Public Cost, Private Gain:

How Native Forest Logging Has Failed Tasmania

Wilderness Society

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The Wilderness Society Tasmania and the authors recognise the Palawa community as the rightful owners and custodians of all Country in Lutruwita and we pay our respects to Elders past and present. We acknowledge that Lutruwita's lands, waters, and skies were never ceded. We recognise the distinct sovereign rights of Palawa through Law in Country, and that Lutruwita's native forests in their entirety are the cultural heritage of at least 42,000 years of management. We support land returns, self-determination, and Treaty.

Key Points

- Native forest logging in Tasmania cannot compete with plantation timber or international markets and survives only through heavy subsidies and favourable policy settings provided by the Tasmanian Government.
- Over $1.25 billion has been provided to the industry since the late 1980s through grants and subsidies intended to improve sustainability, yet these payments have failed to deliver reform, instead funnelling taxpayer money into private companies.
- The current government is rushing to renew long-term supply contracts with sawmillers before the impacts of proposed changes to federal environmental laws are known, risking more costly taxpayer-funded payouts.

Executive Summary

Native forest logging in Tasmania is financially unsustainable and is heavily dependent on ongoing public funding provided by taxpayers. Despite decades of government support, the industry remains structurally uncompetitive and financially fragile. Over the past two decades, native forest logging volumes have fallen sharply, driven by changing global timber markets, competition from plantations, and mounting ecological constraints. Despite this contraction, public policy has continued to support native forest logging through subsidies, legislated supply quotas, compensation payments, and underpriced access to public forests.

There is a growing gap between the industry's economic narrative and its underlying commercial reality. While native forest logging is often presented as a sawlog-driven sector essential for housing construction, the evidence shows that around 80% of logged native forest material is processed into low-value woodchips, primarily for export. High-quality sawlogs now represent only a small fraction of total harvest volumes and an even smaller share of Tasmania's overall timber supply. Plantation timbers now dominate construction markets, with no evidence that reductions in native forest logging have led to increased hardwood imports.

Over several decades, Tasmania's native forest logging industry has been sustained by extensive state and federal subsidies, totalling more than $1.25 billion since the late 1980s. Much of this funding was framed as transition support or compensation for reserve establishment, however it primarily has served to keep an economically unviable industry operating. Despite repeated intervention, these subsidies failed to deliver long-term commercial viability, while poorly designed exit programs further undermined reform by allowing industry capacity to persist.

The state-owned forestry agency, Sustainable Timber Tasmania, has suffered significant financial hardship. The agency's reported profitability relies on creative accounting and public subsidies rather than genuine commercial returns. The agency's profitability relies heavily on annual government payments, asset revaluations that ignore future liabilities, and rent-free access to publicly owned forests. Without these supports, native forest logging in Tasmania would be financially unviable.

Private native forest logging in Tasmania offers an instructive contrast. Operating without the same subsidies or legislated supply obligations, private landholders rapidly reduced logging when woodchip markets became unprofitable. Today, native forest logging on private land accounts for only a small fraction of total native forest harvest volumes. This contrast highlights the extent to which public policy, rather than market demand, has driven continued logging in public native forests.

Tasmania's forestry future is increasingly plantation-based. Hardwood and softwood plantations now supply most of the state's timber, and plantation logs are being processed into sawn timber, veneer, and engineered wood products at volumes exceeding native forests. However, Tasmania faces intense global competition from large-scale eucalypt plantation producers in South America, Asia, and Europe, where lower costs, developed supply chains, and advanced processing technologies challenge Tasmania's competitiveness.

Taken together, the evidence demonstrates that native forest logging in Tasmania no longer serves a compelling economic, social, or environmental purpose. It contributes little to employment, depends heavily on public subsidies, distorts timber markets, and imposes long-term ecological costs that outweigh its benefits. By contrast, plantation forestry, while still reliant on hardwood woodchips exports, supports a more diverse processing sector, especially in softwoods. Plantation forestry aligns better with conservation goals, climate commitments, community expectations, and market trends.

Proposed changes to federal environmental laws are likely to place additional pressure on an already struggling native forest logging industry. While the full implications of the new legislation remain uncertain and may not be clear for some time, the Tasmanian Government is nonetheless moving to lock in new long-term supply contracts with sawmills in advance of these outcomes. This approach risks exposing Tasmanian taxpayers to expensive contract surrender payments, of which have occurred in the past.

With industrial native forest logging on public now banned in Victoria and Western Australia, Tasmania has become the largest remaining native forest logger in the country, alongside New South Wales and Queensland as the last holdouts. This places Tasmania increasingly out of step with national trends, international markets, and evolving environmental standards.

Tasmania is approaching a clear policy turning point. With declining native forest log supply, expiring contracts, and growing plantation resources, the state has a timely opportunity to transition away from native forest logging. Ending the practice would reduce fiscal risk, protect irreplaceable forest ecosystems, and allow public investment to be redirected toward industries with genuine long-term economic and environmental value.

Contents

A Declining Industry

Tasmania's native forest logging industry has contracted sharply over the past two decades, making it Australia's fastest-declining hardwood sector. This decline follows a period of intensive exploitation during the late twentieth century, when Tasmania's extensive native forests supported a large and highly profitable woodchipping export industry. From the 1970s through to the late 1990s, native forest logging expanded rapidly, driven by demand from overseas woodchip markets and supported by free or underpriced access to public forests. The highly profitable woodchip market during this time drove widespread clearfelling of Tasmania's native forests.

During the 2000s, however, production started to collapse. Native forest logging volumes fell from approximately 5.3 million cubic metres in 2002–03 to around 1.0 million cubic metres in 2024, representing an 81% decline.[1] Despite ongoing claims that native forest logging is necessary to supply high-quality sawn timber, the industry has remained overwhelmingly woodchip-driven, representing around 80% of native forest wood products.[1]

Over this time, market conditions have shifted dramatically. Plantation-grown timber has overtaken native forests in woodchip production and now supplies cheaper, more consistent, and more sustainable wood products. In 2004, native forests accounted for 74% of Tasmania's total forestry output; by 2024, their share had fallen to around 22%.[2] In other words, approximately eight out of every ten logs cut in Tasmania are from plantations.

