

FFIC Annual Report 2008-09

Information and structure

Introduction

The Forests and Forest Industry Council (FFIC) of Tasmania was established in 1990 in response to events surrounding the Helsham Inquiry of 1988 and the formation of the Tasmanian Parliamentary Accord of 29 May 1989 between the Tasmanian ALP and the Green Independents. It has enjoyed bi-partisan support since its establishment.

The FFIC represents the broad cross-section of forestry-related interests, including forest workers, contractors, sawmillers, beekeepers, local government, indigenous groups, recreational users, furniture manufacturers, timber companies, private forest growers and farmers as well as Forestry Tasmania and the State Government. Collectively, the FFIC forms the “*Tasmanian Forestry Community*” and makes a major contribution to the forest industry through its many and varied functions and activities, and the role it plays in strengthening the cooperative relationships and communication processes with all of its member organisations.

FFIC is an organisation with the express purpose of providing expert advice to the Tasmanian Government and the forest industry on forest related matters. Our collective capacity and ability to deliver wider benefits to the Tasmanian Community are key drivers that have set the foundation for the FFIC’s role in promoting the sustainable management of Tasmania’s forest resources and in developing opportunities to add further value to forest products.

The forest industry employs over 6,000 working Tasmanians directly, and over 10,000 across supply and value chains. The turnover generated by this industry alone is over 20 per cent of the Gross State Product.

The Tasmanian forest industry is positioned to take a leading role as an iconic Tasmanian industry well into the 21st century. The FFIC’s challenge is to demonstrate clearly and effectively to the Tasmanian community and policy-makers how well forestry can deliver in terms of meeting the community’s expectations in sensible management of our renewable forest resources.

MEMBERS

Chairman Rob Woolley

Rob joined the Council as Chairman in June 2004.

Current directorships (non executive): Tasmanian Pure Foods Ltd (Chairman) ; Freycinet Coast Financial Services Ltd (Chairman); CRC Forestry Ltd ; Tasmanian Water and Sewerage Corporation (Southern Region) Pty Ltd.;

Rob was previously the Managing Director of Webster's Limited, retiring in 2004.

Before joining Webster's Rob spent over 20 years as a partner of Deloitte.

Minister Representative & Deputy Chair, Mr Norm Britton

Mr Britton has extensive skills in farming, forestry, and practical conservation, together with representation of workers rights. He has previously had experience on the boards within unions, Trades and Labour Councils, the Superannuation Trustees Board and employer/employee groups over long periods.

Forest Industries Association of Tasmania, Mr Terry Edwards

FIAT is an employer body that represent the interests of processors of Tasmanian forest products.

Tasmanian Country Sawmillers Federation, Mr Robert Torenus

The TCSF is an industry organization established to represent the interests of the country sawmillers within the forest industry and the general public.

Tasmanian Forest Contractors Association, Mr Ferdie Kroon

The TCFA represents forest contractor's interests in Tasmania including harvesting, cartage, silviculture, site preparation, road construction and quarrying.

Forestry Tasmania, Dr Hans Drielsma

Forestry Tasmania is a Government Business Enterprise, responsible for management the State's 1.5 million hectares of State forest.

Private Forests Tasmania, Mr Tom Fisk

Private Forests Tasmania is a Tasmanian government authority established under the Private Forests Act 1994 to promote the development of private Forests in Tasmania.

Department of Infrastructure, Energy & Resources, Mr Andrew Blakesley

The DIER assists the Minister with forest responsibilities.

CFMEU – Forestry & Furnishing Products Division, Mr Scott McLean

The CFMEU F&FPD is the principal union in the forestry and furnishing industry. The union represents the interests pf working people in all aspects of the forest and wood products industry, particularly focusing on occupational health and safety, training, industrial negotiations and enterprise bargaining.

Tasmanian Farmers & Graziers Association, Mr Ian Dickenson

Ian Dickenson AO is also the Chairman of Private Forests Tasmania, and the Private Forest Owner Representative for the Tasmanian Farmers and Graziers Association – Forest Sector.

