



**PARLIAMENT OF TASMANIA**

**TRANSCRIPT**

**LEGISLATIVE COUNCIL**

**GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B**

**Sustainable Timber Tasmania**

**Tuesday 25 November 2025**

**MEMBERS**

Hon Rosemary Armitage MLC (Chair);

Hon Meg Webb MLC (Deputy Chair);

Hon Luke Edmunds MLC;

Hon Mike Gaffney MLC; and

Hon Casey Hiscutt MLC



## **WITNESSES IN ATTENDANCE**

**Hon. Felix Ellis MP**, Minister for Business, Industry and Resources

### **Ministerial Office**

**Adam Foster**  
Chief of Staff

**Anna Fidock**  
Senior Adviser, Business, Industry and Resources

### **Sustainable Timber Tasmania**

**Rob de Fégely**  
Chair

**Greg Hickey**  
Acting CEO

**Suzette Weeding**  
General Manager, Conservation and Land Management

**Chris Brookwell**  
General Manager, Corporate Services



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## Sustainable Timber Tasmania

**CHAIR** (Ms Armitage) - Welcome, everyone. Thank you very much for appearing before the Legislative Council Scrutiny Committee for Sustainable Timber Tasmania.

I will introduce the members of our team. We have the honourable Luke Edmunds, member for Pembroke; we have the honourable Mike Gaffney, member for Mersey; and me, Rosemary Armitage, member for Launceston. The honourable Casey Hiscutt, member for Montgomery, will be here shortly; and we have the Honourable Meg Webb, member for Nelson. Secretariat support is James and Julie. We have Terry doing a great job for Hansard.

This is our team at the table, minister. Could you introduce the members of your team and make an opening statement if you wish before we start with questions.

**Mr ELLIS** - Thank you, Chair. Allow me to introduce those with me today from Sustainable Timber Tasmania: Rob de Fégely, chair; Greg Hickey, acting CEO; Suzette Weeding, General Manager, Conservation and Land Management; and Chris Brookwell, General Manager, Corporate Services. To my right, I have Adam Foster, my chief of staff, who won't be taking questions.

Collectively, forestry contributes more than \$1.2 billion to our economy and provides jobs for over 5700 Tasmanians, of which over half are direct jobs in primary and secondary processing. Sustainable Timber Tasmania is an integral part of our forestry sector with responsibility for managing the 812 hectares of public production forests on behalf of all Tasmanians. As part of the Liberal 2030 Strong Plan, the introduction of Sustainable Timber Tasmania's new ministerial charter has helped sharpen SDT's focus and help meet the evolving needs of Tasmanians. It outlines clear government expectations, with a strong focus on supporting multiple uses of permanent timber production zone land, including for recreation, beekeeping, hunting and cultural activities, delivering positive socioeconomic outcomes and strengthening stakeholder engagement.

Sustainable Timber Tasmania has now operated profitably for eight consecutive years. In the 2024-25 financial year, they recorded a total comprehensive income of \$4.8 million and a net profit after tax of \$5.8 million, which includes a considerable commitment to fire management, community engagement, research and other critical services to the Tasmanian community and the protection of our forests.

Fire is a serious threat to our native forests. More than 1900 hectares of permanent timber production zone land was impacted by fire last year. It's a stark reminder of the importance of proactive fire management. Protecting Tasmania's communities, forests and infrastructure from bushfires remains a core responsibility, critical service and a year-round focus of STT. In 2024-25, Sustainable Timber Tasmania's trained firefighters worked with the TFS and Parks to combat bushfires and keep our communities safe. STT also conducted fuel-reduction burns across the public forest estate, helping to reduce fire risk, with harvested coupes and regrowth areas used by the TFS as critical areas for the management and prevention of large-scale bushfires.

STT has an active research department. Within the financial year 2024-25, Sustainable Timber Tasmania led or participated in 31 active research projects valued at \$14.2 million, in

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partnership with 25 leading organisations, and supported by nearly 100 collaborators across Australia.

This year marked an important milestone to bring Sustainable Timber Tasmania's plantation solid wood resource to market, with the commencement of stage 2 of the project. This provides the opportunity for industry to participate in a competitive process to secure a long-term supply of plantation logs for processing in Tasmania. This process is expected to conclude in the next financial year.

In 2024-25, the STT team was honoured with several Forest Practices Awards and Tasmanian Timber Awards, recognising excellence in community engagement, innovation and traineeship development. These accolades reflect the talent, commitment and professionalism of the team and the strengths of their partnerships across the forestry sector. In addition, STT was formally recognised as an inclusive employer by the Diversity Council of Australia.

Steve Whiteley retired as CEO of Sustainable Timber Tasmania in July 2025. Steve contributed more than four decades of service to the forest industry, including 12 years as CEO, and we thank him for his service.

2025 has been a year that reaffirms STT's long-term commitment to sustainably managing Tasmania's public production forests and the people and industries that depend on them. On behalf of the government, I'd also like to thank STT, its board and leadership and all STT employees for the hard work and dedication throughout the year in their management of Tasmania's sustainable and renewable public forests.

Thank you, Chair.

**CHAIR** - Thank you. I will start the questions if you like. We were talking about Huon pine, so let's start on that issue. How is STT addressing the supply issue that we face? I understand that STT stopped salvaging Huon pine sawlogs five years ago and that the small amount of sawlogs remaining in the stockpile would not last two years under previous annual allocations. When will the initial trial assessment of the fire killed, dead, standing Huon pine be completed, and, if proven successful, when will the first sawlogs be salvaged?

**Mr ELLIS** - I will pass to the team from STT shortly. Broadly speaking, STT has in previous years facilitated the salvage of small quantities of Huon pine from the Teepookana Plateau on Tasmania's west coast. The availability of accessible resource on the Teepookana Plateau is now largely depleted. Huon pine product is available in stockpiles at Island Specialty Timbers, Strahan, and small quantities are available as wooden boat board through the Wooden Boat Board Bank.

Huon pine is salvaged from logs discarded during harvesting activities in the 19th and 20th centuries. Sustainable Timber Tasmania does not harvest live Huon pine trees except in rare cases to facilitate access or for safety. As I mentioned before, there's currently no resource being collected from the Teepookana Plateau. There are several key areas associated with STT's Huon pine management approach that are being developed and I will pass to the team from STT to add further.

**CHAIR** - Would you like me to reread the question or you're good?

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**Mr de FÉGELY** - No, that's fine, thank you, Chair. Thank you, minister. Over the last year we have commenced and engaged, possibly more than we have in the past, with the special species timber group and worked out ways we can access and deliver wood through a series of discussions around trials and coupes. Our general manager conservation and land management, Ms Suzette Weeding, can probably give you a bit more detail.

**CHAIR** - If they can because these questions came as of November, so it's still a real issue.

**Ms WEEDING** - Huon pine has been a challenge, I guess, in terms of its management for quite some time in terms of more resource. As the minister highlighted, our ongoing activity up on the Teepookana Plateau has largely ceased. We still have stockpiles retained at Strahan, which we're making available to industry as part of requests that come through. We have quite considerable quantities of craft wood in store. It's the high-quality products that are the key point that special species stakeholders are particularly interested in, and it is one of the most challenging things to obtain. Huon pine is salvaged on PTPZ land. There are obviously other opportunities on other tenures, which is the standing fire-killed pine that you referred to in your question.

**CHAIR** - Do we know when that will be completed?

**Ms WEEDING** - That's not on permanent production zone, so that's not an issue for STT.

**CHAIR** - The initial trial assessment - so, it's not on STT land?

**Ms WEEDING** - No.

**CHAIR** - Okay.

**Mr ELLIS** - Chair, to assist, in terms of an update on the particulars with the heli-harvesting salvage scoping study, it is underway. Stage 1 is now complete. This stage involved a preliminary scoping plan to explore the costs and challenges associated with heli-harvesting to salvage dead Huon pine and a proposed work plan for stage 2. This was shared with the special species working group for feedback to ensure that industry voices were included.

Stage 2 has now commenced and is expected to be complete by the end of the coming financial year, so 2025-26. This stage will include preliminary research into potential salvage sites, collecting samples for analysis, a comprehensive desktop analysis, and the development of quantitative tools to guide future industry decision-making.

I'm providing that only by way of background. We don't have the forest policy people here with us today.

**CHAIR** - Is that the \$50,000 feasibility scoping study that was committed to elections ago?

**Mr ELLIS** - Certainly the one that's been committed to, so yes. Stage 1 is complete and, yes, working through stage 2.

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**CHAIR** - The question that I could have then, if that's not on STT land, what is the government's plan to supply Huon pine to the special species sector, and does the government actually have a management policy for Huon pine?

**Mr ELLIS** - I will pass to the team from STT, if there's anything to add about STT in particular. Obviously, Huon pine is quite a limited resource. It's not available for harvesting of live trees, so it's very much arisings. This is certainly a challenging area; it's limited by effectively biomass of the existing resource which has died and then able to be harvested. That's part of the reason why the scoping study has been made available. We do think that there are some options in different locations around the state for fire damaged and other standing Huon pine that could be brought to market. We do also need to recognise that by its nature and management, that this is a rare and limited resource. I will pass to the team from STT, if there's anything further to add in an STT context.

**Mr de FÉGELY** - Thank you, minister. Suzette?

**Ms WEEDING** - To continue with that line, in terms of meeting current demand, we are meeting current demand. We've had a number of customers approach us and acquire Huon pine category 4 and utility logs in the last year, and we are meeting that demand. The stockpile we have at the moment is still available for those customers moving forward, and we will continue to work through that process.

In terms of ongoing supply from STT's perspective, as I said, we have no intention to recommence operations in the short-term on Teepookana Plateau. We will continue to salvage timber wherever we possibly can and wherever we can acquire it, we will bring it through and make it available to customers.

**CHAIR** - Thank you. Minister, does the government actually have a management policy for Huon pine?

**Mr ELLIS** - I will pass to the team from STT, if there's anything particular from an STT context. Obviously, we don't have the team from Forest Policy here available. Certainly, we're committed to taking action where we can on opportunities as they arise, including the harvesting of dead standing timber. But -

**CHAIR** - Sorry, before you continue. I did mention the fire killed Huon pine stands that were not on - but in the Premier's letter, 4 July, I noticed that he mentions - I'm assuming he's talking about STT:

... continue our commitment to a scoping study for the Huon pine resource and informed by this, work with industry to develop a clear framework for salvage risk mitigation and rehabilitation of dead standing and fire-killed Huon pine stands.

**Mr ELLIS** - Yes, so that's the update I've provided, Chair. We've completed stage 1; we updated the special species working group and are moving through to stage 2. We think there are some interesting opportunities and we will be working through that.

**Ms WEEDING** - Just to clarify for you -

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**CHAIR** - Yes, because it's a little confusing.

**Ms WEEDING** - The dead standing Huon pine is not on permanent timber production zone land. The areas that we salvage in permanent timber production zone land are areas that were cut over by the piners back in the 1800s and it's basically under the forest floor.

**CHAIR** - Is it underwater?

**Ms WEEDING** - No, it's on the forest floor and it's covered by debris. That's part of the challenge in salvaging Huon pine and being able to do resource assessments of what's there, because you are essentially taking what the piners left behind. That's part of the challenge in determining how much Huon pine you might have over a particular area. It's really what's there and you can't see it on the ground because it's all covered in debris.