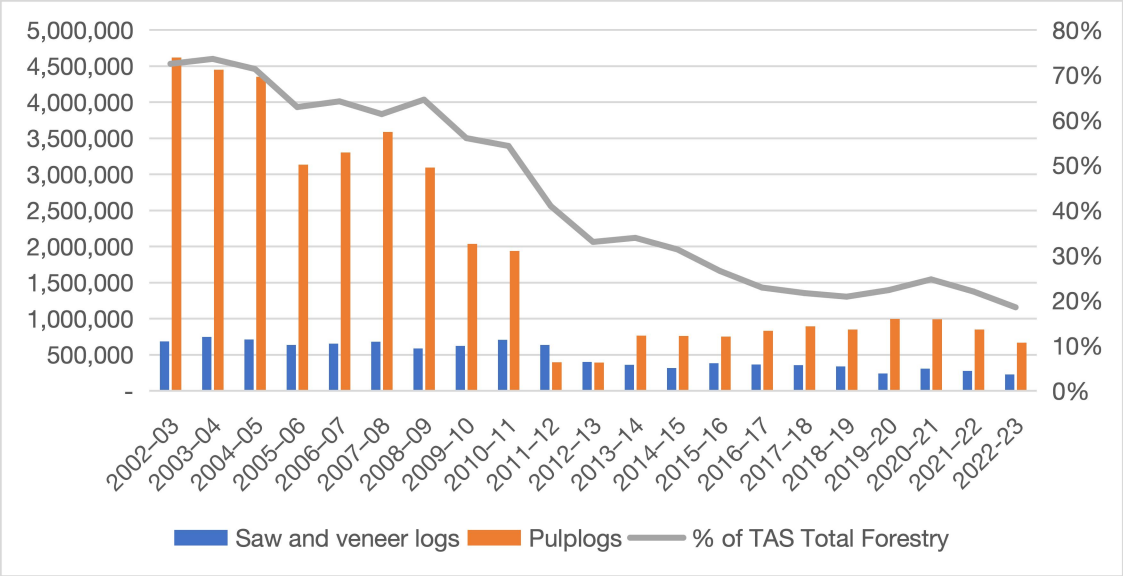
Hardwood and softwood plantations now dominate production. Despite this structural shift, Tasmania's forestry policy remains disproportionately focused on native forest logging long after its commercial relevance has diminished.

This shift towards plantation timber has already reshaped forestry policy elsewhere in Australia. In 2024, Victoria and Western Australia ended indsutrial native forest logging on public land, marking a decisive national policy turning point. Tasmania now accounts for 45% of Australia's remaining native forest logging volumes, entrenching its position as one of the country's last major jurisdictions continuing large-scale logging of public native forests.[1] The industry's persistence in Tasmania reflects political choices rather than economic necessity, as native forest logging continues long after its commercial rationale has eroded.

Table 1: Tasmanian forestry production per sector, in comparison to Australian output per sector.

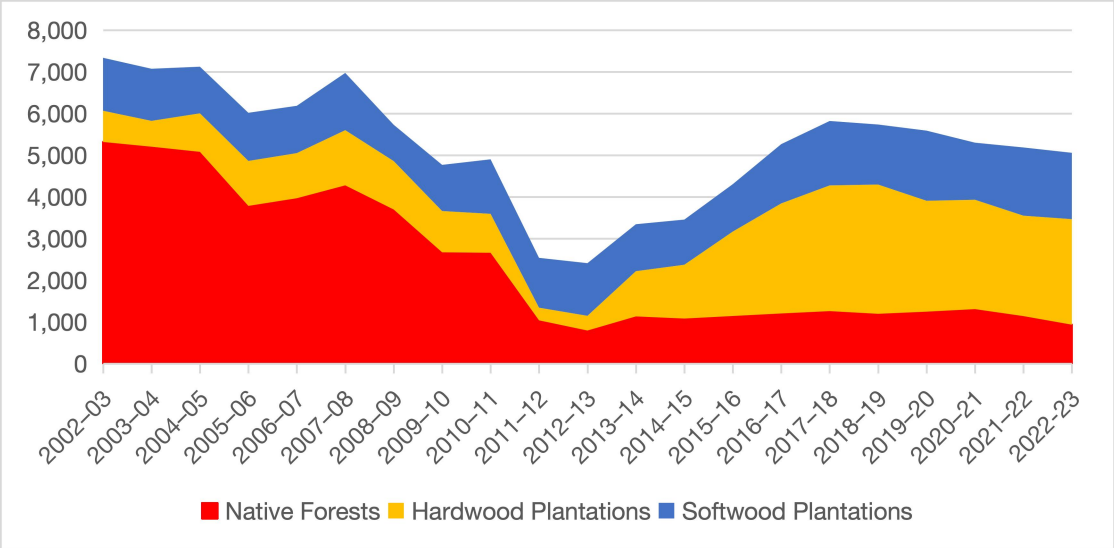
	Tas Volume (million m^3)	Tas Volume %	Australia Volume (million m^3)	Tas % of national output
Native Forests	1.013	22%	2.228	45%
Hardwood Plantation	2.135	46%	7.133	30%
Softwood Plantation	1.518	33%	13.740	11%
Total	4.666		23.101	

Graph 1: Tasmanian native forest logging production and proportional decline over the past two decades in both major log types.



ABARES 2025, Australian forest and wood products statistics, Trade to 2024-25, ABARES series report.

Graph 2: The changing composition of Tasmanian forestry from native forest logging to plantation forestry.



Source*: ABARES 2024, Australian forest and wood products statistics, Production to 2022-23.*

The Fall of Gunns Ltd

The collapse of native forest logging giant Gunns Ltd in 2012 had profound consequences for Tasmania's forestry sector. At its peak in 2005, Gunns accounted for around 5% of Tasmania's gross state product and wielded significant political influence.[3] Gunn's success was built on the native forest woodchip export industry, which had enjoyed high profitability since the 1970s.

Eventually, market dynamics changed, and Gunns' high profitability eroded. Expanding hardwood pulp plantations flooded global markets with cheaper, higher-quality woodchips, while demand from Japan, the industry's largest customer, declined. Gunns' heavy reliance on exports left it exposed to these changes, compounded by a strong Australian dollar, cyclical downturns in the global paper market, and broader economic shocks such as the Global Financial Crisis.

As market conditions deteriorated, Gunns attempted to remain solvent by selling assets. In April 2011, it closed and listed the Triabunna Woodchip Mill for sale, then the largest woodchipping facility in the southern hemisphere. Despite these measures, Gunns reported net losses exceeding $900 million by August 2012 and entered voluntary administration the following month.[4]

The rapid collapse of Gunn's triggered widespread job losses and deep uncertainty across the forestry sector. This industry crisis was a key catalyst for the negotiation of the Tasmanian Forest Agreement, which emerged as an attempt to manage the social, economic, and political fallout of Gunns' failure.

"Forest Peace Deal"

Following the collapse of Gunns and a severe economic downturn across the entire native forest logging sector, the Tasmanian Forest Agreement was signed in 2013. The agreement acted as a critical lifeline for Tasmania's forestry industry. It delivered substantial payments to contractors impacted by the creation of new forest conservation reserves and reduced state quotas for native forest logging volumes.

The agreement reduced the legislated high-quality saw log quota from 300,000 to 137,000 cubic metres, and set aside around half a million hectares for conservation reserves. Substantial public funding was spent to keep the state-run logging agency solvent, which was essential to the industry's survival. In total, the Tasmanian and Commonwealth governments committed around $420 million to facilitate the agreement.[5]

The Tasmanian Forest Agreement was a response to deep, irreversible structural change in the Tasmanian wood products sector. Native forest logging, long central to the industry's and state's economic identity and output, was already in steep decline, and the agreement represented a managed response to that contraction rather than a long-term solution. Critics argue that it functioned less as a genuine transition and more as a taxpayer-funded bailout that prolonged an economically unviable and ecologically unsustainable native forest logging industry.[5]

"Tearing Up" the Tasmanian Forest Agreement

Despite the generous transition support packages under the Tasmanian Forest Agreement on a scale that few industries receive, the wounds of the native forest logging collapse were still fresh during the 2014 state election. Native forest logging policy became a major campaign issue. The Liberal Opposition campaigned on a forestry platform to rip up the Tasmanian Forest Agreement and supported the rebuilding of the industry. A part of their campaign message was to 'stop the subsidies'.[6]

In March 2014, the Tasmanian Liberals returned to office after a 16-year absence. The new Government prioritised the termination of the Tasmanian Forest Agreement and quickly

passed legislation to repeal it in August 2014. It introduced new laws to increase native forest logging in the future.[7]

The new policy's centrepiece was the reclassification of 356,000 hectares of "future reserve land" created under the Tasmanian Forest Agreement back into the logging concession. A six-year moratorium on accessing these forests expired in April 2020, however logging of this land would need approval by both Houses of Parliament.[8]

The State-Run Logging Agency

Forestry Tasmania, which rebranded as Sustainable Timber Tasmania, is the state-owned agency responsible for managing approximately 812,000 hectares of public forest. It has sole commercial rights to this land and a legal obligation to log and sell forest products. It doesn't pay rent or royalties for logging public native forests. Alongside its commercial role, it has a legislated role to manage forests for ecological integrity and facilitate alternative uses, such as access to firewood, hunting and leisure activities.