Tasmanian Aboriginal Land & Sea Council, Mr Luke Maynard

TALSC was established to achieve the long-term goal of securing harmonious and permanent partnership between all cultures.

Tasmanian Beekeepers Association, Mr Peter Ewington

The Tasmanian Beekeepers Association Incorporated (TBA) is an organisation of Tasmanian apiarists promoting and furthering the craft of beekeeping in Tasmania.

Local Government Association of Tasmania, Mayor Robert Armstrong

The Association is the peak body which is incorporated body under the Local Government Act 1993.

Timber Communities Australia, Mr Barry Chipman

TCA provides a structure through which the interests of all Australians concerned with maintaining a healthy forest environment and forest-based economy can be coordinated and represented to government.

Tourism Council of Tasmania, Richard Dax

Tourism Council Tasmania has a shared vision with the Government of Tasmania to develop tourism to be a key strategic growth industry for Tasmania.

Furnishing Industry Association of Australia, Mr Geoff Postma

FIAA is an industry association representing businesses in all the sectors of the furnishing industry.

Department of Economic Development, Mr John Wimmer

The Department of Economic Development helps Tasmanian businesses and targeted industry sectors to develop and thrive.

STAFF

Aidan Flanagan, General Manager. BSC, Grad Dip (For), LEA, MIFA

Mr Flanagan is a professional forester who has worked operationally for 12 years and held the position of Manager for harvesting, silviculture, works, public use and heritage. He also served as a regional fire incident controller for six years. Mr Flanagan worked federally in forest policy for five years, and was involved in taxation law, industry development, and international forest treaties. Mr Flanagan moved to Tasmania in 1995 and has worked in policy, as the senior Compliance manager for the Forest Practices Authority.

Jeanette Barr, Business Manager. Grad Dip (Man), Dip Bus Man

Ms Barr provides high level administrative and financial support to the council. Prior to this she was an advisor with the Minister for Infrastructure, Energy and Resources.

As Business Manager, Ms Barr oversees financial resource management, including preparation of budget and financial reports, project management and costing, contractual management and HR advice to the Executive.

Steve Bavage, Communications Director

The Communications Program is overseen by Mr Bavage. A communications sub-committee seeks to feed in industry requirements and correlate existing strategies within the Tasmanian forest sector including the 'New Forest Industry' marketing program launched into the public arena. Mr Bavage is a marketing and communications executive with more than 25 years experience at local, national and international levels. He was the Group Marketing Manager for a Tasmanian media group for 15 years and

has managed publishing and marketing operations in the U.K. and U.S.A. Mr Bavage came to the FFIC from Forestry Tasmania where he held the position of Manager Corporate Affairs. The 'New Forest Industry' communications program is overseen by Mr Bavage who works with an industry communications sub-committee to deliver outcomes across the spectrum of the Tasmanian forest industry.

Message from the Chair

Forestry is an integral part of Tasmania's cultural and economic landscape. As an industry it employs over 10,000 people across the supply and value chains. It is our people who make the industry strong. The skills our people possess help to drive innovation and maintain competitiveness, as well as remaining important to the communities they live within.

As Chair of the Forests and Forest Industry Council of Tasmania I take pride in the co-operative approach of the membership of the General Council and the Executive in finding solutions to challenges facing the industry.

This year has been particularly challenging for the industry. Tasmania has not been immune from the Global Financial Crisis (GFC). Tasmania's position as the only State in Australia to be a net exporter of forest products has helped to cushion our forest reliant businesses. However, the prolonged and deepening GFC impacts are affecting Tasmania's forestry and forest industry workers and their families.

Extended shutdowns, mill closures, contractors going into receivership and job shedding are examples of GFC impacts. These impacts have been magnified through reduction in demand for wood products, international market contraction and restriction on the capital necessary to support investment and cash flows.

The emergence of a carbon focused economy is also creating challenges, which are likely to increase costs to businesses and impact on competitiveness at a local and international level. The FFIC continues to work to ensure the positive role forests and forest products play in reducing Tasmania's carbon footprint is communicated to and understood by the community.

In the midst of this difficult year, I am pleased to advise that forest sector businesses continue to invest. New plantations were planted this year, existing forests continue to be well managed, and businesses are investing in new equipment, training and actively looking to maintain market share and develop new opportunities.

