

To: Senator Bill Heffernan
Chairman, Rural affairs and transport committee
The Senate of the Australian Parliament.
Canberra ACT
17th Of April 2011
Dear Senator.,

FOREST ASSET SALES AND OTHERS MATTERS My

interest in discussing the above with you lies in the conclusion by many competent forestry people that there is no current leader or interest from the Governments in Australia, or from Corporate pulp and paper manufacturing interests, with enough acknowledged power, to rectify and deal with the wood fibre requirements of the second largest industry in Australia.. Planning and any sufficient implementation, or anticipation of forward requirements is simply missing.

Several events in recent times have confirmed in the minds of those people in the broad spectrum of Forestry and Forest products efforts, that, for instance, some of the ideas emanating from the South Australian government who want to regain their triple A financial rating by selling off or massively drawing funds from their plantation estate is an example

This thinking to aim at Forestry, to get S.A.s financial needs in order, shows a total lack of understanding of the culminating downside effect of Government Policy inaction on Forestry at the present time...

To refresh ones memory, a decade or more ago Victoria sold the trees of their plantation estate and leased the ground they grow on to assist in getting their general cash flow needs met from the end of John Cains and Mrs Kirners premierships serious financial deficit The Company who bought the Victorian plantation Assets who, apparently have not expanded their forest estate even to take up the likely requirements of a growing population, have apparently little need to declare their forest management performance regularly for an independent audit.

The Queensland Government have repeated a somewhat similar exercise but sold their Plantation estate at a much lower price than the real value of it Figures suggest the land and Trees would be worth at least double the amount of the sale.. Again that Government was short of cash for the general conduct of Government and even then they may have only fixed the problem in the short term.

Then we have the example of the issues of those Managed Investment Schemes which have failed where the receiver has sold all the land on which the trees owned by growers for an absolute bargain . The growers amended return from these projects have not been declared but the shareholders ,I understand will receive nothing. One could imagine the aggregate M.I.S areas of poor financial returns from the necessary change of ownership could exceed over 200,000 hectares or 20 % of the total grower investment. Over 15 years.

The facts for some schemes are, I understand ,that if there had been a regulation which required any surplus of growers or share holders money to go only to Forestry activity by the Scheme then the surpluses about three years before the failures might have kept the Schemes out of trouble. Or too if the growers had been able to mortgage to the banks their aggregate current asset values in a project investment there might have been enough loan money to get through the crises.

So where is Forest Policy ? –it is no where to be seen-Australia has sold these failed assets to U.S. and Canadian Corporations and now we have another crisis in South Australia where a recalcitrant Government without Independent skilled Forestry advice is mentioning outrageous ideas of selling one of the outstandingly managed Plantation estates.

In order to prevent fire sales and new owners without Forestry knowledge appearing consideration for instance could be given to a law of when selling government owned Plantations that the land is only leased from the government and the length of the lease is for one rotation with a Caveat on good performance before any extension is given..

Maybe for Managed Investment Schemes the Growers rights remain for the length of time to tree maturity. or are sold on change of ownership of the Scheme at their calculated immature calculated published price or they could remain in a scheme or take their money. Otherwise encouragement to get the M.I.Schemes underway again without some sort of security is unlikely.

It is vitally important to get a return of confidence in growing more trees and ensuring land areas for plantations are sustained.in that role.. Trees are often more sensitive to soil types than agriculture and suitable commercial tree areas are not,as it were ,,everywhere.

Forestry In Australia has really got underway since the second world war , through good policy for instance with the establishment of Federal loans to State Governments for softwood planting coupled with the States own efforts.and good native forest regeneration . The concept of M.I.S. has produced about 1,000,000 hectares of hardwood plantation in some 15years without the direct need of Government Money., and the Softwood project stimulated planting over 50 years some thing like 600,000 hectares. This impetus needs sustaining by some secure funding bearing in mind the length of the investment.

The position now is that, for political purposes ,the greens policy is too strong an influence, without a scientific basis on native forestry ,where impacts on land reductions for growing trees for commercial purposes are occurring and will have a strong effect on wood production. State Governments too are guilty of allowing too much land to be taken away from Forestry to be put into single use National parks.

It is not generally known that Forestry has been refused a right to be on a Federal committee for consideration on ways to reduce carbon.. Rough figures show already existing plantations apparently takes up about 20% of the annual CO2 emitted in Australia. as a contribution for taking carbon out of the atmosphere . Why this attitude.?

In terms of efficiency in delivering Forestry services Government Cash flow will still be needed to support Research activity in forestry and this has recently been dealt a blow with the shutting down of C.S.I.R.O. facilities, and with the currently unsolved issues of shortages of Graduates.

Thank you for allowing me the courtesy of drawing to the attention of your Committee some of the forestry issues besetting Australia and which affect the National Interest in many peoples view,..I would be happy to assist in any deliberations to get Policy back on track.

Robert .L.Newman. OAM F.I.F.A.,F.C.F.A. ,R.P.F. .B.Sc(For) A Senior member ,of the Forestry Profession and Forest Industry..Over 50years experience Former Chair, Cwlth of Nations For.Assoc.