One of Sustainable Timber Tasmania's core objectives is to supply at least 137,000 cubic metres of high-quality sawlogs to native forest sawmillers each year. Since the Liberal Government returned to office in 2014, the average annual production has been about 118,000 cubic metres, consistently falling short of the legislated target.[9]

During the steep contraction of the native forest industry in the early 2010's, Forestry Tasmania was in a tailspin as its primary customer, Gunns Limited, filed for insolvency. A review found that Forestry Tasmania's business model was unprofitable and unsustainable. Between 2004 and 2017, its cash expenditures were $439 million more than trading revenue, and the value of its forestry estate fell by over $600 million.[10]

The primary cause of this financial decline was the legislated requirement to supply native sawlogs at low prices. By forcing supply beyond market demand, prices were driven down, leaving Forestry Tasmania's contracts with sawmills, veneer mills and woodchip exporters priced at around 50% below those in other states. As part of the review, Chairman of the Board, Rob de Fegely, explained the legislative constraints of the quote and Forestry Tasmania's mandate "make it very difficult to develop a commercially sustainable operating model." [11]

As such, Forestry Tasmania formally sought to reduce the legislated sawlog quota to 96,000 cubic metres to improve its financial viability. The Minister for Resources, the Hon. Guy Barnett, rejected the request and stated that the industry was expected to "pay its own way". Instead, the Minister approved the transfer of $113 million in unfunded superannuation liabilities[12] from Forestry Tasmania to the Tasmanian Government and allowed the sale of hardwood plantation assets to maintain solvency.[13]

In 2017, Forestry Tasmania was downsized and rebranded as Sustainable Timber Tasmania, with a clean balance sheet from asset sales and transferred liabilities. Despite this, structural problems remained: mandated supply targets, diminishing accessible timber, and low prices made logging remote forests costly and challenging.[13]

The legislative constraints of an artificially high and unsustainable logging quota of native forests remained unchanged, despite the rebranding. There was also little opportunity to substantially increase revenue as most contracts were ongoing until 2027.[11]

Financial Performance

Sustainable Timber Tasmania's 2024–25 Annual Report presents a positive narrative, claiming the agency has returned profits for eight consecutive years. A closer reading of the financial statements, however, reveals that this apparent profitability is largely an accounting construct rather than evidence of a commercially viable enterprise.[14]

Central to Sustainable Timber Tasmania's reported profits is an ongoing $12 million annual government payment, provided to manage public land for multiple purposes, including recreation, fire management and conservation. These are baseline public land management functions that could be delivered by other government agencies, yet Sustainable Timber Tasmania records this payment as operating revenue. Without this transfer, the organisation's core forestry operations would consistently operate at a loss.[14]

Sustainable Timber Tasmania's financial performance is further bolstered by asset revaluations that are treated as profit. In 2024–25, the agency reported $7.5 million in gains from revaluing the timber growing on public land. This does not represent real income generated through timber sales. While Sustainable Timber Tasmania recognises increases in the notional value of standing forests, it excludes the substantial future costs required to realise that value, such as road construction and maintenance, regeneration of logged areas, and long-term forest management obligations. By failing to account for these liabilities, the net financial return from logging is significantly overstated.[14]

Table 2: Sustainable Timber Tasmania Line Item Totals & Analysis FY2017/18-2024/25

Item	**Amount**
Net profit/(loss) after tax	$114,277,000
Biological asset valuation increment (book entry increases)	$102,027,000
Net profit without increased biological asset valuations (without book entry increases)	$12,250,000
Ordinary dividends paid	-$7,342,000
Special dividend paid	-$16,200,000
Total dividends paid	-$23,542,000
Sustainable Timber Tasmania cash in bank June 30th, 2018	$45,359,000
Sustainable Timber Tasmania cash in bank June 30th, 2023	$2,300,000
Reduction in cash in bank	-$42,059,000
Reduction in cash exceeding dividend payments	-$19,517,000
Total CSOs (government cash payment for land & fire management)	$113,433,000
Adjusted net profit without biological asset increases, government funding and cash reductions unexplained by paid dividends	**-$99,710,000**

These weaknesses are reflected in Sustainable Timber Tasmania's deteriorating cash position. Net operating cash fell sharply from $6.5 million in 2023–24 to just $1.8 million in 2024–25, a clear signal that the organisation is struggling to generate sufficient cash from its activities. Such a decline is inconsistent with a business that claims to be financially healthy and highlights Sustainable Timber Tasmania's dependence on government support to remain solvent.[14]

The most significant and least transparent subsidy, however, is Sustainable Timber Tasmania's rent-free access to public land. The agency pays no lease fees, no stumpage reflecting market land value, and no resource rent for harvesting publicly owned native forests. The timber is effectively transferred at no cost. Because the land and forests belong to the public, a genuine commercial operation would be expected to pay for their use. Sustainable Timber Tasmania's inability to do so demonstrates that native forest logging in Tasmania is sustained by a substantial, hidden public subsidy and would not be financially viable on commercial terms.[14]

Tasmanian Forest Practices

Forest Legislation and Logging Loopholes

Two key federal laws govern Australia's forests: the Environment Protection and Biodiversity Conservation Act 1999 (EPBC) and the Regional Forest Agreements Act 2002.

The EPBC Act is the nation's primary environmental law, designed to protect plants, animals, and ecosystems by assessing the ecological impacts of proposed projects and balancing environmental stewardship with societal needs.

The Regional Forest Agreements were created to resolve long-standing conflicts over forest use. They used comprehensive regional assessments to identify which forest areas required protection and which could be allocated for commercial purposes.

The Regional Forest Agreements reshaped the management of Australia's native forests. Ten agreements were signed between the Commonwealth and States, with Tasmania's Regional Forest Agreement signed in November 1997. It guaranteed the forestry industry a secure native log supply and included $110 million in support to offset losses from forests reserved for conservation.

The Regional Forest Agreement framework established a legal loophole in federal environmental laws, allowing native forest logging to bypass federal EPBC Act approvals. It is the only industry in Australia with this exemption. The rationale was that the Regional Forest Agreements had already provided an environmental assessment. In practice, this means that native logging in public forests bypasses federal protections, and relies only on weaker State laws. This loophole allows ongoing habitat destruction for threatened species like the Swift Parrot.

