

TITLE: Can Tassie see the deal for the trees? Peace comes at a cost

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Passage of the *Tasmanian Forest Agreement Bill* in the state's lower house effectively ended three years of negotiations between the forestry industry and environment groups. The deal is being celebrated by many as a resolution to the 30-year conflict over native forests in Tasmania and a win for the environment and economy. Nothing could be further from the truth.

The only secure environmental benefit from the deal is that around 80,000 hectares of forests will be formally protected immediately. The protection of the remaining 420,000 hectares of proposed reserves has been postponed and is now contingent on the environment movement ceasing all protests and the Forest Stewardship Council granting certification to logging in the native forest areas that remain available for harvest. The reservation of these forests is scheduled to occur in two tranches, one in late 2014, the other in 2015.

In return for this, Tasmania will receive over \$350 million from the Australian government (around \$130 million of which has already been paid), which will be used to "restructure" the forestry industry, compensate displaced forest workers, pay out forest contracts, subsidise regional development projects and help establish and manage the new reserves.

When the smoke and spin is cleared away, the deal looks more like an old-fashioned industry assistance package than a conservation outcome. Seemingly, Tasmanian Premier Lara Giddings agrees. In singing the praises of the deal yesterday, she said that it:

"... marks the point where we can put aside old hostilities and take control of the future of the forest industry by responding to the needs and wants of global customers ... There is no other alternative to the worst downturn Tasmania's forest industry has ever seen. The stark choice was either to adapt to changing global demands or see more jobs lost and the rapid decline of the industry. Anyone in any doubt about the importance of this deal to the forest industry need only look to the strong endorsement of companies like Ta Ann, Artec, Neville Smith Forest Products, Bunnings and our own GBE Forestry Tasmania."

If it looks like an industry assistance package, smells like an industry assistance package, and the Premier describes it as an industry assistance package, then it probably is an industry assistance package. The simple truth is that the native forest sector in Tasmania and elsewhere is in decline and has been for the better part of the last 20 years. Since the onset of the global

financial crisis, the sector has gone into free fall, with Tasmania bearing the brunt of the downturn because it is so heavily reliant on woodchip exports to Japan, which have plummeted.

The Tasmanian Forest Agreement was always designed to prop up the Tasmanian forestry industry and get it through the current crisis. The environmental component was an add-on that was supposed to soften the blow to taxpayers and help give the Gillard government a greenish hue.

The Australian government, Tasmanian government and the forestry industry have all made it clear that, without the government handouts provided under the agreement, the native forestry sector in Tasmania will collapse. Hence, by propping up the sector and perpetuating native forest logging, the agreement will result in worse environmental outcomes, not better. Without a native forestry sector, there is no need for reserves to protect forests from logging.

Anyone with even a skerrick of economic rationalism in his bones should be appalled by the continued provision of subsidies to a sector that employs so few people (less than 2000 in Tasmania) and adds so little to the economy. Outrage will be compounded by the fact that, by ensuring continued native forest harvesting in Tasmania, the deal will add around 2 million tonnes of greenhouse gas emissions to Australia's accounts every year until at least 2020. This will cost taxpayers around \$50 million annually in lost carbon revenues or direct action spending.

To make matters worse, the postponement of the declaration of the 420,000 hectares of reserves means that, in all likelihood, Tasmania and its forestry sector will receive the outstanding \$216 million in federal government handouts but never deliver the reserves. This is partly because of the conditions placed on the creation of the reserves, and partly because of state politics. By late 2014, the polls suggest the Tasmanian Liberal Party will be in power, and it has pledged to rip up the agreement if it is returned to office.

In the end, the only positive for the environment that can be taken from the deal is that it has not derailed the proposed extension to the Tasmanian Wilderness World Heritage Area. For those who haven't followed the process, the Australian government is putting forward an additional 170,000 hectares of Tasmanian forests for inclusion on the World Heritage List. Of the area nominated, approximately 50,000 hectares is already in reserves, meaning the deal is supposed to give formal protection to an additional 120,000 hectares of forest. However, due to amendments made in the Tasmanian upper house, 35,000 hectares of these forests will now not be reserved in a national park unless Forest Stewardship Council certification is granted.

Thankfully, whether the Tasmanian Parliament formally protects these forests is largely immaterial. If the Australian government proceeds with the World Heritage nomination and the World Heritage Committee agrees to the listing, federal environmental law will prohibit harvesting in these forests.

To salvage something from this process, the Gillard government has to make the provision of the outstanding money contingent on the Tasmanian Parliament formally protecting the remaining reserves. Without that, the agreement is nothing more than an industry handout.

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