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DIVISION

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19 November 2009

The Hon. Jay Weatherill MP
Minister for Environment and Conservation
9th Floor
Chesser House
91-97 Grenfell Street
Adelaide
SA 5000

CC the Hon. Paul Caica, Minister for Forests

CC The Hon. Jay Weatherill, Minister for Environment and
Conservation

Re: Water and Plantation Management in South Australia

Sincerely,

Michael O'Connor

National Secretary

Forestry and Furnishing Products Division

CFMEU



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Dear Minister,

The CFMEU, Forestry and Furnishing Products Division (FFPD) is concerned that the positive implications of forest plantation growth and development will be unjustifiably impeded through plantations being subject to the water licensing allocation system as they are proposed to be in the Natural Resource Management (Commercial Forests) Amendment Bill 2009. The bill represents enabling legislation for proposals made in 'Managing the Water Resource Impacts of Plantation Forests: A Statewide Policy Framework'.

The reliance on CSIRO data and evidence from the study 'Water Use by Tree Plantations in South East South Australia' to justify the state-wide amendment of legislation does not take into account the fact that, as stated in the study itself:

'Further research is needed for accurate quantification of plantation water use over entire rotations and at larger scales'.

The statewide framework concedes itself that:

'The scientific methodologies detailed in this framework are appropriate for use as approximations of the impacts of plantation forests on water resources in the absence of more detailed scientific information.'

Given the uncertainty over life cycle impacts of plantation forests on water resources, the proposal to license forest plantations based upon estimations of 'maximum water use of a plantation forest' is inappropriate. Furthermore, Regional Natural Resource Management Boards are not suitable bodies to make estimations based on approximations in the absence of detailed scientific information.

As previously stated the FFPD recognises the need for Australia's scarce water resources to be managed sustainably and prioritised as necessary and furthermore understands that the precautionary principle in the Natural Resource Management Act is not an excuse for inaction on this issue. However, the FFPD evokes the 'Guiding Principles' of 'Managing the Water Resource Impacts of Plantation Forests' which are consistent with the vision and goals of the State Natural Resource Management Plan reflecting the integration of this policy within the South Australian Government Natural Resource Management framework, to call for a socioeconomic and environmental study into the implications of the Natural Resource Management (Commercial Forests) Amendment Bill 2009.



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Specifically the FPPD evokes Guiding Principle Number 8:
'Adaptive and precautionary approaches':

'When making decisions under scientific uncertainty, a risk management approach will be used to identify and consider the range of potential environment, economic and social benefits, costs and risks of each option, and to help prevent, minimise and mitigate adverse impacts to industry and communities'.

Evocation of Principle 8 is particularly relevant given the FPPD's understandable desire, on behalf of our members to ensure that Guiding Principle Number 3, **'Sustainable Industry Development'** is realised. It is in our view that this principle is under considerable threat from the amendment bill, as argued previously.

Under these circumstances, it is appropriate for government decision makers to be informed by a study conducted in order to provide adequate risk management assessment determining the wider impacts of the implementation of the potential amendment to legislation. It is also suitable for the study to have strong representative participation from the potentially affected industry and communities.

Below is a proposal for the socioeconomic and environmental study which the FPPD contends should be conducted and completed prior to the bill being debated in parliament again. In addition, the FPPD contends that given inaction on this issue is not desirable and the eventual decision is of great importance to the future of the forest and wood products industry, that this study be conducted expeditiously and results released considerably prior to the 2010 state election campaign in order for all political parties to be able to respond to the study and indicate whether they support the proposed amendment to legislation in its current format.

We look forward to receiving your urgent response on how we can move forward with this vital initiative.

CFMEU FPPD

Sincerely,

Michael O'Connor,

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Proposal of the **CFMEU Forestry and Furnishing Products Division**
(FFPD):

Process and Terms of Reference for Socio-Economic and Environmental impact study on potential implementation of Natural Resource Management (Commercial Forests) Amendment Bill 2009 and Managing the Water Resource Impacts of Plantation Forests- A Statewide Policy Framework.

Background:

Following the South Australian Government's release of 'Managing the Water Resource Impacts of Plantation Forests- A Statewide Policy Framework' and proposed enabling legislation introduced to parliament 'The Natural Resources Management (Commercial Forests) Amendment Bill 2009', the CFMEU FFPD has sought a commitment from Environment Minister Jay Weatherill and Forest Minister Paul Caica that a socioeconomic and environmental study on the wider effects and impacts of the pending legislation be conducted.

Management:

The study should be funded through the auspices of the South Australian Department of Primary Industries and Resources (PIRSA). PIRSA should employ a well credentialed, third party, independent consultant to do the study which is selected, briefed and guided by the steering committee.