State-based legislation protecting threatened species and the environment from logging in Tasmania is weak, mostly guided by non-enforceable policies or guidelines. Many loopholes exist, and assessment and compliance is questionable. For instance, each logging site requires a certified Forest Practices Plan, that assesses impacts on native flora and fauna. Forest Practices Officers, who approve these plans, can be Sustainable Timber Tasmania employees, a point environmental groups have challenged as biased.[15]

Recent changes to the EPBC Act

Recent changes to the federal environmental laws are likely to place additional pressure on Tasmania's already fragile native forest logging sector. The legislative details are yet to be finalised; however, native forest logging will no longer be exempt under the EPBC Act and will have to abide by the National Environmental Standards as of July 1st2027. This coincides with the end of the current high quality saw log contracts that the Forestry Tasmania has with the sawmills. The changes to the EBPC Act will likely mean tighter national oversight and reduced tolerance for activities that cause cumulative and irreversible harm to matters of national environmental significance. Native forest logging, which has historically relied on exemptions and weak enforcement, is particularly exposed to this shift.

The EPBC Act reforms could mean stronger federal intervention where state-based systems fail to adequately protect federally listed threatened species, old-growth forests, and high conservation value ecosystems. Activities that were previously considered "business as usual" under regional forest agreements or state forest practices regimes may now face potential federal approvals. This means logging operations may be halted, delayed by lengthy assessment and application processes, or temporarily suspended due to legal challenges to approval decisions. This uncertainty directly affects the commercial viability of native forest operations, as investors, processors, and insurers factor in the risk of delays, legal costs, or future shutdowns.

The reforms also weaken the political case for locking in new long-term native forest supply contracts. These contracts are currently being negotiated between the state government and sawmills. As environmental standards tighten, the probability that such contracts become stranded or need to be surrendered increases. Tasmania's recent history shows that when market conditions or regulatory settings shift, governments are often left paying substantial compensation to exit or amend contracts. By attempting to secure long-term commitments before the consequences of the EPBC Act changes are known, the state risks repeating past mistakes by socialising losses while private operators gain.

More broadly, the EPBC Act changes accelerate a structural reckoning that is already underway as other states wind down their operations. Native forest logging in Tasmania has been unable to obtain the internationally recognised Forest Stewardship Council certification, putting it increasingly out of step with domestic and international market expectations around environmental performance. Instead it relies on the dodgy industry certification, PEFC, known for certifying logging in critically endangered species habitat.

For Tasmania's native forest logging sector, the EPBC Act changes increase uncertainty and heighten the risk of future government liabilities. They strengthen the argument that continuing to prop up the industry through long-term contracts and public subsidies isn't prudent policy, and that a planned, orderly exit from native forest logging would better protect both Tasmania's forests and its public finances.

Is Sustainable Timber Tasmania an Appropriate Land Manager?

Sustainable Timber Tasmania manages 812,000 hectares, including 343,800 hectares of native forests classified as uncommercial or reserved land, with its $12 million annual state funding allocated for managing this land for environmental and fire abatement obligations. However, questions arise over whether a state-owned, commercially-focused logging agency is suitable for protecting environmental values. Concerns are reinforced by Sustainable Timber Tasmania's legal and media controversies over non-compliance, including logging in Swift Parrot breeding areas,[16] and the Forest Stewardship Council's

rejection of its FSC certification twice due to inadequate protection of endangered species and old-growth forests.[17]

Sustainable Timber Tasmania's Long-term Sawlog Yield

Sustainable Timber Tasmania forecasts long-term yields of high-quality eucalypt sawlogs from public forests, which are managed on 90-year rotations to ensure trees reach the required size. Growth rates vary by site, so rotations can range from 60 to 120 years.[18]

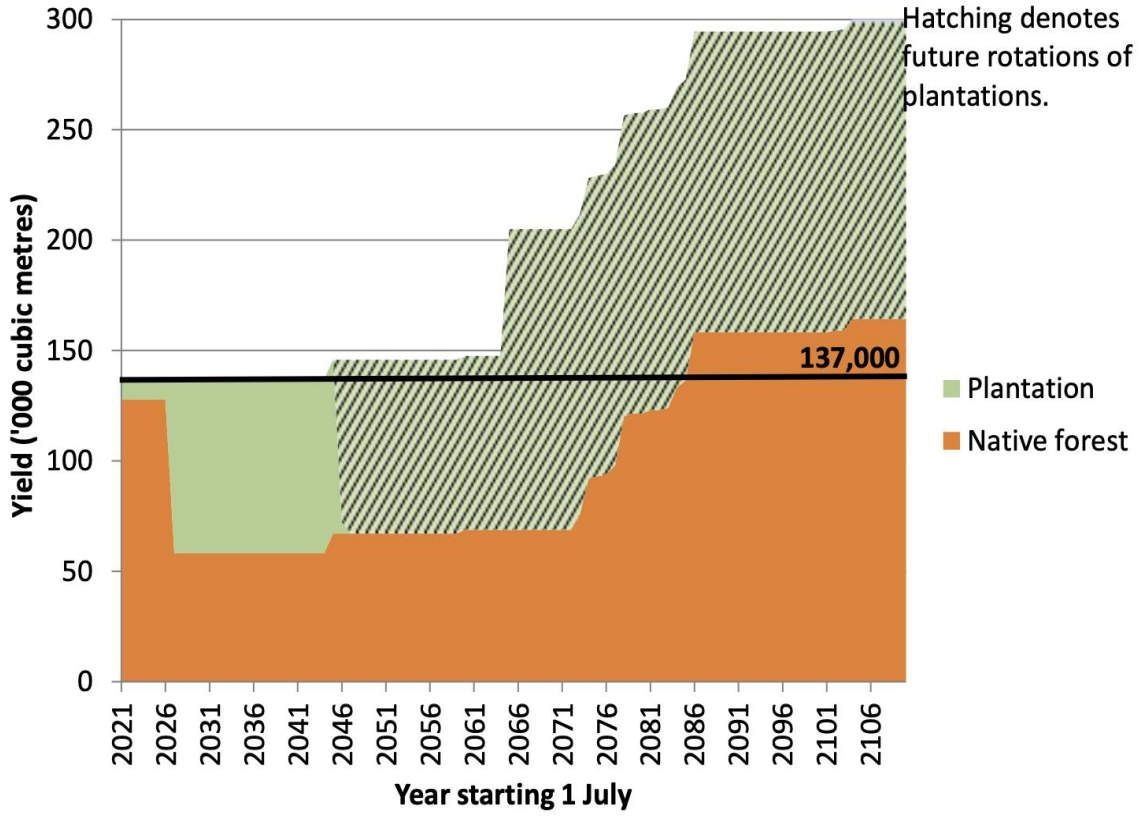
In contrast, eucalypt plantations grow sawlogs in just 25 years,[18] offering clear economic advantages due to their faster growth rates. The only way that native forest logging can compete with plantations is through free access to public lands and hundreds of millions in government subsidies that have covered its operating losses for decades.

Over-logging of Public Forests

The industry has long recognised that mature native forests and high-quality sawlogs are declining. Even at its peak, 90-year planning reports anticipated this trend and the gradual transition toward plantations as native forest sawlogs became scarce.