**CHAIR** - And the fire killed is in what areas?

**Ms WEEDING** - Is on other tenure: so regional reserves, conservations areas, and other areas managed by NRE.

**CHAIR** - Right, so not by STT?

**Ms WEEDING** - Correct.

**Mr HISCUTT** - Noting from the annual report, in relation to sustainability reporting, it talked about the improved ESG - Environmental, Social, and Governance - compliance and we're still in early stages of this journey, and progress to date provides strong foundations for continuous improvement. What is the timeline for a completion - it's ongoing, obviously, but having a substantive understanding of where you're at in that process?

**Mr ELLIS** - Thanks, Mr Hiscutt. I will pass to the team from STT shortly. In the last financial year climate and sustainability remain a key focus for STT, with meaningful progress being made towards establishing a clear roadmap for improved ESG - Environmental, Social, and Governance - performance and future regulatory compliance. Throughout the year, we concentrated on strengthening our government's frameworks, building internal capability in climate and sustainability, and improving how we identify, assess and report on climate-related risks and opportunities. Works also commenced on defining our ESG priorities and setting measurable targets that align with our broader sustainability and decarbonisation goals.

While we're still in the early stages of the journey, the progress to date provides a strong foundation for continuous improvement. These efforts are critical to ensure our operations remain resilient, responsible and aligned with the expectations of our stakeholders, the community, and future regulatory requirements. I will pass to the team from STT.

**Mr de FÉGELY** - Thank you, minister. Climate change and reporting is very much a focus of the board. We received a briefing from Deloitte probably two years ago regarding what we needed to do under the task force disclosure rules and what that actually meant for us. We then reviewed where we were, did a gap analysis, tried to understand what data we needed to bring to be able to meet those reporting requirements.

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We've done a number of things. There is a number of projects underway at the moment. We've looked at seed and how that may be impacted, particularly how we regenerate coupes and whether there's going to be an issue for the forest longer term. I'm pleased to say we don't believe there's going to be a major issue, but we have seed zones around the state for where we don't move seed from, say, the north to the far south for elements of proper regeneration.

We undertook a materiality assessment, which from - personally, I wasn't quite sure whether that was a great move or not because it's based on opinion, but it was actually very instructive when I thought about it because it's actually what people think. Therefore, that was instructive for us to understand what people are thinking, and if we think we're doing something else and everyone else thinks we're not, then we need to address that. That was very useful.

We have established a board committee under that, that has carriage of climate change impacts and how we report on that. We've had a draft run at natural capital accounting, but it's very complex. We did that with CSIRO but we're probably not progressing that at the moment. That will go backwards, but we've got a framework. I will ask Suzette or Greg who might like to give you the full details of the process of what we're up to.

The most important thing is that we - our fire protection and to protect the forest, because the one thing that will make a big difference for us, if we get a major bush fire that will really increase our emissions. Therefore protecting our forest is a really important thing for us. We have done some work on that and we're investing heavily in forest protection. Suzette, would you like to add some comments on that.

**Ms WEEDING** - I believe it's a work in progress, as the chair has identified, and it's something we are working our way through at the moment.

Our ESG approach focuses on three key areas. It's implementing a program to drive change, governance, strategy, risk and developing real metrics that we can measure against to enable the organisation's compliance and be ready for future compliance because we know that's coming in in the future.

We're looking to adopt a strong ESG framework linked to the UN sustainable development goals. We essentially use that as a lens to look at our ESG reporting and compliance requirements. We are tying ourselves to or aligning ourselves with those international requirements so that we can measure ourselves and see how we're tracking in that space.

We are building our capability internally in ESG and things like natural capital accounting to enable us to measure and report against those metrics. It's a work in progress. It's something that we are working our way through. As the chair mentioned, we've done a materiality assessment, which gave us some really interesting insights in what our stakeholders think and how they measure the performance of our organisation against a whole range of aspects.

In some ways it was no surprise in terms of the things that came out. But it's the things that we can focus our metrics and our reporting because those are the areas that are key interests to our stakeholders.

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**Mr HISCUTT** - Sounds like you're getting valuable insights out of what's been produced so far. Looking forward to see where they continue into the future.

If I may or someone else -

**CHAIR** - If you want to keep going, then I have some more questions about special timbers. Do you want me to ask mine and then come back to you?

**Mr HISCUTT** - Here it is. I was going to say, in Corporate Governance Principle 1: Laying a Solid Foundation for Management and Oversight:

Each year through the People, Culture and Care Committee, the board evaluates its own performance and periodically seeks an independent review of its performance.

How often is the independent review done in that respect?

**Mr de FÉGELY** - We don't necessarily have a fixed process, but I'm - Chris, you might be able to tell me how many times we've done it. We had an independent process this time. We used a company called Integrity Governance. We have used them, I think in 2023, or 2022, which laid out quite an extensive program for the board for continuous improvement of the directors, where we thought the weaknesses were for each director. We found it an extremely valuable process to have somebody independent - and they also interview the general management team. So it's a bit of a 360-degree feedback type process, and that's always helpful for everyone on the board.

Our board - probably this year was a tough year in many ways with uncertainty around getting our log contracts back on track and the processes with a retiring CEO, retiring directors; so it was an unsettled period, but the board has managed it fairly well, I think, as with the general management team. We would possibly do one in-house next year, but look for an independent the following year.

**Mr HISCUTT** - So approximately every couple of -

**Mr de FÉGELY** - Approximately every second year, yes.

**CHAIR** - Okay. Did you have another question? That's fine, you keep on that.

**Mr HISCUTT** - On the statement of corporate intent, I had two questions: the plantation re-established hectares, the target was 600 and the result was 496, so obviously below target. But the note says, 'met required needs'. I was wondering if you could explain that.

**Mr de FÉGELY** - I will hand over to the acting CEO for comment on that, because it's an operational thing. We have to plan in advance.

**Mr HICKEY** - Absolutely. Thanks, chair. So it depends on weather conditions and other things that allow us to operate in the forest. The target is 600; we got 460-odd. That was essentially what we could physically complete with the weather conditions during the period. The bank of ground is still there and we will pick that up in following years.

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**Mr HISCUTT** - Yes. Just the note says, 'met required needs', not 'were unable to meet your target for'. That's why I was asking the question. It's not so much -

**Mr HICKEY** - Yes. The need was to prepare that amount of ground this year that had been lying fallow the longest. So that was the target to get there. But in terms of the program, it continues.

**Mr HISCUTT** - No worries at all. Similarly, on the same table, contribution to state prevention, preparedness and detection of bushfires, percentage of employees trained and available: the target is just above 70 per cent and the result says also above 70 per cent. Do you know what that actual result was? I'm wondering why everything else is to point 1 and point 2, and that one was -

**Mr de FÉGELY** - No, that's right.

**Mr ELLIS** - It may depend on as people come in and out of the business.

**Mr de FÉGELY** - It does, but I unless I'm - my colleagues may correct me, I think it's 77 per cent.

**Mr HISCUTT** - Yes, okay. It's probably worth celebrating that it's that far above the target, instead of it being - I was just wary of it being 70.1, so -

**Mr de FÉGELY** - No, it's very good. No, no.

**Mr ELLIS** - Including some of the people at the table, I think I'm right in saying, right?

**Mr HICKEY** - Yes.

**Mr de FÉGELY** - Yes.

**Mr ELLIS** - It's really one of the commendable things about STT, the commitment to firefighting that goes right through the organisation. Again, it's part of the significant contribution that's made to the community in areas beyond timber production.

**Mr HISCUTT** - I was going to give an opportunity at some point to talk about the AI detection as well. That seems like an amazing - the attributes that you're getting there.

**Ms WEEDING** - Just to add to that, if you like: of our 170 people, we have 130 employees trained and available for firefighting or incident management team roles.

**Mr HISCUTT** - Thank you very much for that. I will come back with some questions afterwards, if you want to go for a bit.

**CHAIR** - No, that's fine. Continuing with the special species volumes, STT's 2024 forest management plan stated:

Sustainable Timber Tasmania has a role in maintaining a supply of special species timbers. Special species timbers are used to make a range of products.

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and it goes on:

Each year, Sustainable Timber Tasmania reviews the annual supply of special species timbers and publishes its three-year wood production plan.

Hence I have the three-year wood production plan:

Special species timber production is aligned with Tasmanian special species.

So in the 2024 - last year's annual report, there were only 2 cubic metres of blackheart sassafras and 3 cubic metres of celery top pine, category 4 harvested respectively. Approximately two-three trees of each species.

In this year's annual report, 2025, the volume of category 4 blackheart sassafras was only 2 cubic metres and celery top, only 2 cubic metres. So the volumes produced of these key timbers has continued to decline to the point that the millable log volumes that both timbers have declined - and I'm guessing you agree - by over 99 per cent since 2011. Similarly, the volume of all the non-blackwood species, the millable log volumes has also declined by over 99 per cent in the same period. Essentially, there's no supply of these timbers.

Given that the 2025 Farley review, which was a bit of interesting reading - luckily there was a summary at the beginning - basically, he found that the sector was facing systemic failure. Is STT aware of the ongoing significant timber shortages in the special species sector? Does STT have any internal policies or practices regarding the supply of special species timbers to the sector? If so, can they be supplied to the committee? That's my first question.

My second question, as STT claims to have 52,700 hectares of forests rich in special species timber and claims to review the supply of special species annually, can you explain why there's been a virtual cessation of non-blackwood species sawlog supply in the face of significant and acknowledged demand? Is it because the timber is physically not there, or is it a management decision not to supply those timbers?

They're my first two questions.

**Mr ELLIS** - Thanks, Chair. I will pass to the team from STT shortly. STT supplies special species timbers both directly to sawmill customers and through its commercial business at Island Specialty Timbers. The three-year wood production plan, estimates following from planned harvesting activities across a three-year period. This includes the estimate of special species timbers which may be generated from arisings. It's certainly important to note that policy decisions by previous governments have moved a range of, or a large volume of, special species timbers into other land tenures that STT doesn't manage. The work that STT is doing to focus more on a regrowth and plantation model does limit the availability of some of these older growth -

**CHAIR** - They take a long time to grow, is my understanding.

**Mr ELLIS** - That's right. Much of it is now in areas of reserve or future potential production forest. In terms of the operational side of things, in various detail -

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**CHAIR** - Is there an internal policy practice regarding the supply and, if so, could it be supplied to the committee?

**Mr de FÉGELY** - It's an operational question, Chair. Thank you very much. I will pass to Greg and Suzette.

**Ms WEEDING** - To answer your question, no, there isn't an internal policy, as such, in terms of special species supply. It is something we are aware of and have been working through as an organisation in the last few years. We've acknowledged that our supply model, which the minister outlined, is moving from that mature forest of which special species were recovered as arising. We call 'arising,' essentially, other timber that is harvested that isn't the target. So, eucalypt forest with a rainforest understorey, we would take the merchantable timber that was generated as part of that harvesting operation. The forest types that we're operating in now predominantly don't have that understorey and that sort of space. So, that ability to generate special species timber through arisings is reduced substantially. That is reflected in the numbers that we are reporting.