The FFIC is actively working on a number of projects to ensure the forest industry is positioned to recover and contribute to a stronger economy post GFC. This year we have started developing a New Forest Industry Plan on behalf of industry. This plan will provide the foundation for a stronger industry which will be able to provide secure career opportunities for Tasmanians and add further value to our forest products.

The FFIC also continues to engage the community through our communications program. The innovative approach adopted by the FFIC is resonating, and the community is now more confident than ever that Tasmania's forest industry is one worthy of their support. The community is also now accepting that Tasmania is achieving a sustainable balance between the needs of forest-based industries, the community, existing agricultural activities and the environment.

The industry's commitment to better engagement with the community was demonstrated with the launch of the updated "Good Neighbour Charter". This was supported by the FFIC and I am proud to be associated with this initiative.

I am also pleased to report that the FFIC's financial responsibility was supported by an independent audit, with our governance structures remaining strong. This is testament to the professionalism of the Executive and staff of the FFIC.

In conclusion, while 2008-09 has been a challenging one, I am confident that the industry will recover and the FFIC will continue to assist the industry remain a significant part of Tasmania.

Report from the General Manager

I was appointed to the position of General Manager in late September 2008.

After working for over 20 years as an operational forester and in policy development at the National and State level, the opportunity to work in an industry council provided opportunities which support my ethical belief that the forest industry is a valuable one.

The FFIC plays a valuable role in promoting and supporting the forest industry. The focus for the past twelve months the FFIC has been on three major projects:

- 1 The development of a New Forest Industry Plan (NFIP)
- 2 Delivering a strategic communications and branding program
- 3 Supporting research and development.

Significant progress has been made in developing a NFIP. Three industry workshops were held (Hobart, Launceston and Burnie), and broad industry, community and NGO involvement was sought to identify the opportunities and challenges facing the industry over the next decade and beyond. In addition, five strategic roundtables on finance, communication, infrastructure, education and skills involving specialists in these fields, were held.

The communications programme continues to effectively promote the industry and linking it with the community and the people of Tasmania.

Research and development underpins innovation across the forest industry. To encourage work focusing on improving value, supporting innovation and increasing productivity, the FFIC continues to support the CRC for Forestry, the University of Tasmania, and other projects.

This year the FFIC hosted a dinner of the Programme for the Endorsement of Forest Certification Council and provided briefings to delegates from the Papua New Guinea Forest Authority.

Briefings were also provided to MP Jody Campbell and Senator Helen Polley and students of the National Forestry Masters program, Australian Innovation Research Centre, and other community and industry events.

The FFIC prepared a major paper, *Culture of Innovation: Highlighting Innovation within Tasmania's Forests and Wood Products Industry*, which demonstrates that Tasmania's forest and wood products industry has a culture of innovation and possesses the skills and drive necessary to meet the financial and environmental challenges facing Tasmanians.

The FFIC commissioned international consultants, URS Forestry, to prepare two reports *Markets and Market Prospects for the Forest Products Industry in Tasmania*; and *Global Climate Change and the Tasmanian Forest Products Sector*. These reports examine the emerging market drivers and the role of forests in mitigating climate change. These reports examine, in more detail, the challenges facing Tasmania's forest and wood products industry, as well as identifying where our natural advantages provide opportunities.

In conclusion, I am pleased to report that the FFIC continues to provide a strong role in supporting Tasmania's forest industry and ensuring factual and transparent information is made available to the community.

Aidan Flanagan

Communications & Marketing Report

The 2008-9 year was one which saw the FFIC's *New Forest Industry* marketing effort expand to include a broader spectrum of activities, including a comprehensive community engagement programme. The forest industry Communications committee which is Chaired by the CEO of FIAT and includes members from TCA, FT, TFCA and PFT, once again provided valuable support and direction to the communications programme.

The FFIC joined other forestry-related organizations in presenting at Agfest, at career expos and at regional agricultural shows in conjunction with and in support of the Timber Communities Australia.