Decades of overlogging have caused the sustainable yield to fall sharply. By 2014, modelling projected that after 2027, native forest sawlog yields would range between 90,000 and 125,000 cubic metres per year.[18] This is well below the legislated quota of 137,000 m³. By 2022, estimates of the sustainable yield had dropped further, to just 58,000 m³.[18] Independent analysis found that prior to the Tasmanian Forest Agreement, the state-run logging agency had been logging native forests at roughly twice the sustainable yield.[19]

Graph 3: Review of High-Quality Eucalypt Sawlogs Sustainable Yield in 2022



Before 1996, large areas of clearfelled native forest on public lands were converted into plantations. These plantations are now maturing, and Sustainable Timber Tasmania projects that hardwood sawlogs from plantations will increasingly offset the contracted logging of native forest sawlogs.

Sustainable Timber Tasmania claims that sustainable forest management, defined as improving society's welfare without degrading forest values for current or future generations, is the foundation of its business. In reality, declining yields and current logging practices directly contradict this definition.

Expanding Native Forest Logging

The over-logging of Tasmania's public forests has created an anticipated shortfall in high-quality sawlogs. In response, the State Government has sought to expand the logging estate by accessing additional public forests.

Under the Tasmanian Forest Agreement, 356,000 hectares of high-conservation-value forest were designated as "future reserved land." Following the Liberal Party's return to government in 2014, these forests were reclassified as a "wood bank". Although these forests have remained unlogged since the memorandum expired in April 2020, legislative pathways for future access persist, creating ongoing uncertainty.

During the 2024 state election, the Liberals signalled their intention to prioritise expanding native forest logging within 100 days if re-elected. The proposed policy aimed to open 40,000 hectares of the future reserved land in northern Tasmania, potentially adding 168,000 m^3 of high-quality sawlogs annually.[20] Critics, including the industry lobby group Tasmanian Forest Products Association, questioned the timing of the announcement, noting that the government had had ample opportunity to address wood supply over its previous decade in office.[21]

A no-confidence motion in the recently elected Liberal Government caused a snap election in 2025. After failing to secure a majority in the 2025 election, the Liberals reversed course and abandoned plans to log the 40,000 hectares, a move widely interpreted as a political strategy to gain support from the Greens. While the 356,000 hectares of future reserved forest remain untouched for now, they are not permanently protected, leaving their long-term status vulnerable to future government decisions.

Subsidies for Logging Public Land

For decades, Tasmania's native forest logging industry has been sustained by extensive state and federal government intervention. Rather than operating on a commercially viable footing, the sector has relied on repeated rounds of public assistance to offset persistent structural weaknesses. Since the late 1980s, governments have committed more than $1.25 billion in grants, compensation packages, subsidies, and adjustment programs to support the industry's continued operation. Few sectors with such limited economic returns and declining output have received comparable levels of long-term public financial support.[5]

Tracking subsidies and grants to the native forest logging industry is difficult. Funding has been delivered through programs that were rebranded, merged, inconsistently reported, or poorly archived, and were delivered through a variety of different policy mechanisms. As such, the following table lists only funding that could be clearly traced.

Table 3: A list of known grants and subsidies provided to the native forest logging industry in Tasmania.[5]

Program Name	Year	Amount
Helsham Agreement	1989	$42 million
Tasmanian Regional Forest Agreement	1997	$110 million
Tasmanian Community Forest Agreement	2005	$203 million
Tasmanian Forest Contractors Financial Support Program	2010-2011	$5.4 million
Tasmanian Forestry Agreement	2012	$420 million
State Government payment to keep Forestry Tasmania solvent	2013-17	$100 million
Norske Skog mill modification	2012	$41 million
Tasmanian Native Forest Harvest Contractor Assistance Program	2015	$4 million
Ta Ann contract reduction	2013	$26 million
Ta Ann plywood mill grant	2013	$7.5 million
Effective subsidies to Sustainable Timber Tasmania	2017-2022	$57 million
Freight equalisation scheme shipping whole logs to Victoria	2019 to present	$20 million
Tasmanian Government's On-Island Processing Program	2021	$15 million
Federal funding as part of the EPBC Act changes	2026	~$200 million*
	Total	**$1.25 Billion**

** Federal Government recently announced that $300 million will be provided to support the native forest logging industry in light of the new federal environmental laws. This is to be shared with NSW, however the environment minister stated that Tasmania will receive "a large proportion of this funding".*

Major funding packages

Government assistance has often been framed as compensation for conservation outcomes or as support for industry transition. In practice, much of this funding functioned as a bail out to an otherwise uneconomic native forest logging sector.

The 1997 Tasmanian Regional Forest Agreement delivered approximately $110 million, presented as compensation for reserving 400,000 hectares of forest. However, a significant proportion of this land had limited commercial value due to forest type, terrain, and access constraints, reducing the practical economic impact of the reservation.[22]

In 2005, the Tasmanian Community Forest Agreement provided $203 million. While elements of the program were nominally directed at protecting high-conservation-value forests on private land, the bulk of the funding was used to restructure and support the existing industry. Conservation outcomes were limited, and the program largely operated as a financial lifeline rather than a genuine transition mechanism.[23]

The largest intervention came with the 2012 Tasmanian Forest Agreement, which committed $420 million in state and federal funding. This package was again framed around conservation, industry exits, and long-term sustainability. Despite its scale, the agreement failed to establish a financially viable forestry sector or deliver a durable transition away from native forest logging. Furthermore, the "future reserves" set aside as part of that compensation have been repeatedly threatened to be given to the logging industry.[23]

These interventions were intended to resolve the industry's structural decline. Instead, they have entrenched reliance on public funding. Without ongoing government support, native forest logging in Tasmania would have reduced dramatically in volume or ceased altogether. This raises fundamental questions about the justification for continued subsidies, particularly given the sector's small employment footprint and the significant environmental costs associated with native forest logging.

Exit programs and capacity reduction

As part of the Tasmanian Forest Agreement, the Contractors Voluntary Exit Grants Program allocated approximately $180 million to harvesting contractors and sawmillers to leave the industry. Individual payments ranged from roughly $140,000 to $280,000 per worker.[5] The program sought to permanently reduce harvesting and haulage capacity by requiring recipients to decommission or sell equipment to prevent re-entry into native forest logging.

The program is widely regarded as ineffective. It aimed to remove 1.5 million tonnes of harvesting capacity but achieved only around half that reduction.[5] Oversight and enforcement were weak, allowing some recipients to re-enter the industry through loopholes such as new corporate structures or transfer of equipment to family members. In several cases, substantial public payments failed to deliver permanent exits, undermining the program's stated objectives.

Jobs

Recent research shows that forestry contributes little to Tasmania's overall employment. Total forestry jobs, including both plantation and native forest activities, accounts for around 1% of the state's workforce, down from approximately 2% in 2006.[24] Within that already small share, native forest logging represents only a fraction. A 2018 industry-commissioned study estimated just 1,112 jobs in native forest operations, equivalent to 0.04% of total employment.[25]

This contraction has occurred alongside strong growth in the broader Tasmanian economy. Between 2006 and 2021, the state added almost 50,000 jobs, a 24% increase, while forestry employment fell by around half.[24] The decline of native forest logging has therefore not constrained overall employment growth, reflecting the sector's diminishing economic relevance.

Despite this, the importance of native forest logging has been consistently overstated in public debate. A 2012 poll by the Australia Institute found that the Tasmanian public

believed native forest logging employed 24% of Tasmania's workforce, when it accounted for as little as 1% at the time.[5] This poll highlights how public perception of the forestry industry is far greater than its actual size. Industry advocates and politicians have reinforced this distortion by accounting for "indirect" jobs derived from inaccurate modelling rather than direct job counts, inflating figures without reflecting actual employment outcomes.