That said, recognising that there is this deficiency and there is some demand, at the moment, we believe we are meeting market demand. We have our business, Island Specialty Timber, which makes resource available. That is still operating and providing wood to the market. We acknowledge the fact that we have to do some more work in this space and we've been engaging with special species stakeholders to go out and have a look at some of the coupes within these special timber management units - and that's the 52,600 hectares that you referred to.

**CHAIR** - Do you think that there is - because I have to say I've been here since 2011 and I recall at one stage, when we had some of the inquiries into timber that many of the areas that were supposed to be rich in timber were actually full of button grass and they didn't have trees. I can recall, many years ago that was the case. The areas that were set aside for special timber did not have any special timber on it, and they had just fields of button grass.

**Ms WEEDING** - The rainforest communities, particularly up in the north-west, often abut button grass. Therefore, you will end up capturing, from a mapping unit perspective, an area of button grass. But you have rainforest directly adjacent and those are the areas that we're obviously targeting from a special species resource perspective.

What we're looking to do, in the next 12 months or so, is to work through a range of trials to go out and look at individual selective special species harvesting within some of these rainforests and other areas rich in specialty timbers in order to augment supply, but also to fully understand the demand model and the cost. One of the challenges we've got with special species is that, as you can imagine, when you're harvesting a coupe and a rising, you're spreading your cost model across the whole coupe. Therefore, all the wood that comes out of the coupe, whether it be eucalypt or special species, is captured and covers that cost.

One of the challenges going forward is how the market cost in terms of what you would get for the special species timber and whether that's actually going to be able to cover the operational costs of running these activities. That's one of the questions for us from that side of things. There's obviously also a range of other operational aspects that we will need to explore in that space regarding the safety of going in and taking individual trees. Ecology - it's important for us to look at how we were generating these areas and what, for us, we're leaving

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behind. We certainly don't want to move into a model of going in and taking the best trees and leaving everything else there. We understand the importance of the special species industry and its continuation.

**CHAIR** - Thank you. Before I go to someone else, I will ask you one further question on this area. I do have more on special species. STT's current three-year wood production plan states that in 2027 for the first time in history - or my understanding is that it's the first time in history - no special species sawlog will be produced in the southern region. First of all, is that correct? I'm assuming that your three-year wood production plans are on the money. Where will the special species sector obtain special species sawlogs in 2027?

**Mr ELLIS** - I've mentioned before, Chair, that this is one of the impacts of the policy decisions that were made by the previous government, but happy to pass to STT in terms of the data and the opportunities for the future.

**Ms WEEDING** - To be honest, I'd still have to validate that from the three-year plan, but happy to take your observations in that space.

From a resource perspective and a forest-type perspective, the vast majority of our special species timbers are from the north-west of the state. That's the wetter forest areas where you've got those rainforest and predominant mixed-forest communities. That said, we do have a number of coupes which are potentials looking forward which we will look at, particularly up in the Tyenna area, up past Maydena which have quite considerable quantities of species such as celery top pine. There is potential for some from the south.

The important thing about our three-year plan is that we revise it every year. So whilst it's a three-year projection of the next three years, it's revised every year and republished every year. As new information comes to the fore, as it becomes available, we do further assessments on some of these coupes, then they will roll into the three-year plan and we will be able to look at how we continue to augment that supply in that space.

**CHAIR** - There wouldn't be any industry consultation at this time, then, with regard to any cessation?

**Ms WEEDING** - There's absolutely no cessation process, or no indication of a cessation. It's really about a plan looking forward. In terms of engagement with the special species industry, we engage through a number of aspects both directly with special species stakeholders, but also through the -

**CHAIR** - You say it will continue to be harvested?

**Ms WEEDING** - We will continue to look at harvesting special species timber.

**CHAIR** - In the south?

**Ms WEEDING** - Yes.

**CHAIR** - Okay. I will wait until next time when we come back.

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**Mr ELLIS** - Chair, as a reminder as well that there's a range of different opportunities for special species that are not in STT-managed land. So -

**CHAIR** - I appreciate that, but let's just say I'm quite sure that the many people who have come to us with issues are well aware of what's STT land - with respect.

**Mr ELLIS** - But more interesting to supply to the market because there is a range of players, whether it's Hydrowood or others that might potentially operate on lands that are not managed by STT. Certainly, there are large tracts of land that are no longer managed by STT. So, yes, there's a range of different options for supply.

**CHAIR** - I might give you a break for special species and go to Mr Hiscutt - or Ms Webb?

**Ms WEBB** - I will jump in with a few. I'm trying to get my head around knowing that you have contracts that are coming to an end in the next little while and will be renegotiated looking ahead. I'm trying to understand some of the concepts that are likely to be part of that; understanding the current situation that might then be being looked at to carry through.

In terms of the definition of high-quality sawlog at the moment for the purposes of meeting the legislated set minimum volume, are you able to give me the sources and quality of logs that are included in the definition currently?

**Mr ELLIS** - In the current definition for high-quality sawlogs -

**Mr HICKEY** - Essentially, it covers veneer (VQ), category 1 and 3.

**Ms WEBB** - In terms of - it might be more where are they being sourced from? If they're called high-quality logs, do they have to come from a particular source and not others, or is it more about each individual log and its quality, regardless of sourcing?

**Mr HICKEY** - That's correct, yes.

**Ms WEBB** - So it could come from a seeded regeneration area; it could come from a native uncleared area; it could come from a plantation?

**Mr HICKEY** - Yes. The current definitions are all around native logs, and we source those statewide. The quality of each of those is dictated by the forest types, and we harvest many forest types as part of our operations. Veneer quality is the most premium log; they tend to be large, they tend to be very white, and they're goodly sliced veneer as opposed to -

**Ms WEBB** - Then in terms of the supply of timber that meets that definition of high-quality sawlog as part of what you're calculating towards say, the legislative minimum volume, do you track proportionally where that has come from - where you have sourced it?

**Mr HICKEY** - Yes.

**Ms WEBB** - Are you able to give me a breakdown of that for the last couple of years, so I can understand what that mix looks like? Or do you report it somewhere that you can point me to, if it's already in the public domain?

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**Mr de FÉGELY** - The sustainable yield review will give you a broad outline of where our wood is and where it comes from, and by forest type. Traditionally, we've always been out of our natural forests. We are moving into a period now, a phase, where our plantation resource is maturing. Unfortunately, we can't talk about that too much because it's subject to probity; we're still at a commercial process there. That will become a major part of what we do.

We're also shifting towards regrowth forests and we're finding in our early regrowth work, particularly out of the Derwent, is showing quite positive signs for high-quality sawlogs coming from there as well. We're doing more work around our regrowth forests to see what quality of logs will come from there. Traditionally, we've divided into the north-west, the north-east and the south, and we have different volumes coming from each of those areas and that defines supply to our customers - about 14 in all of them.

**Mr ELLIS** - I'm sure Mr Hiscutt and I will agree - all the best logs come from the north-west, but anyway.

**Ms WEBB** - Well, you might say that. I might have some more questions. I'm going to think about that for a bit, then I might have some follow-ups, if that's okay.

**Mr EDMUNDS** - Specifically on that - we're talking about table 23 in the annual report, and the shortfall from the legislated supply. I'm interested, and I think you touched on it, but I will ask another question, and we if we have to repeat ourselves, we just will. What were the key reasons why that didn't meet the legislative supply of 137,000 cubic metres?

**Mr HICKEY** - The legislative 137 is a make available, which we do in the three-year plan. If you look through the three-year plan, you can see year-on-year that there's 137,000 cubic metres of high-quality sawlog available. What we sell each year is dictated by our contracts and by what our customers are able to take. The difference this year between what our contracts are, which is less than the 137, and what we actually sold was purely around market conditions, and all customers had a softening of the market, or restrictions where they didn't take their full contractual value. So that's the difference.

**Mr EDMUNDS** - So you're saying that your customers were fully subscribed and didn't want any more product, is it -

**Mr HICKEY** - They got what they were asking for.

**Mr EDMUNDS** - So there wasn't a situation where they wanted more and couldn't get it? That's what I'm basically -

**Mr HICKEY** - On an individual basis, possibly; there's a variation from time to time and it depends on where and what conditions prevail, but essentially we met the demand from customers this year.

**Mr EDMUNDS** - Sorry, can I just -

**CHAIR** - Yes, follow up on that.

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**Mr EDMUNDS** - Just to clear that up: so customers got everything they wanted, but also there's a situation where customers might have wanted more but didn't get it? I'm trying to balance -

**Mr HICKEY** - We have seasonal conditions which play on our ability to supply. During periods of hot weather, we shut down operations to avoid problems with fire; that can affect on a month what we might be able to supply to a customer. So you get variations during the year, but essentially the customers have been supplied with what they were asking for this year.

**Mr EDMUNDS** - Okay. Thanks for clearing that up.

**Ms WEBB** - Can I come back to that as well: so in terms of that legislated minimum, is there any purpose to having that, or does it actually free you up more if that doesn't sit there when you're looking ahead to future contracts?

**Mr de FÉGELY** - Minister.

**Mr ELLIS** - Yes. It's a very longstanding arrangement. I think it used to be 300,000 pre-TFA.

**Mr de FÉGELY** - It was, yes.

**Mr ELLIS** - It's certainly unusual. There's not a requirement for - I don't know what the appropriate tonnes of calamari would be, but you know, that sort of thing.

**Ms WEBB** - Sure. That's right.

**Mr ELLIS** - It's unusual. I mean we want to make sure that we're making timber available to the market because it serves a lot of purposes and those sort of things, but yes, I don't know if -

**Ms WEBB** - We do that quite successfully, by the sound of it, and I don't really - presumably, if we've got a legislated minimum and we're not meeting it, we're constantly not in compliance with our legislation. Wouldn't it be better for us not to have that situation and have the flexibility there?

**Mr ELLIS** - Yes, I think it was mentioned before that they meet it by making available 137,000 cubic metres of high-quality sawlogs. So that's consistent. I suppose the broader thing is about the requirement in legislation to make that available. It's certainly unusual. I don't know how many examples there are around the place. We've got no plans to change it, but certainly as there's a new mix of plantation resource coming online as well, there's different things that we will need to obviously consider. I don't know if there's anything further you want to -

**Mr de FÉGELY** - It's a great question. Essentially, the volume that is physically available in our forests is higher than what is economically available. The difference is that economic - driven by markets and what our customers want. Historically, they've never gone right to their limit because it's been too expensive. We sell on a mill-door basis: so we say if you want that extra volume, it will cost X, Y or Z; and they say, thank you, this will be enough.

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That's the way it's worked ever since I've been here, anyway. It's a system that works. As the minister says, it's unique to Tasmania. It hasn't happened in other states to the same degree.

**Ms WEBB** - Yes. It sounds like it's a sensible thing to be looking at changing. I can't see how it doesn't give you more flexibility looking ahead because there's going to be ways you can presumably set contracts up, as you come into this new round of contracts, that might be more flexible and advantageous to STT without that constraint.

**Mr ELLIS** - Yes. Then there's, I suppose, the question around certainty of supply to industry on the other end. So yes, it's -

**Ms WEBB** - But you can set that through your ministerial expectations, can't you, with this organisation? Or we can have that as an established mindset and still be delivering that for industry while also allowing STT to fully explore best outcomes for that organisation.

