

## Australian Greens' Additional Comments

1.1 The Senate Committee inquiry into the Auditor-General's reports into Tasmanian forest contractors exit grants programs raises several important issues. The Greens believe action needs to be taken to ensure public money is not again wasted on programs that churn money through the industry with negligible impact on overall industry structure and forest conservation outcomes. There has been a lack of accountability for public money and this should not be allowed to be repeated.

1.2 The Greens do not agree with the committee that it was difficult to assess whether the program met its objectives. The program did not meet its objective of retiring 1.5 million tonnes of harvesting and haulage volume because the Department of Agriculture, Fisheries and Forestry did not make that objective a focus of decisions on exit grants. The questions remain of why the department:

- (a) designed a program that didn't meet these objectives
- (b) designed performance criteria that didn't meet stated objectives
- (c) proceeded to issue grants with the knowledge that Forestry Tasmania intended to replace any retired volume it did not agree with?

1.3 Forestry Tasmania has already replaced more than 200,000 tonnes of capacity following the issue of grants. People were paid to retire volume and Forestry Tasmania took it up again simultaneously. What did the taxpayer achieve?

1.4 The department should not have proceeded with the grants program once it determined it had to abandon "contracted volumes" since it was at that stage it knew it couldn't meet the program objectives and that Forestry Tasmania intended to replace some of the retired volume. The department should have sought ministerial advice as to how to resolve the problem rather than, as one contractor pointed out at the public hearing, "so far there is \$7,122,500 that the department has paid for no value whatsoever".<sup>1</sup>

1.5 Genuine industry restructures that require payouts of participants in the industry are worthy of government funding, but the Department of Agriculture, Fisheries and Forestry and relevant ministers have once again administered public money to programs for the Tasmanian forestry industry that simply move money around and prop up an unprofitable model. The public deserves a better explanation than "time pressures".

1.6 Ministers are ultimately accountable for the decisions made within their departments, regardless of whether they have delegated decision-making powers to a departmental official. Current practice is to resort to the ministerial "I wasn't told" defence, which has been the reply to both of the Auditor-General's reports. This is an

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1 Mr Iles, *Committee Hansard*, 7 May 2013, p, 24.

unacceptable practice and encourages a culture of non-accountability. The department must explain whether or not the state and federal ministers:

- (a) signed off on allocating grant funds when no compliance requirements were in place
- (b) signed off on grants for ineligible applicants
- (c) were aware when they signed off on \$697,000 in grants to two contractors that the department knew these contractors were ineligible at the milestone 1 payment and proceeded with the milestone 2 payment regardless
- (d) were told that the objectives of the program and the eligibility criteria were to be breached.

1.7 Any future exit programs should be rigorously designed and audited to ensure public money is used for restructuring to permanently retire volume to allow the industry to move out of native forest logging into low-volume, high-value products which create jobs and further conservation goals.

The Greens recommend:

### **Recommendations**

**1 The Department of Agriculture, Fisheries and Forestry appoint an independent auditor to its internal audit committee.**

**2 The department be restructured to remove forestry from the Department of Agriculture, Fisheries and Forestry and its current responsibilities be re-allocated to the departments of Environment, Climate Change and Industry.**

**3 No government program be permitted to proceed unless compliance and risk management plans are finished before applications open, regardless of any political time limits that may be imposed and any prior approval from the Minister.**

**4 The Tasmanian Parliament Select Committee established to investigate the contractor payments also probe the process within Forestry Tasmania for deciding which contractors were to be supported and which contractors were to be allocated extra volume and the extent to which that opportunity to access extra volume was known to the contracting community.**

**5 The new federally-funded \$20 million contractor exit program to be administered by the Tasmanian Government to consider these contractors in the new round of applications.**

**6 Exit means exit. The new federally-funded \$20 million contractor exit program to be administered by the Tasmanian Government will be transparent and include clear compliance criteria before being issued and will ensure:**

- (a) contractors leave the industry and grants received not be used for investment in the industry in any circumstances**
- (b) compliance criteria includes surprise visits to contractors**
- (c) a focus on retiring contracts permanently rather than shifting volume to other contractors**
- (d) contractors are prevented from working in the industry anywhere in Australia**
- (e) the amount of any grants previously received for purchase of equipment be deducted from the exit grant.**

**Senator Christine Milne  
Leader of the Australian Greens**

**Senator Peter Whish-Wilson  
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