Taken together, the evidence shows that native forest logging is neither a major employer nor an efficient use of public funds. Case studies of communities commonly described as forestry towns, including Geeveston, Triabunna and Derby, demonstrate that local economies were already diverse and have continued to adapt through industries such as aquaculture, tourism and services.[24] The data does not support claims that ending native forest logging would cause widespread economic harm. On the contrary, Tasmania has already undergone much of the transition, and the remaining shift away from native forest logging is unlikely to have a material impact on statewide employment.[24]

The small number of workers still employed in native forest logging could readily be transitioned into other sectors. Tasmania's plantation estate is already the dominant source of timber production and is projected to deliver increasing volumes of timber over coming decades. Plantation forestry is more labour-intensive per hectare than native forest logging and supports larger and more stable processing operations, meaning that there is stronger employment opportunities. Alternative jobs also exist in forest restoration, fire management, and biodiversity protection.

Native Forest Logging – Public Land

The continued logging of Tasmania's public native forests reflects policy settings that no longer align with market realities, environmental limits, or long-term public value. While native forest logging is often justified on the basis of sawlog supply and domestic manufacturing, the majority of timber harvested from public native forests is processed into low-value woodchips for export. High-quality sawlogs and specialty timbers now represent a small and declining share of production, maintained through legislated quotas, underpriced supply contracts, and repeated government intervention. As plantation forestry has become the dominant source of construction timber in Australia, native forest logging has increasingly relied on policy protection and subsidies rather than competitiveness.

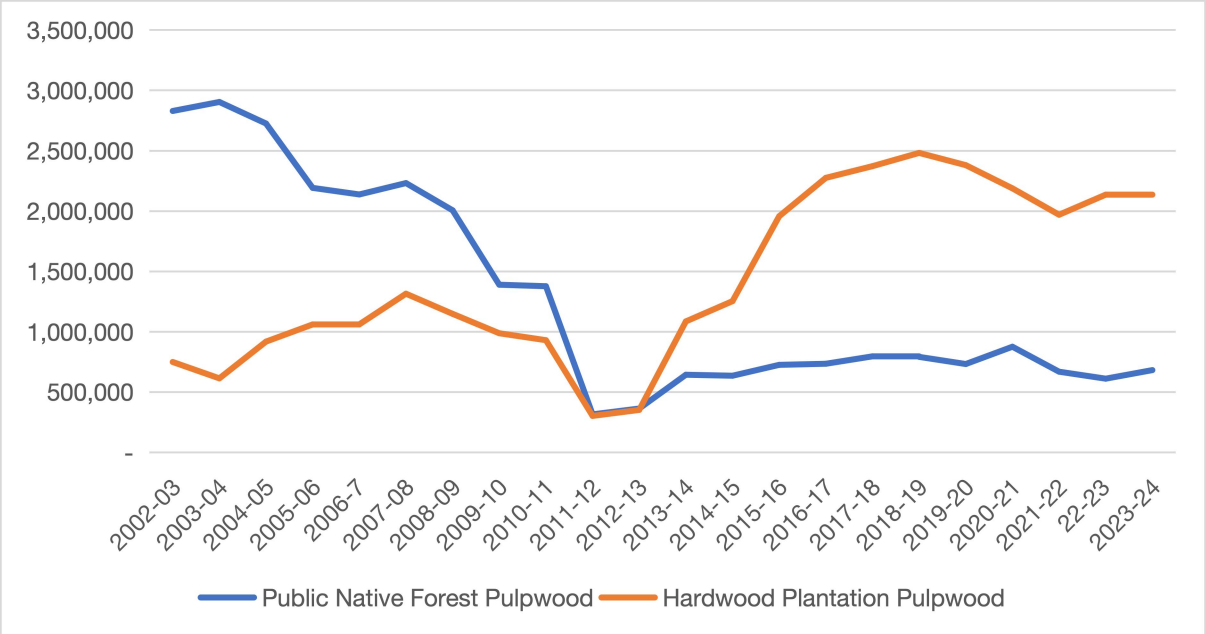
Woodchips

Most timber extracted from Tasmania's public native forests is processed into woodchips for paper products, with the majority exported overseas. Around 80% of logs harvested by Sustainable Timber Tasmania are sold as woodchips.[9]

Historically, Tasmania has dominated Australia's native forest woodchip industry. In 2003, Forestry Tasmania logged 2.83 million cubic metres of native forest woodchips from public land, accounting for 43% of national production that year.[1] As a volumetric comparison, an Australian timber utility pole is approximately one cubic metre of timber.

In 2025, Sustainable Timber Tasmania produced 973,000 cubic metres of logs for woodchips from public native forests.[9] With native forest logging now banned in Victoria and Western Australia, Tasmania's share of Australia's remaining native forest woodchip production is now at 73%.[1]

Graph 4: Tasmanian native forest woodchip volumes on public land compared to hardwood plantations (public and private).



Source: Forestry Tasmania & Sustainable Timber Tasmania Annual reports from 2002-03 to 2022-23. ABARES 2024, Australian forest and wood products statistics, Production to 2022-23.

Sawlogs

Tasmanian Native Forest Sawlog Grades & Trends

High-quality sawlog supply is protected by legislation to keep native forest sawmills operating, with an annual quota of 137,000 cubic metres. This maintains mill volumes and suppresses sawlog prices for products such as floorboards. In 2023, high-quality sawlogs made up just 12% of Sustainable Timber Tasmania's native forest harvest on public land and only 2% of Tasmania's total forestry output.

Claims that reducing native forest logging would drive higher hardwood imports have not eventuated. National imports of hardwood timber fell almost threefold between 2005 and 2023.[1] While comparisons are imperfect due to low recovery rates in Tasmanian hardwood mills, the overall trend is clear. Reduced native forest sawmilling has not increased imports, and Australia exported more than twice as much hardwood as it imported in 2023.[1]