**Mr ELLIS** - Yes. Obviously, when I've had a range of discussions, Ms Webb, about whether something should be set by the minister or set by the parliament in a range of different areas, and certainly this has been set by the parliament.

**Ms WEBB** - Having said that, it's your government's decision to potentially do some legislative reform there and remove that constraint.

**Mr ELLIS** - We've got no plan for that.

**Ms WEBB** - It's a shame, given new contracts are there on the horizon.

**Mr de FÉGELY** - The other thing that's important, Ms Webb, is that the private sector owns a significant area of resource, the same area that we have, more or less. I'm talking the private, non-industrials, so this is the smaller companies, the land owners. Historically they've been only opportunistically in the marketplace. It would be my personal and professional wish to see a lot more activity. We've spoken to TasFarmers and [inaudible] Tasmania about how that might occur. They're doing some work on that, so there is an opportunity if we provide a foundational supply to the industry, then the private sector can provide a floating supply and more opportunistic, which would create some flexibility in the industry.

**Mr ELLIS** - It is certainly one of the areas that we've established. The key strategy in terms of growth for the timber industry is on the same available land. We need to be maximising our value-add on the island and unlocking private resource. We've got some really interesting tools in the toolkit in Tasmania. I think we're only one of two states that has the majority of timber supplied by private growers.

What works well is the industrial growers growing large-scale plantations and STT is the public timber provider and land manager. The area it would be fair to say that there are opportunities for growth and improvement is that smaller-scale landowner because there's a lot of forest out there. Much of that forest, as well, speaking at a high level, could also benefit from some of the environmental services that are performed by silviculture: environmental thinning in a lot of dry eucalypt forests actually enables a healthier forest to grow and supporting growers to understand that, to be able to access those tools, and bring that timber to market. There are certainly some really interesting opportunities.

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**Ms WEBB** - We should move along to others as well.

**CHAIR** - We do have plenty of time if you want to continue.

**Mr EDMUNDS** - Share it around.

**Ms WEBB** - Yes, share it around.

**CHAIR** - I feel like I'm flogging a dead horse, minister.

**Mr ELLIS** - We love special species. It's one of the most beautiful things about the Tasmanian timber industry, I have to agree.

**CHAIR** - It is. It's a shame we can't get more of it. I've found more questions on this. I really think that it deserves an answer.

As we've said, the situation around Huon pine is, to put it plainly, a completely avoidable debacle. First, STT's 2015 Huon pine resource assessment for Teepookana advised that there was 21-years' worth of supply remaining from already eroded accessible areas on the plateau. My understanding is that the Department of State Growth paid significant funding for this assessment. In 2020 - and correct me if I'm wrong - STT withdrew from Teepookana and ceased recovery of Huon pine without any industry consultation.

Can you tell me, first of all, why there was no industry consultation when it was believed there was going to be 21-years' worth of supply? Obviously STT hasn't been back. No revised resource assessments or advice are available on when Huon pine will be recovered in the future.

**Mr ELLIS** - Thanks, Chair. Teepookana Plateau is a very unusual and unique resource. I will pass to the STT team to talk further about why in particular -

**CHAIR** - Without industry consultation -

**Mr ELLIS** - More to give you an understanding of what's happened there. At a high level, the 2015 report provided an estimated resource based on best available information at the time. It was undertaken at a strategic level. But ground-based assessments - and I will pass shortly, because it's quite important - in subsequent years have resulted in many areas being discounted from future salvage works due to lack of resource.

I will pass to the team at STT to talk through Teepookana and some of its unique features.

**CHAIR** - I might make the last little - because there might be something else they want to say from some of the other comments that are here.

The second key contributing factor is the government's failure to implement a key recommendation from the former Ministerial Advisory Council on Forestry. The recommendation asked that the former minister establish a policy on the management and utilisation of Huon pine, with particular reference to the extraction of Huon pine remote regions. The former minister chose not to take up the recommendation from his MAC, and the government subsequently has no policy for the management or supply of this vital resource.

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Despite raising the Huon pine issue - and many people apparently have raised it time and time again - there's been no progress made in over three years and the future of the industry remains in limbo.

You can imagine from all these various groups that are involved, they have no idea what's happening. They come to us to see if we can get some answers that they actually can't get. I'm hopeful that you might be able to give me an answer. That the fact that the Ministerial Advisory Council recommended and was obviously not taken up.

Can you give me some advice for these - and as I said, it's not one group, it's a variety of groups that are concerned.

**Mr ELLIS** - Thanks, Chair, and happy to follow up on the second question about the management plan, et cetera. I will pass to the team from STT in the first -

**Mr de FÉGELY** - Thanks, minister.

**CHAIR** - and then I might leave special species alone for a while. I have some issues on superannuation.

**Ms WEEDING** - Right. That's not my area, so I don't have to worry about that one.

**CHAIR** - No. I might come back at this time.

**Ms WEEDING** - Sure, no problem at all. To step back to the resource assessment that we undertook, it was quite a considerable project that was undertaken back in 2015 and that involved assessing a whole range of tenure. Huon pine was a very small part of that. At that time we disclosed the challenges around assessing and determining the volumes of Huon pine that we might get from Teepookana Plateau. That was all part of the assessment that is incorporated in the report. Whilst that indicated that we had this potential 21-year supply of available resources, as I mentioned earlier, it's quite challenging to determine exactly how much you've got there.

Our team, subsequent to that in the ensuing years, went out and did some further assessments to look at the areas where we could potentially undertake further Huon pine salvage operations, and found it's actually quite an interesting synergy of forest types. Out on the plateau there's a lot of button grass, there's a lot of Huon pine forest, and there's also some myrtle forest out there. The initial assessment looked at all those areas, essentially determined what we obtained from a particular area and then extrapolated, because we had no clear view. There's no accurate way to assess it other than extrapolating across the landscape. The subsequent work found that where we actually have that myrtle forest area, the Huon pine disappears. So the Huon pine isn't growing in conjunction with those myrtle forest areas. We're able to relook at those assessments and determine that a lot of those areas don't have Huon pine or a potential Huon pine resource.

In addition, whilst from my recollection there was industry discussion around the challenges in terms of Teepookana Plateau, there's a couple of things that happened at the same time: one of which is the contractor that we had who routinely went up there and spent - it's about a month over summer that we can harvest up on the plateau because it's quite wet - the

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contractor that we had up there retired, and finding another contractor willing to do it was quite challenging in that sort of space. As you can imagine, it's quite a hard environment.

The other challenge that we have with the plateau is it's accessed via train. The railway, the Abt Railway, is how we get machines in and how we bring the wood out. There's been a range of challenges in ongoing management of that railway and being able to get the material in and out. The other challenge that we have, and not related, just to correct you around the -

**CHAIR** - No, that's fine. Happy to be corrected.

**Ms WEEDING** - No problem at all. It's not necessarily roaded and accessible. It was extrapolated across the whole plateau. The roading network that we have has largely been - the accessible coupes within the existing roading network have largely been exhausted. So the challenge we've got looking forward, if we were to do any further work up there, is how you might establish further road networks, the costs associated with that, and the challenges of getting that amount of material in.

The railway was established - and particularly there's a bridge that goes over the King River - after the roading network was put in place. So you can picture bringing gravel trucks in to establish that road would be near impossible using just the train to do that. So there's a range of challenges in terms of that ongoing - any further extrapolation or further work on Teepookana Plateau in that space.

**CHAIR** - Can you tell me, or could you give me some rationale for the increase in pricing for this timber by 400 per cent since 2020, considering that STT manages - well, I'm advised it does - STT manages the Huon pine stockpile, but utilises public community service obligation funding to do so, using community service obligation funding but increasing the pricing for the timber by 400 per cent since 2020?

**Ms WEEDING** - There's a few things that are tied into that. Our CSO obligation isn't specific to maintaining Huon pine stockpiles; it was in the past. In terms of our current CSO direction, it's around managing and maintaining permanent timber production zone land for multiple uses. So that's the aspect and that's the lens we apply. We spent about \$77,000 last year, mainly maintaining the Huon pine stockpile, and that came out of our revenue as opposed to CSO. It's not a CSO -

**CHAIR** - Hence the 400 per cent increase?

**Ms WEEDING** - No. The 400 per cent - or the increase in -

**CHAIR** - Since 2020, yes.

**Ms WEEDING** - in value of the Huon pine stockpile -

**CHAIR** - The price.

**Ms WEEDING** - The price, sorry - charged to customers around the Huon pine is essentially representative of market costs and market demand. We undertook a tender for a small amount of material a number of years ago. Whilst we haven't matched that price, it's set what the market price is for Huon pine, and that's what's reflective in our current costs. The

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reality is the previous costs and probably the current costs don't match the cost of extraction and the cost of operation in getting that wood out. But it does reflect the fact that it's a premium product and that it's an important product to sell.

**CHAIR** - The concern raised is that it makes projects unviable and traditional skills are being lost as a result, because people simply can't afford it.

**Ms WEEDING** - Our value of craft wood hasn't gone up 400 per cent. The vast majority of material and the vast majority of throughput and sales that we've had from a Huon pine perspective have been in craft wood, and the cost of that hasn't increased.

**CHAIR** - I think it's the high-quality category 4.

**Ms WEEDING** - It's a very small number of customers who are seeking the category 4 or the utility logs, so there's a combination of the two and they have been comfortable in paying that \$2500 a cubic metre.

**CHAIR** - Maybe not all of them, otherwise I wouldn't have the questions.

**Mr HISCUTT** - One question and then I was going to move into some specific questions on the Dial Range coupes as well after that, just to give a heads up. Before I move into that, I want to understand what STT's responsibilities are in regard to weed management, in particular in the Kentish region. The foxglove digitalis is a systemic problem in that area and I'm sure across other regions of the state as well. The locals are dealing with that on public land as close as they can, but basically, they look over a fence into STT land and see fields of it. What's STT's responsibility in that regard, and what could they do better? Through whoever needs to take that.

**Mr de FÉGELY** - Thanks. I will ask Greg to make a comment about that - or Suzette?

**Ms WEEDING** - We are aware of that. Certainly, that's come through as part of our broader land management strategy. It's a key challenge; weed control across - we have 812,000 hectares to manage. We do have from time-to-time declared weeds and other weeds that are identified to us and we undertake management strategies in that space to control them. We can't control everything, everywhere. In terms of engaging in that space, the challenge with foxglove is it is a prolific plant and it's on cross-tenure. What it needs is a broader integrated strategy across multiple tenures in order to have any chance of controlling it. The reality is, it's probably a very small chance of actually being able to be controlled - or you might be able to control it; whether you could eradicate it or not, is another story.

It's something we are aware of. We do undertake management actions. We do spend money every year on weed control programs, particularly around declared weeds and those that have key challenges. We are aware of this issue that's been raised with us around the foxglove.

**Mr HISCUTT** - I know the story is it gets to the fence and every year it comes a little bit further and everyone works it back, but they can't get past that fence to go for it. Is there any potential for public assistance in that regard? You could ask the Landcare groups and things like that to come onto STT land.

**Ms WEEDING** - We haven't specifically asked any of the Landcare groups -

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**Mr HISCUTT** - No, if they were to. Are there agreements -

**Ms WEEDING** - We're happy to engage with a whole range of stakeholders in that space. If there was an opportunity in that space, we would be more than happy to engage.

