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## Speech to the Farm Forestry Seminar Thursday 24 August, 2017

We all know that the industry has been through some very difficult times. On a statewide basis, that is changing – we have come a long way and growth figures are quite impressive.

But it is also fair to say that in the South in particular things remain quite tough and we still have a long way to go to restore this industry to where it can be, where it should be, and where I am completely convinced that it will be.

It is also fair to say that those issues don't extend in the same way to the North, where confidence is up and the sector is growing strongly.

This growth is underpinned by a rapid increase in plantation hardwood sales and a modest increase in native forest activity ... as well as new product development and ease of access to new markets with several export and processing facilities in close proximity.

The North has always had a strong wood sector, and this continues.

If there is one thing I hope you take away from this evening it is confidence about the opportunities ahead.

I never have ... and never will ... subscribe to the Green nonsense that forestry is a dinosaur industry.

It is renewable and sustainable and in a carbon-constrained world we have enormous opportunity to ensure our best days lie ahead ... not behind us.

To make that happen of course, we need to grasp our opportunities.

In that sense we are looking to free up the private sector to lead the way.

The history of intervention in the market place has demonstrated repeatedly that Governments should be an enabler, provide support where appropriate and the public

interest is evident, but leave commercial operations to the private sector – and that is what we are doing.

I'm pleased to say that the private sector is responding to the opportunity very positively.

So, what is happening in the private forestry sector, including in the North?

Firstly ... its reach is growing. Today it is unquestionably the engine room of the industry.

You would be aware that we invited tenders for a 99-year forestry right to some 29,000 hectares of public native forest pulpwood plantations.

We have been advised by the Board of Sustainable Timber Tasmania that they have selected a preferred bidder and are in the process of negotiating a legal agreement to complete the sale.

I look forward to an announcement about the outcome in due course.

This will extend the opportunity for private capital and private enterprise to drive the industry forward.

It will grow Tasmania's private plantations area to 272,000 hectares, including 202 000 hectares of hardwood plantations and 70 000 hectares of softwood.

While we're talking about the future we should not lose sight of the progress we have made already.

We have been on the back foot for far too long. We have an industry we can be proud of and it's time to move forward.

I spelled out the direction in my Ministerial Statement last October:

- An industry based on sound market principles.
- The need to extract higher value and more jobs from forest production.
- And the need to promote the environmental, economic and social advantages of wood produced from our sustainable, renewable forestry operations.

To name just a few of the steps we have taken since:

- We have seen new confidence, new investment, new production and new jobs – the Forico expansion a prime, but far from only, example.
- The Industry Growth Strategy and Government response - backed with a \$4 million investment in the budget.

Progress towards the bio-economy

- The \$6.6 million Cyrene joint venture at Boyer (Government contribution \$1.5 million)

- Our Wood and Fibre Processing Innovation Fund (Government contribution \$1.25 million) which has flushed out more than \$7 million in total for bioenergy projects.

In key areas we're leading the nation:

- We've just become the first state with a new 20-year rolling Regional Forest Agreement.
- We are the first state with a whole of state Wood Encouragement Policy.

We are seeing a significant change in the outlook for the industry.

- One example – the Hermal Group's decision to walk away from Victoria and interest in establishing a major new timber manufacturing plant at Burnie.

As we look forward we have significant new research capability:

- The Australian Research Council Centre for Forest Value at UTAS in Hobart has attracted funding of \$14 million.
- That's been joined by the National Institute of Forest Products Innovation Launceston Hub (State and Federal Government contributions \$4 million with more to come from industry).

As we look more specifically to the North, there is if anything even more reason for optimism.

I'm really looking forward to the presentations from two of the exporters leading the way to growth ... Forico and Pentarch.

But I might get in first with a few words ... particularly about Forico which has been driving the comeback.

Firstly, the Forico black pellet project ... with New Forests backing a full feasibility study into a \$130 million torrefied pellet plant to help reduce greenhouse emissions by the North Asian energy industry.

The Tasmanian Government contributed \$250,000 towards the cost of the feasibility study for this project.

That's a project not even the Greens could fault.

- If approved, Forico will deliver 100 per cent FSC-certified plantation timber to a new bioenergy pellet plant.
- The renewable, sustainable black pellets would then directly substitute for thermal coal in existing black coal-fired power plants in Japan.

Forico has already spent some \$10 million over recent years upgrading and refurbishing of its processing facilities in the North.

The refurbished Surrey Hills mill is feeding increased production through the Burnie port ... along with Pentarch, which has also ramped up production in the North West.

The Neville-Smith group is another company on an upwards trajectory.

- SmartFibre has invested \$3 million to upgrade its Bell Bay operations and export facility, which included upgrading its chipper, and changing the drive power from diesel to electricity to increase productivity.
- A further \$1.5 million is to be spent in the coming year to expand the current woodchip stockpile and build a rail siding into SmartFibre. The new siding offers the prospect of a better return to growers facing challenges with haulage distances.

As Tasmania's largest native timber sawmiller Neville-Smith Forest Products' is investing \$1.3 million in a state of the art pellet mill at Mowbray to add value to residues and supply local and interstate markets.

Across the North, prices offered to independent growers for eucalypt plantation logs have risen significantly over the last few years.

While that has been broadly welcomed, it's no secret that many landowners have been reviewing their involvement with the forest sector.

Many have liquidated their plantations, many are planning to do so, and large areas of native forest have been left unharvested.

While that was fair enough when the industry was getting bashed from pillar to post and profits were as elusive as Lasseter's Lost Reef, we really need to encourage owners to take another look today.

There will always be challenges, but the opportunities are real and they are substantial.

The Government has thrown its support behind the Strategic Growth Plan to double the industry's value over 20 years. We have set this as a target to be achieved in collaboration with the industry.

More immediately, we are committed to doubling production from hardwood plantations by 2022.

That is not hot air – they are realistic and achievable targets.

We have already seen very strong growth in recent years.

Private forests have progressively become the largest source of forest products, providing more than half Tasmania's wood supply – the majority of which comes from private plantations.

PFT does not yet have final figures for 2016/17, but in the previous year the private forest harvest – driven primarily by the plantation sector – reached almost 3 million tonnes – a figure not seen for eight years.

That is a huge increase from just 1.4 million tonnes in 2012-13.

As I mentioned before, the Government has backed the industry growth strategy with a \$4 million investment in the most recent state budget.

The Growth Strategy has a focus on ensuring better collaboration between landowners, forest managers, contractors and processors to ensure the industry is maximising the return from the private plantation resource that we know is becoming available for harvest in the coming years.

The Government wants to ensure PFT plays a role in connecting industry and Government efforts to achieve maximum production and maximum value for all participants in the supply chain.

I'm looking forward to the free flow of ideas here this evening.

We share a commitment to see this industry return to full strength.

It's unlikely we will find a silver bullet for every challenge that remains, but it can only help us all move in the same direction.

Before I hand back to Arthur I'd like to share some thoughts of my own about why we should never be apologetic about this fantastic industry:

- *We grow wood really well in Tasmania.*
- *We grow our trees really well.*
- *For every one tree that is harvested, three are planted.*
- *We are proud of our forest sector.*
- *It is regularly denigrated and criticised, but as a government we want to back the forest industry and all key parts of it and we want it to grow.*

Lastly thank you all for coming along tonight and I hope you take a lot from this evening, come away with some new ideas and help to make us strong.

I'm certain that I will ... I'll be staying for the rest of the evening to hear your ideas first-hand.

Thank you.