Native Forest Sawmills Shrinking Market Share

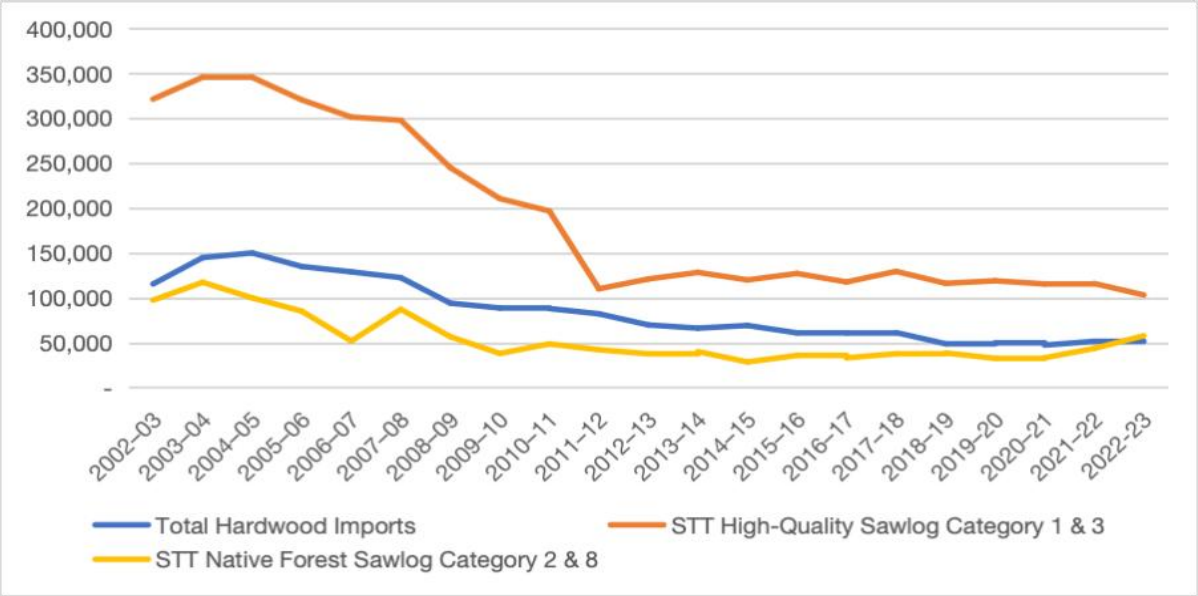
Proponents of native forest logging often present the industry as sawlog-driven and essential for housing construction. This framing is more publicly palatable than the reality that most native forest logging supplies woodchip export markets. In practice, long-term shifts in residential construction towards softwood plantation timbers and alternative building materials have reduced native forest hardwood to a minor and declining component of housing timber demand.

Australia's federally subsidised softwood plantation estate, largely established in the 1960s and 1970s, began delivering substantial sawlog volumes by the 1980s and surpassed native forest sawlog production nationally a decade later. As sawn-timber markets shifted

decisively to softwoods, native forest sawmillers sought policy support to reposition as producers of “high-value” specialty and appearance-grade products. Proposals to transition the industry toward higher-value products gained support from environmental groups and policymakers, unlocking millions of dollars in grants and loans for specialised equipment.[3]

However, subsequent data showed limited success. Surveys conducted during the Regional Forest Agreement process found that native forest sawmills converted only around 12% of allocations into appearance-grade timber, while industry research reported similar outcomes in Victoria and Tasmania, with just 14–22% of output meeting joinery or appearance standards.[3]

Graph 5: Sustainable Timber Tasmania logged sawlogs compared to Australian hardwood imports



Source: Forestry Tasmania & Sustainable Timber Tasmania Annual reports from 2002-03 to 2022-23. ABARES 2024, Australian forest and wood products statistics, Production to 2022-23.

Sawn Timber in Residential Construction

In 2003, native forests supplied 40% of Australia’s total forestry production and 29% of the nation’s saw and peeler logs. At the same time, hardwood timber products accounted for only 24% of timber used in residential construction nationally, which was already dominated by plantation pine.[27] Importantly, the high-quality, appearance-grade hardwood products often cited to justify native forest logging represented only a small share of housing use.

Residential construction has continued to shift away from hardwood timber toward plantation pine and engineered products such as laminated veneer, and non-timber materials.[27] Treated softwoods now dominate fencing, decking and landscaping. Concrete slab construction, used in around 90% of Australian homes, has largely replaced timber subfloor framing due to cost, speed, durability and termite resistance.[28]

Broader changes in building design, materials and standards have further reduced demand for native forest hardwoods, even as housing construction has increased. While new dwelling approvals have risen, native forest sawlog production has continued to decline,

falling to 1.08 million cubic metres in 2023, around 38% of the average volume logged in the decade to 2013.[1]

Changes to Native Forest Sawmilling

Decades of over-logging, combined with successive forest agreements that protected increasing areas of high-conservation-value forest, have depleted the supply of large old-growth sawlogs. At the same time, Gunns Ltd pursued an aggressive consolidation strategy, buying up many smaller Tasmanian sawmills and centralising processing within its own operations. When Gunns collapsed in 2013, these mills did not reopen, accelerating the contraction of the sector. Many remaining mills had been designed to process large old-growth logs and were poorly suited to smaller, younger timber or changing market demands. Under growing competition from more efficient plantation softwood processors, much of the native forest sawmilling sector has closed. The number of Tasmanian sawmills fell from 205 in 1980 to just 22 by 2017.[29]

Softwood plantations offer significant economic advantages: radiata pine grows faster, is harvested more efficiently, and supports larger mills with economies of scale. Tasmania's largest softwood mill processes over 400,000 m^3 annually, compared with 45,000–75,000 m^3 for the largest hardwood mills.[29]

Softwoods also deliver higher recovery rates, converting around 50% of each log into sawn timber compared with 37% for hardwoods.[29] These advantages mean softwood sawmills produce almost four times more output per full-time worker than hardwood mills, and global sawmilling technology is overwhelmingly geared toward softwood production.

Table 5: Sawmill industry support in various state and federal forestry agreements and schemes.[30]

Year	Forestry Agreement and Funding Scheme	Scale of Support
1997	Tasmanian Regional Forest Agreement	$13m for employment and industry development initiatives
2006-09	Tasmanian Forest Industry Development Program	$42m to 62 native forest processors
2006-09	Tasmanian Country Sawmills Assistance Program	$3m to 20 sawmill projects
2013-17	Tasmanian Jobs & Growth Plan	$18m to five native forest processors
2021	Tasmanian On-Island Processing Program	$2.14m to four native forest sawmills
2023	Commonwealth Accelerate Adoption of Wood Processing Innovation Program	$6.94m to two native forest sawmills

Despite these structural disadvantages, native forest sawmills have been sustained through repeated rounds of state and federal assistance, including subsidised sawlog supply priced below cost. While this support has enabled some adaptation and improved conversion rates, hardwood sawmills nationally still convert only about 42% of logs into appearance-grade timber.[29] Without the ongoing and substantial public support across the supply chain, the native forest sawmilling sector would not be economically viable in its current form, raising questions about whether its ecological and economic costs are justified.

The remaining large native forest sawmills are structurally dependent on the continuation of this policy framework. When Victoria and Western Australia announced their exit from native forest logging on public land, they accounted for 39% of national native forest supply in 2022.[1] Their withdrawal has concentrated remaining demand, altering supply–demand dynamics and increasing pressure on Tasmania to maintain native forest sawlog production.

Western Junction Sawmill and Sawlogs Sent to Victoria

The sale of a major Tasmanian sawmill to interests linked to Victoria's largest native forest operator has exposed deep tensions over sawlog supply, public subsidies, and the future of Tasmania's native forest industry as resources become increasingly scarce.

Artec Pty Ltd acquired the Western Junction Sawmill from Gunns in 2011.[31] Ten years later, the mill was sold to a newly formed company with five shareholders and direct links to the Victorian timber industry, including senior directors from Australian Sustainable Hardwoods, Australia's largest native forest sawmill.[32] The timing of the acquisition and its links to Australian Sustainable Hardwoods, which was 49% owned by the Victorian Government, generated controversy within Tasmania's forestry sector.