**Ms WEBB** - To follow that up, you mentioned you do invest regularly in weed control programs. What are they, what do they look like?

**Ms WEEDING** - It's going out and undertaking spraying activities or maybe physical removal of weeds.

**Ms WEBB** - So, actual teams on the ground doing that?

**Ms WEEDING** - On the ground, yes, absolutely.

**Ms WEBB** - How do you prioritise that?

**Ms WEEDING** - Declared weeds are our predominant focus, but it's really issues that come up -

**Ms WEBB** - In terms of locations around the state, because presumably you could poke a stick anywhere.

**Ms WEEDING** - All across the state. Our estate stretches from the north-west all the way down to the south, so we put in place management actions where needed. I mean, we prioritise them: so, declared weeds, issues for neighbours, where we might have notices - sometimes we will get notices through various authorities around controlling various things, so that's essentially the prioritisation that we put across it.

**Ms WEBB** - Can you give us what your budget has been, maybe in the last three years on weed control? Is that somewhere? It might be somewhere publicly reported, which you're welcome to point us to, as a point of reference in the *Hansard*, but if it's not publicly reported somewhere, perhaps you can just give us the numbers.

**Mr de FÉGELY** - The real challenge for any land manager, whether it's big farms or not, is to clear pest plants and animals, and it's the biggest impact we have on the environment. Again, this is not a unique Tasmanian thing. Every state I know is dealing with and trying to deal with it in some coordinated way.

Working on different techniques, you would be aware of the challenge of feral cats here and their impact on wildlife. Deer have become a major issue. They certainly have in New South Wales post the Black Summer bushfires. I don't know any jurisdiction that's really managing this well. It is an issue that the board's aware of and we're trying to prioritise what limited funds we have to bring in and work with others where we can.

As Suzette mentioned, we're more than welcome to work with other stakeholders to try to address some of these problems. We'd love to have more money. Every time I go out into the forest, I see something that shouldn't be there. We talk about it and the crew will come and get it. For instance, in the north-east, pampas grass is getting back into the forest, and you can see what damage it's done in New Zealand. We don't want it to get away here in Tasmania.

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**Ms WEBB** - I appreciate the sentiment you're expressing. I agree. It might not be a matter of there's more money to put to it, but coordination is probably a good opportunity.

I appreciate what you said about being receptive to that idea of coordinating or collaborating. Is there anything currently in place where you collaborate with other land tenure managers - whether that's in the public space or private land - about weed management or feral species management?

**Mr de FÉGELY** - I might ask Suzette where we - I know we have been working on it. Suzette, would you -

**Ms WEEDING** - My colleagues are informing me that we've been working in the past with stakeholders in the north-east around foxglove controls. We had a volunteer group doing some work in that space.

To answer your question, we absolutely do collaborate with other land managers, adjacent landowners, Parks and Wildlife, in how we manage particular things. As you say, there's no point in controlling up to a fence line and then you've got the issue on the other side. We absolutely undertake that collaboration on a whole range of things, whether it be weeds, whether it be illegal firewood collection, whether it be rubbish dumping. There's a whole suite of things that we engage with other stakeholders in that space.

In terms of your question on the dollars. I have that question out with the team, so I will come back to it if that's okay.

**Ms WEBB** - Yes, thank you.

**Mr HISCUTT** - Thank you. As I indicated a few - particularly questions on coupe DL011C in the Dial Range, which I imagine you are aware of. In relation to the communication and stakeholder engagement policy, the question is, what level of stakeholder input would be needed to - could that inform whether you do or don't log that coupe, or is it more to do with what information you are trying to gather about it? For example, if you had enough genuine feedback that was against logging in a particular area, would that influence that decision or is that engagement just about information gathering for -

**Mr de FÉGELY** - The minister has met with the Central Coast Council more recently than I have, but I've met with them a number of weeks ago.

**Mr HISCUTT** - This is not necessarily from council's perspective, but from the public of the Central Coast perspective.

**Mr ELLIS** - Obviously there's a range of different views about forestry and a lot of people who are supportive of forestry in our part of the world, Mr Hiscutt, as is across Tasmania. I suppose that's the thing: it's about managing the land for multiple uses. Forestry, mining and public recreation have successfully coexisted in public production forests and other land tenures in the Dial Range area for many years. Interestingly enough, the Dial Range management plan developed by Parks talks about forestry operations in the Dial Range going back to the mid 1800s.

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One of the interesting things about some of the infrastructure there - they go through the range of different operators - but it talks about while the tramway formation remains that was used to remove the logs in the past, there's actually little evidence of the early forestry operations today. In many ways, I suppose, that talks to the quality of our forestry operations in Tasmania even back then.

You think about how much more is known about silviculture these days. The Dial Range itself is about 6000 hectares, and Sustainable Timber Tasmania is responsible for the management of about 300 hectares, so a small section to the far south. That's only about 5 per cent of the total area. Any forestry activities also support the multiple use of the Dial Range area to provide - or can provide - support for the multiple-use value of the Dial Range area for local communities and the economy. I will pass to the team at STT if there's anything further to update around consultation processes.

**Mr HICKEY** - Areas like the Dial Range are integral to our wood supply. They were the areas that were set aside for us as permanent timber production zone land under the Tas Forest Agreement. They form an integral part. We understand and listen to stakeholders and appreciate their views. But, if we were to move away from every coupe that has stakeholder concerns, we wouldn't be able to meet our legislative obligations or our contractual obligations. So we do take into consideration what the stakeholders have to say; if there is some, I guess, imperatives to not harvest, we consider that, but essentially these are all key elements and key areas in making our supply to industry.

**Mr HISCUTT** - To understand that, the community stakeholder engagement is not about determining whether or not the public does or does not support that. It's about informing logging of -

**Mr HICKEY** - If there are things that we can accommodate through stakeholder engagement in terms of how we go about, or where we go about, we will consider that.

**Mr HISCUTT** - Yes. If there's evidence or something that they can provide that says, yes -

**Mr ELLIS** - I suppose in many ways, the parliament has decided that these lands will be part of the harvesting schedule. As Greg mentioned before, these were ones that remained on the harvesting schedule even after the previous Labor-Greens government took a huge amount of land off the harvesting schedule. So it's been agreed to be harvested as part of that process, and we obviously consult, but it's important to also recognise the parliamentary decision there.

**Mr HISCUTT** - No, that's fine, it was just what that stakeholder engagement will do. Are there any plans to harvest any of the 179 - apparently - other identified coupes within the Dial Range in the next five years? I know there's nothing in the next three-year plan, but do you only go out to the three years, or do you have any further, long-term plans that you could indicate?

**Mr HICKEY** - No. There's only the coupes of consideration really in the three-year plan, and there were only two coupes that we were looking at in the Dial Range area.

**Mr HISCUTT** - That's alright. You don't have a longer-range forecast than that at this -

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**Mr HICKEY** - Not that we're focused on operationally, no.

**Mr HISCUTT** - That's alright. Sorry, just trying -

**Mr de FÉGELY** - There could be some confusion, Mr Hiscutt, around FPPF forest, I think, of which there is quite considerable areas in the Dial Range. That, of course, is not part of our remit, therefore some people are concerned about that, but that's not part of any of our working plans and won't be, unless something changes.

**Mr HISCUTT** - I'm not sure if it's publicly-allowed information, but do you know what sort of value that particular - the logs coming out of that particular coupe would generate, or what the harvesting of that coupe would generate for STT or the Tasmanian government?

**Mr de FÉGELY** - I don't, but I don't know whether -

**Mr ELLIS** - Certainly every coupe that we harvest is an important driver for our economy. It's contractors, it's forest scientists, it's the regeneration teams, it's our sawmillers and all the people who work in the value chain, the transport industry and a range of others. It has a big flow-on effect, the timber industry, and that's the important thing to note. Every stick that we don't harvest in Tasmania will be one that - because we're a net importer of timber as a country, we're a huge, forested country with a small population, we're actually a net importer of timber - and so it's either going to come from native forests in Europe and travel halfway around the world, despite them having a smaller landmass than us, or it's going to come from places that can't manage their forests as well as we do here in Tasmania.

One of the other things that has certainly been noted by members of the community - and I was at Penguin Fire Brigade only last week - about the fire risk in the Dial Range, because it's an area of a lot of bush and standing timber. Certainly, I think the fact that STT is one of our three key fire agencies that has a presence in the Dial Range is actually positive, because our forest firefighters through STT certainly provide extraordinary value in making sure that these forests have a future, not just as lines on a map but healthy living forests that don't get burnt out as well.

**Mr HISCUTT** - I will come back to fire in a moment. As part of planning for coupes, is the dollar value a consideration - is it a number that is given, or is it just we have wood there, we will get out what we can, and we will figure out what it will be?

**Mr HICKEY** - There is a value that we calculate - it's not available - but we do make an economic assessment on each coupe in terms of whether we can economically harvest it or not. Ultimately, it is part of the supply for our sawmillers. There's a whole lot of things going in to determining whether or not we will harvest a coupe.

**Mr HISCUTT** - Thank you.

**Ms WEBB** - Can I ask a quick follow-up on that? Again, it is trying to get my head around certain concepts. When you have a plan about what price you're likely to get for wood from a particular area or just overall, what's the unit that you use for that? I'm trying to get my head around, for example, new concepts for me like stumpage, as opposed to ride-side, as opposed to mill-gate. How do you quantify these things?

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**Mr HISCUTT** - Did you make them up?

**Ms WEBB** - No, I didn't, I have notes on them.

**Mr ELLIS** - This is an extremely useful question, Ms Webb.

**Ms WEBB** - I have notes on them. I'm trying to get my head around it and to understand different implications depending on how you price - how do you quantify it for your own purposes?

**Mr HICKEY** - So, lots of different concepts. The value of the individual log is stumpage. How we sell to customers is generally on mill-door basis. In the contracts we have with customers there is a fixed price that has been negotiated back when the contracts started that's escalated each year, and that's the price at which we sell to them. Each individual product has a different price and attracts a different mill-door; that's most of our sales. We also do sell stumpage sales, where we charge the value of the log to the customer, they do all the harvesting and look after their own costs.

**Mr ELLIS** - What was the other one you said? Ride-side was it?

**Ms WEBB** - Ride-side, apparently. Price paid for a log at a landing -

**Mr ELLIS** - I'm very interested to know the answer to this as well.

**Ms WEBB** - I can tell you my notes say price paid for a log at a landing, when loaded onto a truck to take it away.

**Mr de FÉGELY** - It's at the break, essentially, so that's in-forest, but the harvesting has been done.

**Ms WEBB** - That didn't sound like that's something you utilise?

**Mr de FÉGELY** - No, so the tree has been felled and processed at the dump and then it would be loaded on a truck, and the point when it's loaded on the truck is the point of purchase.

**Ms WEBB** - But you said you use stumpage or you use the mill -

**Mr HICKEY** - They're the predominant ones.

**Ms WEBB** - You didn't say mill-gate, you said something else - mill-something else.

**Mr de FÉGELY** - Mill-door.

**Ms WEBB** - Mill-door. There you go.

**Mr de FÉGELY** - There's a few of them. We could spend a while on it but I'm sure you'd be bored very quickly.

**Ms WEBB** - The message I got is that it varies to some extent depending on the contracts you're talking about?

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**Mr de FÉGELY** - It does, yes.