Two public forums were held during the year in Hobart and Launceston respectively. The Bureau of Meteorology and the Environment Protection Agency joined forestry speakers for the first forum which was entitled 'Smoke Management in the Landscape'. The second saw the CSIRO and the Tasmanian Climate Change Office joining independent consultants to address the topic of 'Climate Change and Forestry'.

A communications 'round table' was also held as part of the development of the New Forest Industry Development Plan. This round table included representatives from tourism, government, communities and private enterprise. The FFIC continued to liaise with industry representatives on a broad range of issues and also convened a forest industry community liaison group which met on two occasions in the north of the state.

The year's major promotional activities centred on the New Forest Industry advertising programme. Aimed at communicating with the challenging 18-39 year-old population, a television ad promoting the role of Tasmanian timber in our everyday lives was run on television statewide. This was followed by the 'Big Backyard' advertising campaign.

According to EMRS research, this successfully resonated with the target market in communicating the idea that management of Tasmania's forests was really little different from the way in which you manage your own backyard for recreation and in the case of the veggie patch, production. The ads were supported by press advertising and radio.

The 2008-9 year drew to a close with significant work being undertaken to ensure the FFIC website remained relevant and informative with industry profiles, research reports and publications sections providing a means for ready access for the general public and industry.

The 'perspectives' series of video interviews with industry figures was loaded on to the site and to You Tube. A new round of perspectives interviews filming was commenced with a view to them running on television, radio and in the press during the 2009-2010 financial year.

Steve Bavage

Business Manager's report

The Business Manager has direct responsibility for high level administrative and financial support to the council, and overseas governance relating to financial expenditure and procurement systems.

Administrative support staff Debra Jones and in 2009 Louise O'Leary assisted at the New Forest Industry sponsored displays at the National Careers and Employment Expo, Local Government Association of Tasmania conference and Agfest and were managed by the Business Manager.

As Business Manager, I have a direct role in managing the various sub committees which have been formed to oversee specific projects. The following detail highlights.

- Working with the bee keeping Industry to bring about an apiary management plan that was acceptable to the beekeepers and the forest industry
- Forest Products Transport Council whose outcomes include the drafting of a FPTC Safety Accord, investigations into Load Restraint guidelines and feedback to the CRC for Forestry program 4, Harvesting and Operations. One of the objectives of the FPTC is to provide Ministerial Advisory Council on Heavy Vehicle Safety (MAC-Heavy Vehicle Safety) with support in representing the interests of the forest and timber industry regarding Compliance and Enforcement legislation.
- Fine Timber Tasmania, a not-for-profit organisation, is an innovative and credible program that guarantees Tasmanian timber has been legally sourced from a sustainably managed forest and represents a responsible purchase decision. Chain of Custody refers to all the steps or links in taking certified products from the forest to the end user. It assures consumers that the product has been sourced in accordance with an internationally recognised legal framework that has been independently audited.
- The Wooden Boat Board Bank is a virtual bank that operates as a trading house for wooden boat grade boards to ensure that suitable timber in demand is available for boat builders to accept forward orders. Trading stock includes Tasmanian special species timbers King Billy Pine, Huon Pine and Celery Top Pine. The timber assets are stored at mill yards through out Tasmania with stock owned by the State of Tasmania.
- Style of Tasmania (SOT) an incorporated entity which contains Furnishing Industry Association of Australia membership for Tasmania acted as the forum for state-wide discussion of furniture and industry issues and was a defacto clearing house for representation and lobbying for the sector in general. SOT members used Tasmanian timbers either solid or veneer to provide an important market point of difference and formed a fundamental platform for Style's market strategy. SOT promoted timber as a design medium in furniture and the better use of forest and wood resources.
- Electronic Log Dockets System Implementation Committee oversees an innovative project to electronically capture and track log information from harvesting operations through to sawmilling and processing. Benefits include chain-of-custody tracking, and greater efficiency in sales administration, stock control, and supply chain management.

Implementation of the Electronic Log Docket System (ELDS) commenced in 2005, and it is now operating successfully across Tasmania's hardwood harvesting operations.

- The FFIC Finance and Audit Committee comprising Executive members meet regularly to oversee expenditure and review the budget development process for optimum resource allocation.

