

Tasmanian Forest Agreement

Heads of Agreement

24th July 2011

The pressure on the Tasmanian Forestry industry over recent years and months has created a situation in which the industry and workforce cannot be sustained in their current form. The Australian and Tasmanian Governments recognise the need for transition as a result of this pressure, and the intense pain and hardship experienced by many workers and their families in communities across Tasmania. A change is needed in order to bring this distress to an end and create a transition that leads to a sustainable future for those communities and certainty for a sustainable forest industry.

This agreement will underpin a transition, provide immediate assistance to those workers and families who are in distress as a result of industry restructuring, support the restructuring of the industry towards future sustainability, create a significant conservation benefit by reserving and protecting High Conservation Value forest areas and strengthen the partnership between the two Governments and other stakeholders to develop and diversify the Tasmanian economy, creating new sources of prosperity and opportunity for all Tasmanians.

The principles and subsequent agreement among signatories to those principles, independently facilitated by Mr Bill Kelty, represent significant progress in working towards a settlement of the conflict over native forestry in Tasmania which has blighted community and economic life in the State for too long.

The two Governments acknowledge the effort and commitment put in by the signatories to those principles. This agreement is consistent with those principles and makes commitments to implementation which can realise the significant benefits potentially available to the whole community. They also note that, during the verification and implementation of this agreement, Gunns Ltd will continue to work towards the establishment of a pulp mill at Bell Bay.

The Tasmanian and Australian Governments agree that:

1. A package of immediate assistance will be provided to workers and contractors who are losing their jobs and livelihoods as a result of the current changes in the industry, namely the exit of Gunns Ltd from the native forest sector.

This package will make up to \$85m available to support employee assistance, retraining (and relocation) support for workers to support them in finding new jobs and opportunities and for harvest and haulage contractors to exit the industry permanently. \$70m of this package will be provided by the Australian Government. This package will include a partnership with ForestWorks and Skills Tasmania to maximise the local opportunities for retraining and employment in local communities affected by the industry transition. Wood supply for the remaining industry will be guaranteed at a volume of high quality sawlog of at least 155,000 cubic meters per year and 265 000 cubic metres of peeler billets per year. In addition, as agreed by the Kelty process, speciality timber will be provided, noting that the industry claim is 12500 cubic metres per year, subject to verification. Existing contracts for wood supply will be honoured and the Australian government will fund a voluntary exit mechanism to enable further native wood supply capacity to be retired and reserve areas increased when suitable plantation wood supply is available. This mechanism will be completed by the end of the 2011-12 financial year.

2. 430,000 hectares of nominated native forest, from within the 572,000 hectares nominated by the Environmental NGOs, through the signatories, will be placed in immediate informal reserve by the state, subject to an independent verification process led by Professor Jonathan West. Verification of the boundaries of these 430,000 hectares will take place as soon as possible. This interim forest area will be protected from logging while the verification process is completed, subject to the agreed requirements of existing contracts, consistent with the Kelty process. This verification process will verify the boundaries and conservation value of the nominated areas and the level of reserve from the nominated 572 000 hectares compatible with the guaranteed supply outlined above. The process will be conducted by a body independent of both Governments and all other stakeholders and resourced by the Australian Government. The process will be led by Professor Jonathan West and a group of experts jointly nominated by the Australian and Tasmanian governments. The group will use its best endeavours to report to the Prime Minister and Premier by the end of 2011. The verification process will include opportunities for stakeholders and community members to contribute to and review the modelling of options and outcomes as far as possible. These findings will determine the area of HCV forest to be reserved. The Australian Government will provide funding for the verification process.
3. The Tasmanian Government will immediately regulate to guarantee wood supply and, by the end of the 2011-12 financial year, will legislate to formally protect the reserved areas of HCV forest with appropriate forms of land tenure which may

include National Park and World Heritage status, compatible with other economic development opportunities.

4. An ongoing commitment to economic development will be implemented through a partnership to pursue successful regional economic development. A regional Development Ministerial Advisory Council chaired by Bill Kelty has been appointed to lead the support for regional development opportunities in Tasmania and Professor Jonathan West will undertake a study to identify those opportunities. The initial stages of this process will include consultation with the community and stakeholders to identify the further work and the transition plan required for successful delivery of the supply and protection commitments formalised through the operation of this agreement, and the identification of other opportunities for regional economic development.
5. The two governments will work in partnership through a Memorandum of Understanding for Place-based investment. The Australian Government will commit \$120 million over a period of 15 years, which includes an initial payment of \$20m in 2011-12, to fund regional development projects which meet rigorous criteria for improving the productivity and income-earning capacity of the Tasmanian economy. The Australian government will provide \$7million per year on an ongoing basis to support the costs of reserve management for the increased areas of forest protected under this agreement. Each of these ongoing payments will be subject to the passage of the legislation described in clause 3.
6. This agreement creates the chance to move on from a divisive conflict and build a stronger future for the Tasmanian community. The Australian and Tasmanian governments have a clear expectation that, with the formalisation of this agreement, the long running conflict over native forestry in Tasmania will come to an end and that stakeholders and signatories to the Kelty process will reflect this resolution of conflict in their own conduct and use their good offices to make clear their expectations of the conduct of other like-minded organisations.
7. The two governments expect that, as a result of this agreement, the Triabunna mill will reopen and be operated in accordance with the statement of principles and the terms of this agreement. The two governments also expect that, as a result of the implementation of this agreement, relevant organisations will support the provision of FSC certification for appropriate remaining forestry activity in Tasmania.
8. The Australian Government will provide the Tasmanian Government with an immediate payment of \$43 million to facilitate the implementation of the agreement. This fund will be used for a range of activities including community consultation and the provision of information in order to facilitate understanding of

this agreement and to establish the Tasmanian regional development process and providing voluntary compensable exits to sawmillers wishing to exit the native forest industry.

9. The Australian and Tasmanian Governments will work together to examine and identify potential opportunities from the Biodiversity Fund arising from increased forest reserves.
10. The two Governments will work together to support Rural Alive and Well workers to provide support to community members suffering from the stress caused by this transition.
11. The two Governments will formalise this agreement through an Intergovernmental agreement which will be signed within two weeks of today and includes agreed implementation and reporting structures. Implementation arrangements will include a process to continue involvement of the signatories in relevant aspects of delivering this agreement, including the verification process and other aspects of the statement of principles not covered by these Heads of Agreement.
12. Payments under this agreement will have no impact on GST funding to Tasmania.

Lara Giddings

Premier

Julia Gillard

Prime Minister

Tony Burke

Federal Environment Minister

Bryan Green

Deputy Premier