**Ms WEBB** - Is that in any way publicly visible? Obviously, I know details of contracts are not going to be able to be all publicly visible, but the way you price things, does that become publicly visible once you've locked contracts in?

**Mr HICKEY** - No, the contracts are all commercial-in-confidence.

**Mr de FÉGELY** - We have a number of regrowth operations. A lot of those are stumpage sales. The bulk of our high-quality sawlogs are all mill-door sales, so we will look at mill-door and that's for efficiency of operation, so harvest and transport.

Years ago - and I'm talking probably 25 to 30 years ago - a lot of sales were stumpage, and everyone thought well, that was a simple risk allocation, but what was happening was that there was a big inefficiency in haulage, there were too many trucks on the road. The contractors, if they had a volume that allowed them to do two-and-a-half loads a day into a sawmill, don't have a truck capacity for three loads. You add that across the state and you have an inefficiency in haulage. We went to mill-door sales to improve the haulage and we have a very good relationship, particularly with our larger contractors like Walkden and Orana, that manage the harvest and haulage really well.

**Ms WEBB** - Thank you.

**Mr HISCUTT** - Thank you. I said I was coming back to bushfire: it is claimed, and I'm happy for you to refute or otherwise, that regenerating forests are more prone to high-severity bushfires than mature forests. Has that risk been taken into consideration with logging in those sorts of areas? Is that a consideration that's taken into your thoughts when deciding where and what to log?

**Mr ELLIS** - Thanks, Mr Hiscutt. I will pass to the team at STT shortly. For overall context, STT is one of the three key fire agencies the state. They're tasked with fighting bushfires across multiple tenures, as well as working the production forest. Protecting Tasmania's communities, forests and infrastructure from bushfire remains a core responsibility. It's a year-round focus and we see significant investment in training, equipment, skills and technology. As we mentioned before, over 70 per cent of STT staff are trained and available for fire management and firefighting roles. Their work in native forests is actually key in being able to manage fire in our forests, and ensure that they have a sustainable future. That's the business model that effectively pays for that forest firefighting. I will pass to the team at STT.

**Mr de FÉGELY** - Thanks, minister. I will provide some comments: that view about increasing inflammability is the view of a couple researchers. I don't prescribe to it. I don't believe that's the case, certainly not at landscape level. Work undertaken by a number of Australia's foremost fire researchers, the late Kevin Tolhurst, who worked out of the University of Melbourne, took pains to explain that that's not the impact. You may get a localised impact, but at a landscape level in a major fire it won't be a major impact. This I've found talking - again, because checking my own understanding - with operational foresters who are also firefighters, they don't see that as a major problem.

What we can do, though, particularly around communities, is do more active management, which I'd love to be able to do. Again, it's a bit like the weed control. If we thin

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and manage the regrowth so that you have a grassy understorey, then the opportunity for crown fires to come out of forests is dramatically reduced. Therefore you can protect communities by thinning forests actively. Also, we found that bigger trees in those thinned forests are more resilient to fire, so as a climate change mitigant, it's a real possibility. We're also seeing - this is a bit anecdotal, but Melbourne university suggesting biodiversity is better in these thinned forests. Again, a work in progress, but as a concept, I don't believe it has any real support amongst operational fire managers.

**Mr HISCUTT** - Thank you for the answer to the question. In general, when a coupe is planned to be logged, do you try to engage local contractors, and in a specific sense, will there be any Central Coast engaged contractors to do this work, or will it potentially come from further afield? The economic growth that's produced by doing this, what benefit - does it come back to the actual region where it's taken from?

**Mr HICKEY** - We supply wood from three regions: north-west, north-east and south. We have contractors who are local to those regions, so it's not necessarily local to Central Coast, but it is to the north-west region.

**Mr HISCUTT** - To the region, yes.

**Mr HICKEY** - The contractor who will be harvesting coupes in the north-west is a north-west regional contractor, and the revenues they make out of their harvesting activities get spent back in north-western communities.

**Mr HISCUTT** - Thank you. Slightly changing the tone a little bit, but particularly in the north-west, as I understand it, there used to be more local presence with STT there, and that used to foster a bit more engagement with the organisation. Is that something you would potentially look to in the future, to regain that sort of community presence in that space, or are there any strategic activities in that space?

**Mr de FÉGELY** - We'd love to do it, and we used to do it significantly back in the days of the Forestry Commission. Again, it comes down to direction from our minister. Our charter is to be financially sustainable. We were very clear when STT was set up that the minister and the government said that you will be in the black, and that wasn't even necessarily a written direction, but it was a very strong ask and we're determined to do that.

I'm very proud to say that we put together eight years of profit. The challenge, though, one of our big costs is employees. So having more extension employees is a cost at the moment that the business can't carry, particularly in the current market downturn, although we do - and I would commend our communications team led by Carmen Windsor and we have Abbey Lewtas up in the north-west and others who do a great job to cover for a lot of people. We obviously can't cover every issue but we are trying, and we do support them as an integral part of our operations.

**Mr HISCUTT** - They delivered a great presentation at the Central Coast Probus Club recently.

**Mr de FÉGELY** - Oh, very good.

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**Mr ELLIS** - There's also, of course, the Camdale north-west space and Smithton. Importantly, a lot of our people are out in the field. They're driving around, they're stopping at a range of roadhouses around the place and all that sort of stuff, getting their lunch, getting tyres, working with local contractors. You also see the big presence often in the downstream processors. Your mills - obviously there are the processors of Burnie, and then mills at Smithton and Somerset, for example. The spread is broad and vast, not necessarily an office in every town anymore, but that reflects the higher degree of mobility of our people right across the state.

**Mr HISCUTT** - I certainly think it probably gave a little bit of stability to the community in regard to what's going on. Through the minister instead of through others, perhaps consider some recommendation towards that into the future.

**Mr ELLIS** - I fully appreciate where you're coming from, Mr Hiscutt. As the chair's mentioned before, government's been really strong to forestry that we need to ensure that this is a financially sustainable business. The fact that we've been able to deliver eight profits in a row, particularly after some very challenging times with restructures and the Tasmanian forest agreement, I think that's a real credit to the business. The future of forestry will be built on being environmentally sustainable and financially sustainable.

**Mr HISCUTT** - The other side of that is also socially sustainable, which is what this comes to.

**Mr ELLIS** - Yes, for sure.

**Mr HISCUTT** - I will leave it as a comment.

**Mr ELLIS** - Yes.

**Mr de FÉGELY** - Thank you. I think we supported 541 Tasmanian businesses last year, and we monitor that every year. I think we've got close to 1000 contractors - maybe not quite as much as that, but it was a lot when we started to add it up and we look forward to using those every year.

**Mr HISCUTT** - I appreciate the answers.

**CHAIR** - Mr Gaffney and then we will go to Ms Webb.

**Mr GAFFNEY** - Thank you. I've just got something on your workforce numbers. You mentioned earlier that you had 77 firefighters within the SST.

**Multiple speakers** - Seventy-seven per cent.

**Mr GAFFNEY** - Could you tell me the number of people you have who work for SST?

**Mr de FÉGELY** - About 171 full-time equivalents, I think.

**Mr GAFFNEY** - Gender balance?

**Mr de FÉGELY** - Female is 32 per cent.

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**Mr GAFFNEY** - Okay, regional balance? Is that north-west, north and south?

**Mr de FÉGELY** - We can. I don't have that on the top of my head, but I do think we've got it split up and -

**Mr ELLIS** - You were doing so well.

**Mr de FÉGELY** - Yes, sorry, thank you.

**Mr GAFFNEY** - You can come back with those. Is it a flexible and movable workforce? For example, if you're doing an operation in the north, do you take people from the south or north-west there? Or do you have enough people in the north who would cover that operation? How does that work out?

**Mr HICKEY** - Generally, with the structure that we have, the regional staff manage the operations in those particular regions. There is occasionally, at times, when for leave reasons or something like that, or if we've got people on campaign fires, that we do take people across boundaries to assist. Generally the management is done within the region.

**Mr GAFFNEY** - What about gender balance within leadership positions?

**Ms WEBB** - Is this about right?

**Mr de FÉGELY** - Our board is 60 per cent female.

**Ms WEBB** - No, I was just looking at the table.

**Mr de FÉGELY** - Oh, sorry. Yes. Suzette is in our general management team. The rest of the management team is male. Oh, sorry. Apologies. We just promoted a Head of People, Linda Crawford. So we now have two females in our general management team.

**Mr GAFFNEY** - Where you may recognise you have retirements or people moving and you identify a potential lack - not skills - but of qualified people in certain areas, how do you manage that? Do you have apprenticeships and how many apprentices do you have?

**Mr de FÉGELY** - Not so much use the word apprentice, but we are training a significant number of young staff. We were struggling to get qualified forest managers, so we initiated a cadet program about three or four years ago and we do have numbers on those, which I can give you, Mr Gaffney. From memory, we spent about \$275,000 on training last year. We have about 1600 training requests from staff - which is a lot considering we have 171 staff - but about 1500 of those were met. Some of the short-term training might be fire training, but they do range across graduate certificate to graduate diploma in forestry, so we do use the TAFE system.

We placed one of our younger foresters on an exchange program overseas. Sean Boucher, spent time offshore, which is an international exchange program between Australia, New Zealand, Canada and the United Kingdom, where they can experience forest management and issues in other parts of the world. We feel that that's really worth putting effort into. We have a number of programs, and we also support the Forestry Education Foundation.

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We can always do more, but I'm very pleased that we started our cadet program again. My interaction with our younger staff members and the feedback I get is that they greatly appreciate it and I'm hoping that some of them will go on to university.

**Mr GAFFNEY** - When that young chap comes back from overseas, what's the expectation of the organisation? Does he get to present his work, or does he have to provide a document or whatever at a conference, or how do you expand that?

**Mr de FÉGELY** - Reading my mind, I was thinking about that the other day to ask him. I have already asked him can you come and present to the board on your experience, because we will be asked if we wish to do it again this year. It's organised through Forestry Australia, which is the professional association for forest managers and growers around Australia. I note that both New Zealand and the United Kingdom have advertised for theirs; we did it fairly differently in Australia because Sustainable Timber Tasmania and Forestry Corporation of New South Wales put their hand up to say we'd like to put one of our staff members up to test this out. In the future, it will probably become a competitive process between other forest managers, but at the moment, ourselves and New South Wales are the two that are promoting it.

**Mr ELLIS** - Can I just give a quick shout-out to a couple of our trainees as well. We actually won Trainee of the Year, this year with Melody Reihana; and the Emerging Leaders, Gareth Tempest and the very appropriately named, Matt Wood.

**Mr GAFFNEY** - Don't laugh at your own jokes.

**Mr ELLIS** - I was actually laughing at one of your jokes, obviously.

**Mr GAFFNEY** - Alright. Exit interviews - you obviously have people who, for a number of reasons, will exit whether they go to the mainland or relocate or whatever. Do you do exit interviews with them, and what are the results from those interviews? Is it that they're satisfied with their job, but they need to get elsewhere; or they're dissatisfied with their work, and if they are dissatisfied, how do you, as an organisation, deal with that?

