

Wednesday 7th June 2023

The Hon. Jeremy Rockliff MP
Premier of Tasmania
Executive Building
Murray Street
Hobart TAS 7000

Email: jeremy.rockliff@parliament.tas.gov.au

Dear Premier,

Sustainable Timber Tasmania Plantation Resource

We write to formally express our dismay at the decision of Sustainable Timber Tasmania (STT) to commence an open Expression of Interest (EOI) process for some or all the hardwood plantation resource under their control that has been managed for future saw log supply. It has been previously understood by all parties that the saw log managed (ie thinned and pruned) plantation resource would not be contracted for supply in part or in whole before 2027 when current high quality saw log (HQSL) contracts expire and the native forest saw log volume drops by some 60% below the legislated annual volume of 137,000m³.

We have been seeking to have this process delayed and we have made that request in writing and in formal meetings involving STT and your Minister for Resources about when, how and under what conditions the saw log resource will be managed, priced and allocated. To date our request has been denied and STT has confirmed that it fully intends to commence the open EOI process within a matter of weeks.

We hereby request your intervention to put the open EOI process on hold and to establish a process and formal meetings between TFPA's existing HQSL contract holders, STT and the Minister for Resources to negotiate a resolution including an agreement that recognises we are in a transition period where HQSL from STT will no longer principally be supplied from native timber post-2027 but also from STT plantations. TFPA believes the outcome must be underpinned by the following principles: -

- The Government recognises that it needs to develop a framework for prioritising access to STT's wood supply capacity that is in the best interests of the State with a particular reference to regional Tasmania; and
- As a starting principle the Government preference is to provide confidence to existing STT HQSL customers and they should have the opportunity to negotiate on commercial terms with STT to recontract, as a minimum, their existing volumes as current contracts expire; and

- That the Government recognises each of the current STT HQSL contract holders is a valued employer and economic contributor to the State and therefore should have first opportunity, ahead of potential new customers, to reach commercial terms with STT for its volume of available HQSL; and
- Some contracted sawmills have plans that could expand their saw log demand. These potential supply needs are not currently contracted, and this highlights the importance of a prioritization framework for access to STT's HQSL supply capacity as STT manages this transition phase until sufficient new supply is available; and
- That the Government publicly state that no STT HQSL will be exported from Tasmania in log or flitch form if it can be processed to lumber or finished product onshore; and
- The Government acknowledges the market dominance of STT and therefore agrees that an independent pricing mechanism is needed to ensure contract terms are reached that guarantee fair market price for the public resource whilst at the same time providing a mechanism to make sure that STT's demanded price can be independently audited to determine if the terms are fair and reasonable and not subject to an abuse of market power.

Premier we seek an urgent meeting with our member HQSL contract holders, yourself and the Minister for Resources about these substantive matters of concern to us.

In the interim and as an effort to preserve the status quo whilst such a meeting is being scheduled and all matters in dispute are being progressed, we request that the Government instruct STT not to proceed with the open EOI process for the plantation resource, tender it for sale or otherwise allocate that hardwood plantation resource.

Yours sincerely,



Bryan Hayes
Chair

Cc. Minister for Resources, The Hon Felix Ellis MP



PREMIER OF TASMANIA

3 July 2023

Mr Matthew Torenus
Tasmanian Sawmillers Association
Email: matthew.torenus@icloud.com

Mr Brett McKay
General Manager – McKay Timbers
BMckay@mckaytimber.com.au

Mr Nick Steel
CEO Tasmanian Forest Products Association
Email: nick.steel@tfpa.com.au

Mr Shawn Britton
General Manager – Britton Timbers
shawn@brittontimbers.com.au

Mr Andrew Walker
CEO - Neville Smith Forest Products
AndrewW@nsfpgroup.com.au

Mr John Pizzey
Managing Director – Porta Timber
JohnPizzey@porta.com.au

We write further to the recent Forestry Roundtable meeting between ourselves, timber industry representatives, Sustainable Timber Tasmania (STT), along with the independent Member for Lyons, John Tucker MP.

We recognise our sustainably managed native forests have supported generations of Tasmanian timber workers and their families, and the towns in which they live.

The important role your members have played in Tasmania over many decades in providing jobs and opportunity, particularly in our regional areas, cannot be understated. Feedback provided by the Tasmanian Forest Products Association, Tasmanian Sawmillers Association and individual processors during last month's Roundtable provided valuable insight and we want to assure you it was heard by Government.

The Tasmanian Liberal Government has a strong record of supporting our forestry sector and we want to reiterate our ongoing commitment is steadfast.

We tore up the job-destroying Tasmanian Forests Agreement, restructured Forestry Tasmania onto a sound financial footing, invested significantly in the sector and provided confidence to industry.

Unlike other State Governments, we will not be shutting our sustainable native forestry sector down.

As stated at the Roundtable and by Minister Ellis in Parliament recently, we are committed to continuing to see Tasmanian timber processed in Tasmania and used to support Tasmanian jobs. Our intention is to prioritise value adding and on-island processing in Tasmania grow and expand.

We want to state our clear commitment that we will work with the industry to ensure security of supply and ensure the long term viability of the Tasmanian sawmilling and timber processing industries.

Further, STT advise that they have not commenced their planned expression of interest process and have committed to continue their engagement and discussion with industry. We understand that regular meetings of the Future Forest Advisory Panel have commenced and are forming the core of these discussions.

Yours sincerely



Jeremy Rockliff MP
Premier



Felix Ellis MP
Minister for Resources