 – from approximately 1.1 million hectares to 3 million hectares.²⁶ Under the original vision, this measurement was to include farm forestry.²⁷
- 2.28 Figures from *Australia's Plantations 2010 Inventory Update* indicate that in 2009 there were approximately 2.02 million hectares of plantations in Australia. Figures from 2011 show this total declining slightly in 2010.²⁸ Most of the growth in plantation coverage has been in hardwood plantings, which have grown from 29% of total plantations in 1999 to 49% of total plantations in 2009.²⁹
- 2.29 As the vision document states, the plantation area is only one 'measure of success'. Other considerations include the quality, product mix, location and effective management of the plantation resource.³⁰
- 2.30 The nub of the strategy is 'to facilitate an environment that will attract the private investment necessary to develop a significant plantation resource'. Creating this environment relied on sixteen 'actions' including promoting 'the development of appropriate structures to encourage investment in the plantation sector.'³¹
- 2.31 As noted by DAFF witnesses, since the adoption of the Vision 2020 document, significant progress has been made towards the target of trebling plantations in Australia. At the same time, DAFF acknowledged questions about whether 'the mix of products that have gone in aligns

23 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.1.

24 Submission 19, Forests and Forest Industry Council of Tasmania (FFIC), p.15; Submission 74, The National Association of Forest Industries (NAFI), p.6.

25 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.1.

26 *Plantations for Australia: The 2020 Vision / Summary Progress Report* (2008), p.5.

27 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.3.

28 *Australian Plantations Statistics 2011*, (August 2011), p.1.

29 *Australia's Plantations 2010 Inventory Update*, (May 2010), p.2.

30 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.5.

31 *Plantations for Australia: The 2020 Vision*, (2002 Revision), p.8.

with the aspirational targets as they were considered at the time'.³² These matters will be discussed further in Chapter 5.

Tasmanian Statement of Principles

2.32 As pointed out by many submissions to the inquiry, the forestry industry in Tasmania is currently undergoing some substantial changes. This is largely due to the announcement of a 'Statement of Principles to Lead to an Agreement', which was signed on 14 October 2010. The central aim of the process – beginning with the Statement of Principles – is to 'To resolve the conflict over forests in Tasmania, protect native forests, and develop a strong sustainable timber industry.'³³

2.33 There are a number of parties to the Statement of Principles:

- Timber Communities Australia Ltd;
- The Construction, Forestry, Mining and Energy Union;
- The National Association of Forest Industries;
- The Forest Industries Association of Tasmania;
- The Australian Forest Contractor's Association;
- The Tasmanian Forest Contractor's Association;
- Environment Tasmania Inc;
- The Wilderness Society;
- Australian Conservation Foundation; and
- Tasmanian Country Sawmiller's Federation.

It is important to note that neither the Tasmanian Government nor the Australian Government were parties to the Statement.

2.34 The Statement of Principles includes eighteen general principles, including the 'handing back' of some native forest harvesting entitlements, the protection of some High Conservation Value public forests, and 'transition the commodity (non specialty) forest industry out of public native forests into suitable plantations through a negotiated plan and timeline'.³⁴ The

32 Mr Andrew Wilson, DAFF, *Committee Hansard*, 15 June 2011, p.9.

33 Statement of Principles, p.1.

34 Statement of Principles, p.2.

concept of High Conservation Value forests is discussed further in Chapter 4.

- 2.35 The Statement of Principles is clearly the very first part of a complex process which will involve both the Tasmanian and Australian Governments, as well as local communities, environmental groups and the forestry industry.
- 2.36 To date, there has been a further agreement reached between the Tasmanian Government and the Australian Government, which was announced on 7 August 2011. Both Governments have committed funding for various purposes under the agreement, and have designated three 'streams of activity' for implementing the agreement:
- Stream One: Support for Workers, Contractors and Communities;
 - Stream Two: Protecting High Conservation Forests and Ensuring Sustainable Wood Supply; and
 - Stream Three: Economic Diversification.³⁵
- 2.37 Funding of up to \$276 million will be provided to implement the agreement, most of which will come from the Commonwealth, with the Tasmanian Government providing \$15 million.³⁶
- 2.38 A further element of the Tasmanian process will assess and verify claims about sustainable timber requirements, available native forest and plantation volumes, and High Conservation Value forests. The Independent Verification Group, which will 'design and implement a verification process' to do this work, will give both the Tasmanian and Australian Governments certainty that the Statement of Principles can be implemented.³⁷ The Chair of the Group, Professor Jonathan West, has reported back to the Australian and Tasmanian Governments about developing the verification process. He advised that the Reference Group of Signatories to the Statement of Principles had unanimously agreed to the design of the verification process, and that they would accept the results of the process.³⁸

35 Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania, 7 August 2011, para 8.

36 'Historic agreement provides certainty for Tasmania's forests and forest industry', Media Release, 7 August 2011, <http://environment.gov.au/minister/burke/2011/mr20110807.html>.

37 Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania, 7 August 2011, para 20.

38 Advice to Intergovernmental Taskforce on the independent verification process and agreement by the Reference Group of Signatories, 22 September 2011, <http://www.environment.gov.au/land/forests/tasmanian-forests-agreement.html>.

Committee Comment

- 2.39 Throughout evidence to the Committee, the National Forest Policy Statement in 1992 is frequently the central point of reference for the recent history of the forestry industry. The two major policies to come out of that Statement – the RFA process and the Vision 2020 agreement – have had a lasting impact on the industry.
- 2.40 The RFA process, whilst not perfect, is a valuable process for governments to develop local and regional agreement on the use of public native forests. In particular, it has given Australia a way of balancing many different demands on native forests. It has supported a viable forestry industry, it has enabled communities to participate in decisions about resource allocation in their own region, it has protected important forests for conservation, and it has strengthened the environmental credentials of the Australian forestry industry. Across these areas, it has provided certainty. The RFA process has also provided a base for the interpretation of ‘high conservation value’ forests.
- 2.41 In relation to the process itself, it has brought consultation and scientific assessments into regional agreements. In addition, it has enabled the Australian Government to combine regional planning with a national strategy, to improve the coherence of native forest use across Australia.
- 2.42 The Committee is strongly supportive of the new direction in the Tasmanian forestry industry, and is pleased to see that progress is being made on other parts of the Statement of Principles. In particular, the Committee is keen to see the establishment of the Independent Verification Group, discussed above. The Committee looks forward to seeing the Tasmanian process fully implemented, with funding flowing to the three streams outlined above. This new direction will certainly provide considerable environmental benefits, including the protection of additional forests with important values for conservation.
- 2.43 Many submissions to the inquiry make reference to the current policy changes in Tasmania, and one suggests that a similar process could be undertaken in other forestry regions of Australia.³⁹ The Committee does not believe that this is a viable option. The process in Tasmania is the result of a very particular set of circumstances, driven by a group of organisations that were keen to develop a new vision for Tasmanian forestry. Whilst the Committee fully supports this process, it is not feasible for the Australian Government to step back from forestry policy in other

39 Submission 109, Environment Tasmania, The Wilderness Society and The Australian Conservation Foundation, para 3.1.

regions in the hope that a similar process will spontaneously commence. The Australian Government must continue to drive a national policy that is implemented at a regional level. The best way to do this is through the RFA process, which will be discussed in detail in Chapter 4.