**Mr HICKEY** - Yes, we do exit interviews. Some people are leaving for different opportunities, and they will provide feedback in terms of their experience with us and what the opportunity is that they're going to. Some, in the current circumstances, is because they find an opportunity with a higher rate of pay. We have the whole suite of issues that most employers deal with as far as staff churn goes.

**Mr de FÉGELY** - An average tenure for staff is about 12, nearly 13 years, which is great, and we had five staff this year complete 40 years.

**Mr GAFFNEY** - What's the average age of the workforce?

**Mr de FÉGELY** - That's a good question.

**Ms WEEDING** - I will see if the team can come through with that.

**Mr EDMUNDS** - Do you have to cut them in half and count the rings?

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**Mr GAFFNEY** - This group is lucky that you're here. Just -

**Ms WEEDING** - Sorry, to clarify your question there: my team clarifies that promotion is the main reason that people are leaving the organisation, so they've just got other opportunities elsewhere.

**Mr GAFFNEY** - Thank you. My last lot of questions is around - I noticed the eagle - 37,000 hectares of -

**Mr HICKEY** - Wedge-tailed eagles survey?

**Mr GAFFNEY** - Yes, and sea eagles and that sort of thing, and 16 new nests have been found.

**Mr HICKEY** - Yes.

**Mr GAFFNEY** - And there are 144 revisited. If a nest becomes inactive, in the fact that there's no birds for how many years, does that mean then you can go into that area and log, or is that 10-hectare zone in perpetuity?

**Ms WEEDING** - Yes. Through you, minister: the 10-hectare reserve is maintained in perpetuity. The key aspect around that is, are there still suitable nesting trees in that area?

**Mr GAFFNEY** - Okay.

**Ms WEEDING** - So we go out, we recheck nests. Birds can come back and refurbish nests over time. A nest that might not have been active for five or six years might have, in the following year, birds come in. So because it's been a previous successful nest site, or a nest site where they've actually constructed - whether they've actually raised chicks or not is another story - then it has potential for future use. If the tree remains, then the nest - or the tree or suitable trees within that reserve remains - then the nest reserve absolutely stays in situ.

**Mr GAFFNEY** - Yes, and it says, though, you can do minimal activity there, not to disturb. It doesn't say it's an exclusive zone. I think your notes say there can be 'minimal work'. So if there was a special tree, there's nothing there that you can do?

**Ms WEEDING** - Not in the reserves, so not in the 10-hectare reserve. We don't do any harvesting within the 10-hectare reserve around the nest.

**Mr GAFFNEY** - Okay.

**Ms WEEDING** - That's an absolute maintain: within the 500 metres or one-kilometre line of sight, we have operational breeding season exclusion protocols that we apply, so this is through the Forest Practices Authority requirements. That means that we can't undertake forestry activities within those zones near an eagle nest until we assess the nest - whether the nest is active or not. There is a program we run. The breeding season runs from 1 July to the end of January, and within that timeframe, the first few months, there's no view as to whether the nest is active or not, so all nests are treated as active. Once there's chicks established on the nest, bird activity, then we can go in and assess whether the nest is being used. That dictates whether the operational activity exclusion zones apply for the rest of the breeding season, or

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whether they're not needed for that breeding season. However, the 10-hectare reserve is always maintained.

**Mr GAFFNEY** - Okay. My last question is interesting. It's hard to know whether the 16 new nests is from new areas that you've assessed, or have the 16 new nests been found in areas that you've already assessed before - do you know what I mean? Is it new nests in new areas or are they new nests in old areas that you've already found? So the breeding program is - it might have been more active.

**Ms WEEDING** - It's a combination thereof. Some will be new nests that the birds have constructed in that period of time - sorry, in areas where we've previously searched. We do have timeframes for which we have to refresh searches. Searches aren't just we search once and then we're right forever; if we come back in, I think it's two years later - but I'd have to double check that, it's either two or three years - then we've got to go back and out and do another search. So we get the helicopter out there and search the area to see whether any new nests are constructed in that period of time.

There's a range of reasons why birds will build new nests: sometimes it's disturbance based, so for some reason they've been unsuccessful at a previous nest site. They will build a new nest. Others, it could be juveniles building a new nest site. It's a whole range of reasons as to why they would they do that. From a landscape perspective, we see eagles regularly out and around our activities and our land management actions. We're very conscious of where they are and we're conscious of managing them effectively, and that is through maintaining their nest sites and maintaining opportunities for them in the landscape.

**Mr GAFFNEY** - Thank you. Thank you, Chair.

**Ms WEBB** - Thank you. I'm thinking again about the contracts that are coming to an end, and then you're looking ahead to be renegotiating new contracts; my understanding is that previously - or the current contracts that are coming to the end were very long term, like 20- or 30-year contracts. Would it be fair to assume that there's quite a different context now for this whole industry, that we wouldn't be looking at contracts again that were such lengthy contracts that are being renegotiated? Are we expecting that we're going to be having a shorter period of time encompassed by a contract? I presume it's not too difficult to anticipate that that might be the case, just given a very different context in the world.

**Mr ELLIS** - At a high level, the government's been keen to make sure that there is long-term certainty for people, for the forest, for contractors and downstream processors. If you think about the nature of forest growing, it takes a long time and so it's important for everyone in the value chain to have a high degree of certainty.

Obviously we're working through two contracting processes. There are the native contracts which are due to expire in 2027. STT has been engaging extensively with customers since 2023, and they're seeking to establish new native forest log supply contracts with the terms set to expire in 2040. Then we're working through the current process on the plantation log sale as well.

Similarly, we will be looking to a longer-term certainty for the customers as well as for STT in the process. There are probity arrangements that we need to be conscious of, but I will pass to team at STT to see what we can share.

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**Mr de FÉGELY** - Thank you. We have the opportunity, after significant investment by the people of Tasmania, and our pruned and thinned *Eucalyptus nitens* plantation, we're bringing those to market. That's part of a probity commercial process that hopefully we will have concluded in the new year. I'm not part of that process. I can't tell you much more detail about it and I won't ask my colleagues to discuss that for obvious reasons. That process is in train and all our customers were given opportunity - and it was very clear in the expressions of interest that that would be Tasmanian-based processing.

The management team is working through with our current customers over new log contracts from our natural forests, albeit at lower volumes because of the way in which the TFA was structured, which was built around a yield out to 2027 and not really beyond. This is a challenge for us, hence one of the reasons why we're very keen to - every cloud has a silver lining so that the private sector may well be able to fill that volume.

The overall volumes, though, if you look at what's coming through on our plantation resource, there is significant volume there as well. Therefore, theoretically, our customers can manage a mix of natural and plantation logs.

We're seeing some innovation in the state in terms of processing. Some of our customers are looking at different markets using different processing techniques. Neville Smith is one of the biggest pallet producers now here in Tasmania using plantation wood, which up until probably five years ago people thought you couldn't do, but they're doing that well. Virtually, as most people will know, any freight in Australia now moves around on a wooden pallet. The reason we use wood is because it is recyclable and it's durable and all supply chains are basically worked for it. They are being produced in big numbers in Tasmania.

We're seeing interesting work done through Western Junction, through the sister business in Victoria, in laminated construction. If you have a look at the extension to the Tasman, all those beams in that new hotel complex, they're imported. We can make those here in Australia and hardwood is actually a better product. There's a bit of R&D we've got to do to get it right but we're not far away. We've seen it in Launceston and, as you would know, in St Luke's building, the University of Tasmania building, a wonderful building. Launceston is the centre of excellence in that regard. Greg Nolan's team and the team up there is doing some really good work and I expect to see more of that.

Part of our process of bringing this wood to market is to try to ensure that that incentive is there for people to actually innovate and develop some of these products which are going to be really good for the future.

**Ms WEBB** - My question was focused around that idea of length of contract and given that we're in an innovative space, plus then there's the other side of it, the context of climate change and those factors coming into play as well. That's why I was looking for an indication. Does that steer us towards no longer going down the path of 20- or 30-year contracts in this space? To allow for more flexibility to a changing context.

**Mr ELLIS** - Probably on the contrary side of that, though, is when you look at innovation, it requires big capital investments. So, a lot of these mills that are making the investments in planned technology and training for their people as well, need to invest significant sums in that. That then means longer payback periods of time. Having wood certainty for a longer cycle means that they can make some of those investments, rather than

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having very simple processing which is not as capital intensive but delivers a lesser valuating return. Getting the balance right with innovation and certainty is important, but in some ways having a longer-term horizon and being able to partner with businesses for the long-term also enables those businesses to be able to deliver greater value add. I will pass to Rob and the team from STT.

**Mr de FÉGELY** - Thank you. The contracts are one part of the solution to getting that innovation. The thing that's really important to most processes is to ensure that there is wood available - so if we don't provide it, is there another option for them? We are really hopeful that our market-based approach, that we will encourage other landowners so that the Tasmanian community is not doing all the heavy lifting in terms of wood supply. Our supply from natural forest is obviously limited. We don't know at the moment the viability of whether or not pruned and thinned *Eucalyptus nitens* will be long-term, because of the amount of work that we have to put into actually thinning early and pruning these trees. Is that something we need to do - that's still a work in progress.

The private sector tends to be more fleet of foot, more innovative, more flexible, some of them attract more wealth - have more financial - and will do things because like farmers, they do things because they want to do them. They have much more flexibility than we have. If we can provide that foundation, as I mentioned earlier, and the private sector is encouraged to be part of that. The current harvest from private native forests from non-industrial growers is very low, so there's latent potential there.

The large industrial growers are also looking at options for domestic processing. They are very interested in what the outcome of our expression of interest will be because if they decided - and there is a process that will be able to move and process their wood, such as Forico and Reliance, then Tasmania can be a real hub of wood processing.

**Mr HISCUTT** - Obviously, there's a national context to this as well, with relevant media recently talking about ending that across the nation. How would that affect contracts that we may enter into? A follow on from that sort of question that we have -

**Mr ELLIS** - If we shut down native forestry here in Tasmania it would be a disaster. It would be an absolute disaster for a whole range of different reasons. Even if you look on the financials - I think it was recently reported the shutdown of native forestry in Victoria has already cost them \$1.5 billion. We had a mini experience of this in Tasmania in 2012-ish under the TFA, with a massive cost to our economy, to jobs, to people. It's all the long-term effects as well, Mr Hiscutt, around forest health, fire management, lack of recreational access to all these areas where previously forestry provides those services, then the ongoing financial impact as well. We spoke before about a \$1.2 billion contribution from forestry to the economy and about 5700 jobs. It's a big contributor and it would have a big negative impact.

**Mr HISCUTT** - How are you managing that risk? Is it wait and see if it happens and then decide what to do? Or do you have contingencies or what planning have you done for that eventuality that could -

**Mr ELLIS** - I would contest that it's an eventuality -

**Mr HISCUTT** - No, sorry, I misspoke.

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**Mr ELLIS** - and to be honest, if you look at trends around the world - and personally, I don't like to go into hypotheticals too much - but one of the things that I will say is it stands out to me that most people when you ask them the kind of forest that they would like to see would say mixed species natural forests with natural water management and providing high-quality timber. That looks like our forests. I think in Australia, we've had a conversation here that doesn't actually look like a lot of countries around the world. A lot of countries - if you look to Europe, most of the forestry in many countries, is native forest for the reasons that we mentioned before regarding all the values that it helps provide. Plantation, as well, is important. It has an important role in our business in STT. It has an important role in our economy in Tasmania. The mix is what is widely regarded internationally as the best approach.