Jeanette Barr

Auditors report

Enquiries: Mr J Tongs
Email: Jeff.Tongs@audit.tas.gov.au

Our Reference: TAO09/39
Your Reference:

28 July 2009

Mr R Woolley
Chairman
Forests and Forest Industry Council of Tasmania
Level 5
2 Kirksway Place
HOBART TAS 7004

Dear Mr Woolley

**FORESTS AND FOREST INDUSTRY COUNCIL OF TASMANIA –
HELSHAM AGREEMENT GRANT**

The audit of Council's Statement of Receipts and Payments for the Helsham Agreement Grant for the year ended 30 June 2009 has been completed. My unqualified audit report on the statement has been issued and a copy is enclosed.

The courtesy and co-operation extended by your officers during the course of the audit is acknowledged.

Yours sincerely



H M Blake
Auditor-General

Enc.

**HELSHAM AGREEMENT GRANTS ACCOUNT
STATEMENT OF RECEIPTS AND PAYMENTS
For the 12 months ended 30 June 2009**

PUBLIC ACCOUNT - SPECIAL DEPOSITS AND TRUST FUND T712

Functions and purpose of this account:-

The recording of transactions with the receipt and disbursement of funds provided by the Commonwealth under the Hesham Agreement for Native Forests Intensification, Sawlog/Veneer and Skills, Education and Training components of the package.

	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
		\$	\$
Opening Balance		3,388,265	4,478,179
RECEIPTS			
Commonwealth		0	0
Interest		166,832	246,136
Other		0	0
Attachment 12			
Total Receipts		<u>166,832</u>	<u>246,136</u>
PAYMENTS			
Skills, Education & Training		0	0
Forest Intensification:-			
Thinning		0	0
Plantation Establishment		0	0
Crown Eucalypt Plantations		0	0
Attachment 12		36,380	3,169
Other		98,000	159,455
Value Adding and Communications		657,272	708,876
FFIC Running Costs		461,627	464,550
Total Payments		<u>1,253,279</u>	<u>1,336,050</u>
Closing Balance	1	<u>2,301,818</u>	<u>3,388,265</u>

NOTES:

1. Closing Balance funds comprise:

- Department of Treasury and Finance	2,057,882	3,402,775
- Reimbursements due (to)/from Forestry Tasmania at year end	<u>243,936</u>	<u>-14,510</u>
	<u>2,301,818</u>	<u>3,388,265</u>

0 0



Signed on behalf of FFIC

**FORESTS AND FOREST
INDUSTRY COUNCIL OF TASMANIA**
5th Floor, 2-4 Kirksway Place, Battery Point 7004
Ph: (03) 6233 6510; Fax: 6224 0599

INDEPENDENT AUDIT REPORT

To the Members of Council

Forests and Forest Industry Council of Tasmania Helsham Agreement Grant

Statement of Receipts and Payments for the Year Ended 30 June 2009

Scope

I have audited the special purpose financial report of the Forest and Forest Industry Council's (FFIC) – Helsham Agreement Grant (the Grant), which comprises a Statement of Receipts and Payments, for the year ended 30 June 2009.

The special purpose financial report and the Councils' responsibilities

The FFIC is responsible for the financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Grant. I have conducted an independent audit of the financial report in order to express an opinion on it to the FFIC.

Audit approach

My responsibility is to express an opinion on the special purpose financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the special purpose financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the members charged with governance, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared in accordance with the cash basis of accounting whereby revenue is recorded when received, expenses are recorded when paid and no assets or liabilities other than cash and bank balances are recorded. (These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia). No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the FFIC.

The financial report has been prepared for distribution to the FFIC. I disclaim any assumption of responsibility for any reliance on this report to any person other than the members of the FFIC, or for any purpose other than that for which it was prepared.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Independence

In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion the financial report of the Helsham Agreement Grant presents fairly, in all material respects, in accordance with the cash basis of accounting, as described above, the receipts and payments for the year ended 30 June 2009 and its cash and bank balances as at that date.

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

HOBART
28 July 2009

Sum of total budget