



Timber Communities Australia Ltd

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The Secretary
Select Committee on the Penola Pulp Mill Authorisation Bill
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Secretary

Submission to the Select Committee on the Penola Pulp Mill Authorisation Bill

Timber Communities Australia (TCA) is a National grassroots organisation that supports and represents communities that rely, to varying degrees on forests and forests products for their viability. TCA has more than 13,000 members in 81 branches. These 13,000 people are all volunteers who are dedicated to natural resource management and a solid, wealth creating, industry that adheres to a very stringent environmental standard. We recognise that in all industry triple bottom line reporting is critical to any development.

Please do not hesitate to contact TCA on 02 6285 2455 if there is any thing further we can do to assist with the enquiry.

Yours sincerely

Jill Lewis
CEO

Kersten Gentle
SA State Manager

TCA strongly supports the establishment of downstream value adding facilities such as the Penola Pulp Mill. We believe that legislation which provides for certainty to ensure the creation of value adding facilities will help to ensure that the social and economic potential this region, including plantations, is fully realised and enhanced for the benefit of the whole community.

As TCA sees it, Penola Pulp Mill Authorisation Bill does not recognise the high degree of certainty needed for the wood fibre resource in the region that will deliver security to tens of thousands of people.

While the Bill recognises that certainty on water access is required for the determined forestry expansion threshold of 59,416 hectares, the bill does not ensure continuing certainty on water access for plantations existing prior to 2002.

The pulp mill will require guaranteed long term wood supply in order to operate. The existing plantation estate therefore needs to have strong water security. It is prohibitive for tree plantation companies to enter into very long term wood supply negotiations for the pulp mill.

Background on the Forest Industry in the South East of South Australia

The forest industry in the South East has a long tradition, ranging back over 100 years when pine plantations were first established. The plantation resource in the region now supports a \$1.7 billion industry that produces paper and sawn and engineered wood products for domestic markets as well as woodchips for export to international markets.

According to econsearch (2006) in their report “*estimates of economic impact and water use for forestry and agriculture in South East South Australia*”, the industry contributes \$664 million to regional GDP or 44 percent of total regional GDP. The industry employs 7100 people or 36 percent of all employment generated by the primary industry sectors, and the industry’s economic contribution to the region could double as the hardwood plantation resource reaches harvest age and if the proposed Penola pulp mill is developed.

Plantations and climate change

In addition to the significant economic benefits to the regional communities in plantation areas, plantations are helping to address environmental issues that need to be confronted.

Importantly, plantations in the south east are helping the State of South Australia to address green house gas emissions by sequestering significant amounts of carbon.

Forestry represents the only form of primary production that is recognised as being carbon positive by the South Australian Government in its recently released climate change strategy: *“Tackling climate change, South Australia’s greenhouse strategy 2007 – 2020”*.

According to the National Greenhouse Gas Inventory, plantations in South Australia are absorbing 2.7 million tonnes of carbon dioxide equivalent each year. This sequestration is vitally important when you consider emissions from agriculture, the dominant land and water use in the South East, are 5.6 million tonnes of carbon dioxide equivalent annually, and total emissions from the State are 28.1 million tonnes of CO₂ equivalent each year.

As the South East is the major plantation forestry region in South Australia, it is vital that a continuing presence and expansion of the plantation estate occurs in order to help address South Australia’s green house gas emissions.

Relevance of the Bill to the Communities.

In the Government’s second reading speech the Hon. R.J. Mc Ewen (Minister for Forests) stated “This Government is committed to a policy of promoting **economic, social and environmental** outcomes for the State. It is also keen to provide applicants for development approval with a high degree of certainty where those applicants have demonstrated that their proposal will yield a benefit to the State of South Australia and those who reside within it and requires very significant capital investment.”

Timber Communities Australia congratulates the Government's commitment to the promotion of economic, social and environmental outcomes particularly given that the forest industry delivers significant economic, social and environmental outcomes to the South East and to the State.

We understand that it is the intention of the Government to deliver certainty for the Penola Pulp Mill through the Penola Pulp Mill Authorisation Bill. However, as the mill will exist only because of the ability of the plantation forestry industry to supply wood fibre, the forestry industry is concerned that the Bill does not deliver certainty of water security for all plantations.

Given that water security for plantations is essential for the investment required to provide a long term and secure supply of wood fibre to any pulp mill development, this seems to be a significant oversight of the Bill, particularly given the bill provides for a high level of certainty to other essential inputs to the mill, such as road and rail infrastructure, electricity and water.

Uncertainty caused by the draft Forest Water Allocation Plan of the South East NRM Board

TCA is concerned that the Bill does not provide certainty for existing plantations that may form part of a future supply of wood fibre for the proposed mill. This will not be in the best interests of the regional communities, particularly if there is a chance that it will lead to the mill not proceeding. Thousands of people are relying on sound judgement and a progressive future. The draft Forest Water Allocation Plan, currently being developed by the South East Natural Resource Management Board creates significant uncertainty for existing and new plantations in the South East and threatens the wood fibre supply needed for the pulp mill.

The South East NRM Board's draft Forest Water Allocation Plan is not consistent with the National Water Initiative nor is it consistent with the advice provided to the NRM board by CSIRO in the report *Sharing Groundwater: Options for the introduction of shares as a means to define groundwater entitlements in the South East of South Australia (2005)*.

It is highly appropriate for this bill to provide certainty over water security for the plantation sector and communities – without the wood fibre available from the plantations, the pulp mill would not even be proposed. TCA is not seeking for the industry to be exempt from the National Water Initiative; instead we are asking the Government to follow the example set in the NWI.

Impacts on Communities through planning for infrastructure under the draft WAP

If the location of the plantation estate was to change every five years, planning for appropriate transport infrastructure to the pulp mill would be impossible for the pulp mill, forestry companies as well as the local and state governments and therefore impose serious disruptions to the communities. It is vital for the future planning and growth of rural and regional communities that they be delivered security and stability for their future.

Inappropriate transport infrastructure planning and upgrades will result in unnecessary and significant repair costs for community roads and major highways in the South East. It is desirable for the plantation industry and the community to have a stable plantation estate to ensure appropriate planning and funding of adequate infrastructure upgrade, such as roads, to ensure that wood fibre can be transported to the pulp mill or any other market.

Recommendations

TCA strongly recommends that the current provisions for water security for the 52 416 hectare forestry expansion threshold be maintained as described in schedule 2 part 1 of the bill.

It is also recommended that a section providing for water security similar to that provided to plantations defined by the forestry expansion threshold, be included for plantations existing prior to 2002 within schedule 2, part 1 of the bill. This is the only mechanism that will insure the replanting of these areas after they are harvested and

therefore the long term resources security required to underpin the significant investment in the mill.

These recommendations should also be considered in the context of the NRM Act

Conclusion

This Penola Pulp Mill Authorisation Bill will provide opportunity for significant value adding to the communities, forest industry and related family and larger businesses in the South East. The Bill will enable South Australia to build upon the significant economic and social benefits of the plantation estate in the South East.

With the forest industries recommendations included, the Bill will ensure the further diversification of rural industries in the South East, while supporting a primary industry that is able to assist with bringing down the State's green house gas emissions in a very significant way.

Without ensuring that new and existing plantations have a continued right to the water naturally used by trees, these opportunities will be lost, as a pulp mill can not operate on a secure basis without a secure supply of wood fibre.

JILL LEWIS
CEO
TCA

KERSTEN GENTLE
South Australian State Manger
TCA