Even the Intergovernmental Panel on Climate Change says quite clearly a mixture of native forestry, plantation forestry and conservation leads to the best overall outcomes. When you look at a carbon-constrained century, the fact is that we have this incredible material that can sequester carbon naturally and also provide the products that we need in building homes, fibre for a plastic-free future, things that sequester carbon naturally.

The sense that I get, and obviously we're talking about hypotheticals, but the hypothetical sense that I get is that there will be a change in view. Sadly, we see - as we've seen in some states that have made these decisions - catastrophic bushfires wiping out the forests that people hoped different lines on maps would protect. They were looking for the capability of our forest firefighters that was there in times gone by and is not there in the future. There will be salient lessons. I think there's a hugely bright future for forestry.

Certainly, the federal government and both federal parties are supportive of a future for native forestry, and we welcome that. We want to make sure that we hold them to that. I think the future is very bright and I think the public, as we go through experiments in removing native forestry from the way we manage landscape, is starting to see the negative impacts that come from that in other states.

I will pass to the team from STT if they want to wax lyrical on our love of native forestry. No, but if there's anything more specifically that they did want to add in this context.

**Mr HISCUTT** - I am happy for the other questions that are more important to go.

**Mr ELLIS** - One that I do have, Suzette has a response to questions on notice regarding weed management cost and employee agent tenure.

**Ms WEEDING** - No problem at all. We spent about \$120,000 on weed control. That's on an annual basis.

**Ms WEBB** - That's a consistent amount across -

**Ms WEEDING** - It depends on the issues that come up and where we spend the money. But it's in that realm.

In terms of our mean employee age, it's 56.2.

**Mr GAFFNEY** - I was going to clarify that. I was actually more interested in the outdoor workforce, the median age of that, but you may not be able to do that.

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**Ms WEEDING** - We don't have that breakdown specifically.

**Mr GAFFNEY** - I was wondering more about that cohort of workers?

**Ms WEBB** - That number is interesting, 56.

**Ms WEEDING** - Our average tenure is about 13 years.

**Ms WEBB** - Do you have a succession plan for 10 years' time from now when most of your workforce will retire?

**Ms WEEDING** - Something we're very conscious of as an organisation is our ageing workforce, and that's part of where our cadet program comes in. In terms of our cadets, we've got three cadets currently with the organisation, one in each region, so we're looking to bring through the younger workforce, the younger cohort, in order to provide that succession. We have a mentoring program that we run as well internally, which provides for sharing those skill sets from those mature employees through to our younger cohort that comes through.

**Mr GAFFNEY** - Perhaps this is not something you can provide this year, but something I think would be interesting to have is the median age of your indoor workforce and your outdoor because it's the outdoor ones that you probably want to have at less than 56. Therefore, for next year, perhaps; I'm not sure whether you can do that.

**Ms WEEDING** - We don't have those numbers to hand, but I'm happy to see - I agree with you entirely. It's an important part of our workforce planning looking forward. Absolutely.

**Mr de FÉGELY** - From a board's perspective, you can look at that two ways. You can say it's very old, but we like to think it is also a reasonable indication that STT is a good place to work. People stay, and that is a credit to everybody involved.

**Ms WEBB** - Thank you. Just to clarify, I certainly wasn't disparaging older workers.

**Mr de FÉGELY** - Thank you.

**Ms WEBB** - I would be considered one myself. It's just that it requires planning, for workforce management as you look ahead.

**Mr de FÉGELY** - Absolutely.

**Mr ELLIS** - That is a big part of the diversity approach from STT as well. In terms of forestry companies, STT has been a leader - because in the past we just missed out on too many great foresters. So yes, I think it's a real credit over recent years.

**Mr EDMUNDS** - Thank you, Chair. Has STT acquired the shed structure previously occupied by Ta Ann on the Southwood site?

**Mr ELLIS** - I will pass to the team from STT.

**Mr de FÉGELY** - Sure. Greg, would you like to comment on that? Suzette, sorry. It's been a long process and a bit of a saga, that one, because it got caught up in the 2019 bushfires

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and they were one of our tenants at the time, and their challenges to try to resolve all of that, so it's been a long thing.

**Ms WEEDING** - So yes, the answer is the shed is owned by STT.

**Mr EDMUNDS** - Can I ask the specifics of the transaction and what the annual holding cost is of the shed?

**Mr BROOKWELL** - We can get you the holding costs and have a look. I don't have that to hand. In terms of the specifics around the transaction, that was an arrangement with one of the lessees to wrap up certain commercial matters in terms of their contract and the occupation of the site.

**Mr EDMUNDS** - Okay. What's the future intended use of this shared asset by STT?

**Ms WEEDING** - We're still working through with the previous holder of the shed. There's an asset that they've got ownership of that's still within that shed structure that still needs to be removed from the site. That was part of the transaction that we undertook with that person. Subsequent to that, we will be looking at an EOI-type process to see what interested proponents we might have. We certainly have a couple that have expressed interest in the shed and using the shed. It is a wood-processing site and facility, so it will be in that sort of realm, but we're looking to work through a process.

**Mr EDMUNDS** - Considering the time, would you like me to put that question on notice?

**Mr BROOKWELL** - In terms of the holding cost?

**Mr EDMUNDS** - Yes.

**Mr BROOKWELL** - I will see what we can do.

**Ms WEBB** - Thank you. We haven't asked much about finances, so I better squeeze one in before we finish up, particularly because, when we read the Auditor-General's report, the *Financial Statements of State Entities Report*, and what appears to be the case is that you've done a lot of investing. So you've been using reserves and you've drawn down on assets to purchase plant and equipment, I believe. Obviously there's a plan in that, but now you're at a fairly low level in terms of the hay in your barn, I suppose - or there's probably a suitable forestry analogy to that.

**Mr de FÉGELY** - The wood in the woodshed.

**Ms WEBB** - The wood in the woodshed. Would you like to give us an explanation as to where we are at in a cycle of things, and will you be building your cash reserves and your assets back up again, in that sense, so that you're perhaps not as exposed as you are right at this moment, with not too much there?

**Mr de FÉGELY** - I will hand over to Chris Brookwell in a minute. We have two investment funds within STT: one is to cover our defined benefits liability superannuation

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insurance; when STT was formed, we realised we had a significant liability and exposure to defined benefits. We don't - that scheme stopped -

**Ms WEBB** - Because you had a workforce coming over from being public servants under that scheme.

**Mr de FÉGELY** - Yes, and that scheme, even though it closed in 1994, I think from memory, we still have a number of employees in that scheme.

**Ms WEBB** - They might be in your north of 56 by now.

**Mr de FÉGELY** - Well, they most likely are. So we needed to cover that. So we have taken what we think is a prudent approach to investing to cover that liability.

The second one is a risk-management investment fund. Following the 2019 bushfires, it became almost impossible to buy insurance for our plantations. They're obviously highly valuable because of - our \$200 million valuation, the bulk of that's our plantations. The cost of insurance - what we could - well, sorry, what we could procure was just a ridiculous price for premiums, and everyone suffered that challenge. We spoke to the Treasury and the minister at the time and said, why don't we do some self-insurance here.

**Ms WEBB** - Self-insure, yes.

**Mr de FÉGELY** - We took advice from Indifour, a consulting firm, on what we thought was going to be, based on history, our maximum loss, and what would that cover. We have put around \$5 million - Chris, correct me if I'm wrong - into a risk-management fund which is designed to allow us - and because our plantation resource is quite fragmented, fragmentation is your friend in a bushfire, it's highly unlikely that we'd lose all of them.

**Ms WEBB** - They won't go all at once. Sure.

**Mr de FÉGELY** - So we would only lose part of them, yes.

**Mr BROOKWELL** - It's a good question. We generated operating cash flows last year of \$6.5 million; that reduced this year to \$1.5 million, but the underlying profitability was about the same, it was \$0.7 million in both years. The reason our cash flow generation was down this year was because we paid about \$4 million in creditors. There's a working capital movement that meant that our cash flow from operations was lower than last year on an equivalent profitability.

We have the same borrowing facilities with TASCORP, we didn't have to access those at the end of the year, we didn't have to increase those. Really, in terms of the outlook, we're looking to settle the contracts, be very clear around the profile of wood supply and cost, as you rightly say, just increase the cash buffers again.

**CHAIR** - I did have one question with probably follow-on, regarding superannuation. If you could provide, minister, some more information about the currently unfunded superannuation liability for STT?

**Mr ELLIS** - Thank you, Chair, I will pass over.

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**Mr BROOKWELL** - Thanks, for the question. The liability is \$25.4 million; it did increase this year and that was driven by a reduction in the discount rate which was assessed and calculated by most of the actuary. The liability is a net liability; so, the gross liability is about \$30 million, and there's some plan assets in there as well - that's about \$5.5 million. Those assets are managed by RBF.

STT is responsible for the net liability of \$25 million. As the Chair said, two years ago the board decided to put aside funds to start meeting that emerging liability on a partial basis. We have approximately \$8.5 million invested, which is about a third of the fund. Once we settle, the next corporate plan will settle in how we look to increase that investment fund to meet the liabilities that are coming through.

The average age - we have 23 employees; it's about 13 per cent of the head count who are still members of RBF and still accruing for active service. They have an average age of 56 years as well, so we have an average remaining service life of about 10 years left.

**CHAIR** - Thank you. So, STT would be fulfilling its superannuation obligation to its employees?

**Mr BROOKWELL** - Absolutely, and that's obviously separate to the superannuation guarantee charge that we pay for employees who aren't part of that scheme.

**CHAIR** - The superannuation is paid by STT quarterly? Or how's it -

**Mr de FÉGELY** - Every pay.

**CHAIR** - Okay, right.

**Mr BROOKWELL** - So, the rules change around that; we pay very promptly.

**CHAIR** - Thank you very much. Do we have any burning last questions, members? I know we could all find lots of questions.

**Ms WEBB** - I'm interested, do you have an accreditation scheme for ensuring that your logging and carting contractors are demonstrably compliant with the conditions that you put on them and expect of them? If you do have that accreditation scheme, do you have provisions for removing non-compliant contractors if they're not meeting your expectations and conditions?

**Mr HICKEY** - There is no accreditation scheme. There are criteria within their contracts and other legal obligations that they have outside the activity for us, which we expect them to comply. We review them annually as part of the Forestry Fair Contract Code that we do an annual review with them, and part of that is performance and obligations. We review that at least on an annual basis. If we have contractors who are non-compliant we do work with them to improve their performance and to become compliant again, rather than taking the stick approach. There are clauses in the contract -

**Ms WEBB** - Sure. But you could, if you needed to?

**Mr HICKEY** - If we needed to, we could.

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**CHAIR** - Thank you. It being 3.59 p.m., it is probably a good time to say thank you very much for all the answers you've given, and for coming along to the committee.

I thank my committee as well and our assistants.

**WITNESSES** - Thank you.

**The witnesses withdrew.**

**The committee adjourned at 3.59 p.m.**