

Dear Steve

I note the Tasmanian Government's decision to release the first stage of the [Strategic Review of Forestry Tasmania](#) by consultants URS. Given that the timber industry in Tasmania is in the grip of a crisis, solutions can only be found if clear factual information is made readily available to the Tasmanian community, and it is my sincere hope the release of this report will go some way to achieving that outcome. I will not pretend that I agree completely with every line of the report, but in general terms it provides a useful synopsis of the challenges facing Forestry Tasmania and the wider Tasmanian timber industry.

I am encouraged the consultants clearly see an ongoing role for Forestry Tasmania well into the future while acknowledging the heavy burdens that have been placed on this organisation in the past. I am also encouraged the consultants understand that FT is critical to achieving a resolution to the forest debate through the current Tasmanian Forests Intergovernmental Agreement.

Among the points raised in the report :

- The Tasmanian forest industry participants, including Forestry Tasmania are facing significant challenges and the uncertainty caused by the peace process and markets have impacted on the financial performance of Forestry Tasmania.
- The loss of production forests and a 90 per cent increase in reserves since managed by Forestry Tasmania since 1994 has hurt FT's costs of production.
- The outlook for sawn timber is positive and the market for native forest pulpwood is in transition from Japan to China, with prices achieved in China expected to rise.
- The continued closure of the Triabunna woodchip facility is hurting FT's competitive position.

The market outlook for Tasmanian timber product makes interesting reading. For many years now, the anti forestry movement has claimed Tasmania's timber industry is woodchip driven. The truth is now laid bare. Native forest woodchips are a by product of harvesting for higher value sawlogs and peeler billets. The loss of woodchip export facilities such as Triabunna means that sawmills are unable to dispose of the by products from their operations and are choking. The reality is now hitting - one of the major sawmillers stood down 30 workers this week, not because of any down turn in markets for their product, but because they were unable to reduce their residue stockpile. The re-opening of Triabunna - as required by the Tasmanian Forests Intergovernmental Agreement - is long overdue.

The anti-forestry movement also claims there is no market for woodchips. Today's report shows there are some short term challenges, but in the medium term, demand for woodchip fibre from sustainably harvested forests in Australia will grow. Right now, China is sourcing chips from Asian suppliers and from plantations, but as the report notes, in the next five to ten years, the volumes from Australian plantations and from Asian countries facing sustainability concerns, will decline.

However, Forestry Tasmania would prefer to be developing new value added opportunities, rather than taking advantage of the inevitable rebound in woodchip markets. The world wide demand for engineered wood products is growing rapidly, as the international community seeks to replace carbon intensive building materials like cement, bricks and steel with a renewable resource like timber. Our [Innovations Plan](#) seeks to take advantage of this world wide trend.

Change for Forestry Tasmania and the timber industry is inevitable - but we need to make sure that whatever the outcome of the Strategic Review and the wider Intergovernmental Agreement process, we do not throw away the long term economic benefits of a sustainable forest industry in dealing with the short term issues.

On other matters, a big, big thank you to the Forestry Tasmania staff for putting on another very successful Open Day at our headquarters in Hobart yesterday. Over 400 people came to the Open Day to talk to our people and take part in the many activities arranged. The feedback has been fantastic. To give you a taste, one of the visitors wrote an email to express her appreciation:

Hi Melanie - we attended the forest fun day today and I was so impressed I thought you might like some feedback. Having been to many museum programmes, council programmes both here and in NZ I'd have to say this was the most well planned open day I have been to. The kids loved it and the time spent planning was well worth it - the stamping system meant that the kids really needed to invest themselves in a bit of listening and it was great that they had to work to achieve them. The abseil of course was the highlight.

Thanks to you guys for the opportunity for my kids to access hands on forest learning. Really cool,

Chantelle

And don't forget to tune into Going Bush. Visit www.goingbush.tv to see how you can catch the program.

Until next time,

Bob Gordon

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