Steering Committee:

The steering committee for the study should include the following representation:

Chair: Trevor Smith.
A representative from the industry nominated by NAFI (Alan Hansard or Noel Bushnell)
A representative from state wood processing industry (Phil Lloyd-Auspine)
A representative from the CFMEU FFPD (Michael O'Connor, Dave Kirner or Travis Wacey)
A representative from regional plantation industry (John Kellas)
A PIRSA representative
A DLBW representative

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Terms of Reference:

The study should assess the impact of the implementation of the policy framework and potential legislation on the Australian, state and various regional areas' forest and forest products industry and make conclusions on whether the legislation is therefore justifiable from an economic, social and environmental perspective. The study should seek to do this by answering the core questions (following) through consideration of a number of issues as outlined below:

1. Economy:

Core Question:

How would the implementation of the Natural Resources Management (Commercial Forests) Amendment Bill and Managing the Water Resource Impacts of Plantation Forests- A Statewide Policy Framework impact the development of a vertically integrated timber industry of scale in South Australia?

This section should consider and address:

- 1.1. The extent to which implementation of the legislation and the policy framework affects the international competitiveness of the plantation forest and plantation forest products industry in South Australia in terms of ability to export and replace imports.
- 1.2. The effect that implementation would have on the state's ability to encourage the development of and retain existing value adding businesses, with a focus on prospects for investment in proposed projects.

1.3. Specifically:

The effect that implementation would have on:

- Industry's ability to increase the Green Triangle Region's plantation estate from some 350,000 ha to 400,000 ha.
- Industry's ability to increase the current harvest from ~3.5M tpa to 7M tpa
- Industry's ability to double current contribution to regional GDP and jobs (today's current GDP data only picking up pine sector impacts)



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- Ability of industry to increase regional base load power by up to 100 MW of renewable biomass electrical power.
- Plantation asset values.

1.4. The extent to which plantation managers would receive a secure property right guaranteeing a right to a defined share in the water resource in a fair and equitable manner compared to other water access entitlements.

1.5. Whether plantation managers will be given equitable share recognition upon entry into the water market by the proposed mechanism, an equitable share adjustment in response to changes in climate, and an equal ability to manage risk via the market.

1.6. Whether the implementation could increase Australia's annual deficit in trade of forest and wood products of approximately \$2b.

1.7. The extent to which the retrospective impacts of the legislation and policy framework adversely affect the industry's risk profile and cause a need for compensatory measures.

2. Social:

Core Question:

What is the potential impact of implementation of the Natural Resources Management (Commercial Forests) Amendment Bill and Managing the Water Resource Impacts of Plantation Forests- A Statewide Policy Framework on employment and on the socio-economic fabric of specific regional communities?

This section should consider and address:

2.1. The effect that implementation would have on the jobs and livelihoods of the over 120,000 workers employed in the forest and forest products industry in Australia and the over 7,000 employed in South Australia, their families and their communities.

2.2. The effect of implementation on regional employment in the Green Triangle Region in the present and future.



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2.3. Whether implementation would result in impediments being put in place which stifle the opportunity for plantation managers to change species mix as an adaptive management response to changes in climate, markets, and transport costs. In particular, consideration should be given to the potential for species change impediments to lead to loss of scale of the Mount Gambier timber processing industry and subsequent pressures on employment in the region.

2.4. The extent to which implementation would be an impediment to growth and the degree of the reliance on growth of the industry as a pre-requisite for its survival, essential for the socioeconomic health of regional communities.

2.5. The extent that implementation would affect businesses' investment in the skills of their employees and apprentices.

3. Environment:

Core Question:

What are the potential various environmental costs and risks of implementing the Natural Resources Management (Commercial Forests) Amendment Bill and Managing the Water Resource Impacts of Plantation Forests- A Statewide Policy Framework?

This section should consider and address:

3.1. The environmental impact of plantation forests' water usage compared with the environmental impact of water usage by irrigators through the intensification of traditional agricultural activities and by all other sectors, including stock and domestic, deep rooted crops, and re-vegetation. This would include the impact on greenhouse gas emissions and sequestration, ground water quality, soil sustainability values, and biodiversity values.

3.2. The actual impact that land use change for plantation forest development has had on the regional water resource given that plantation development is usually on sites previously cleared of native forests for agricultural use.

3.3. The core differences between plantation forestry water usage and irrigator water usage including analysis of the ability of



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plantation forests to self regulate water usage in response to rainfall reduction and climate change.

- 3.4. The potential for and magnitude of perverse “whole of community” environmental outcomes arising from the selective market recognition of plantation water quantity impacts, in the absence of market recognition for positive plantation environmental impacts (such as carbon sequestration, water quality, biodiversity and import replacement), and in the absence of market recognition of detrimental environmental impacts of other competing water users (such as ground water pollution, carbon pollution, loss of biodiversity).