The Victorian Government had acquired its stake in Australian Sustainable Hardwoods in 2017 to prevent insolvency linked to declining native forest supply, before announcing a phase-out of native forest logging by 2030 and later accelerating the ban to commence in 2024.[33] It has been reported that Australian Sustainable Hardwoods provided an $11.2 million loan to support the purchase of the Western Junction Sawmill, and the new owners were initially open about supplying Tasmanian logs and timber to the Victorian Mill.[32]

Following Victoria's accelerated ban, Tasmanian sawmillers and environmental groups raised concerns about the transfer of Tasmanian native forest sawlogs to Victoria, estimated at up to 40 truckloads per week.[34] These transfers are reflected in Tasmanian Freight Equalisation Scheme data, with Western Junction Sawmill becoming the fourth-largest recipient of the scheme's payments after its acquisition, receiving approximately $5.7 million over four quarters.[35] Critics argue this represents a subsidy for exporting unprocessed logs, contrary to the scheme's intent.

Western Junction has defended interstate log sales as a temporary measure, citing plans to invest $37 million over ten years in higher-value processing and plantation-based manufacturing capacity in Tasmania. The dispute has exposed tensions within the native forest sawmilling sector, particularly as sawlog supply contracts and public plantation resource tenders approach renewal, intensifying competition for increasingly scarce resources.

Renewing sawlog contracts for 2027-2040

In February 2024, as part of their re-election campaigns, both the Tasmanian Liberal and Labor parties committed to extending existing Sustainable Timber Tasmania native forest sawlog supply contracts for 14 Tasmanian sawmills from 2027 to 2040.[36] While both parties emphasised prioritising Tasmanian processors, these negotiations occur in the context of long-standing supply contracts that have been priced well below comparable interstate rates and are widely recognised as an ongoing industry subsidy.

As early as 2016, Forestry Tasmania's Board acknowledged that the industry could not absorb an immediate shift to cost-reflective pricing, but concluded that such a transition was an imperative.[37] Eight years later, with bipartisan political backing, Sustainable Timber

Tasmania is again seeking to renegotiate contracts, reportedly proposing price increases of 25–35% above inflation. Sawmillers have described these increases as excessive and unaffordable.[38]

This highlights the industry's reliance on underpriced logs, around 50% cheaper than in other states,[11] while losses in Forestry Tasmania's forest operations mean sawmillers are effectively buying logs for less than the cost of harvesting and delivery.

There is a high risk of failing to meet contractual supply, which is exacerbated by the unknown effect of the federal environmental law changes. Increased regulation under the national environmental standards may limit logging of native forests in certain areas. This may significantly limit the ability to meet long-term, unsustainable quotas.

Locking in new long-term supply contracts would entrench native forest logging well beyond 2027, despite bans in Victoria and Western Australia, and exposes Tasmanian taxpayers to future compensation payouts. Similar contract surrender payments have already occurred elsewhere, including Victoria's recent sawmill transition packages and Tasmania's own $15 million native forest sawlog buy-back program under the Tasmanian Forest Agreement,[30] underscoring the financial risks of extending long-term commitments in a declining industry.

Special Species

"Special species" timber includes a group of rare Tasmanian rainforest trees such as blackwood, celery top pine, Huon pine, myrtle and sassafras. These timbers are highly valued by boat builders, furniture makers and specialist wood artisans. Approximately 52,600 hectares of special species forest are mapped within Tasmania's current native forest logging estate.[39]

Sustainable Timber Tasmania operates a dedicated commercial entity, Island Specialty Timber, which sources these timbers from logging and salvage operations on public land. In 2023, Sustainable Timber Tasmania logged and salvaged 8,381 cubic metres of special species timber, predominantly blackwood, accounting for around 1% of its total native forest harvest.[9]

Current forestry practices in Tasmania are poorly suited to special species timber. While 90-year clearfell rotations may work for fast-growing eucalypts, special species require 300–400 years to mature.

Celery top pine has been the commonly used timber used in Tasmanian wooden boat building over recent decades. However, it is extremely slow-growing, requiring up to 400 years to produce high-quality sawlogs.[40] Since 2011, the availability of millable celery top pine logs has declined by approximately 99%. The President of the Tasmanian Specialty Timbers Alliance, boat builder Andrew Denman, has attributed this decline to mismanagement by Sustainable Timber Tasmania.[17]

Depletion and Waste

Special species timbers have historically been treated as low-value "arisings" from eucalypt logging, effectively forestry bycatch, which is often burned or exported as woodchips rather than used for high-value products. Industry figures and sawmillers have repeatedly condemned this waste. In 2013, Tasmanian sawmillers publicly documented thousands of

tonnes of high-quality eucalypt and special species logs stockpiled for export while local processors were denied access, highlighting a systemic culture of waste in public forestry.[41]

This pattern reflects a long history of over-exploitation of slow-growing specialty timbers. Huon pine, one of the world's oldest tree species, was heavily logged during successive booms, contributing to the loss of around 90% of its original extent.[42] Its later protection underscores the finite nature of special species resources and the consequences of treating irreplaceable timbers as low-value commodities.

Peeler Logs

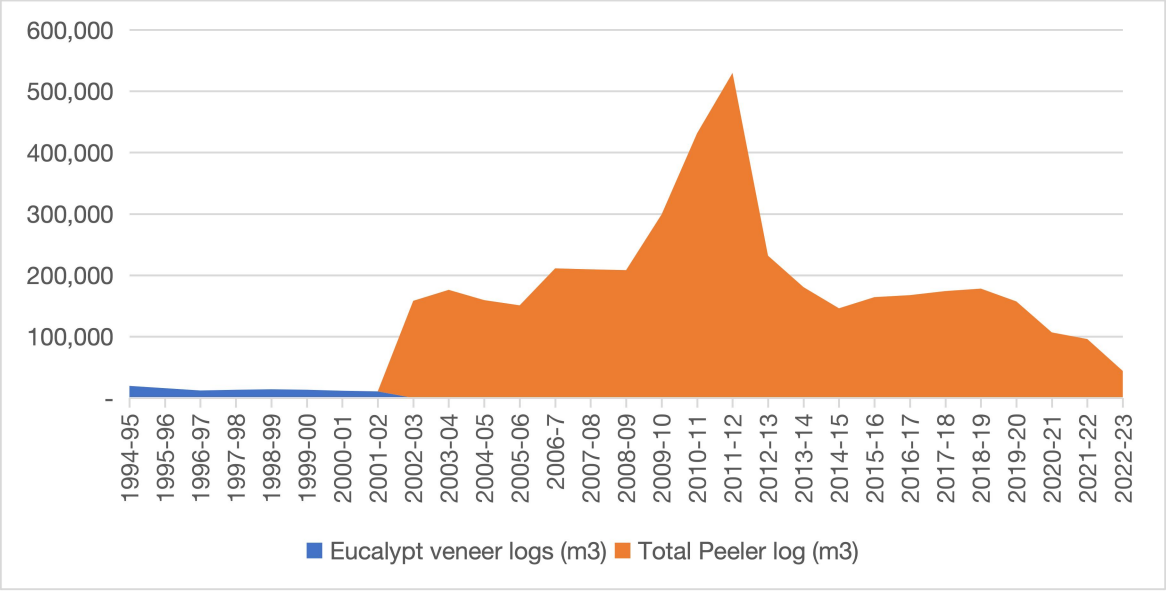
Snapshot of log types and volumes

A peeler log is a high-quality, straight log that is rotated on a lathe to peel off thin sheets of veneer. It can be used to make a range of products from furniture to plywood, along with a variety of other engineered wood products.

Peeler logs have been a significant but untransparent component of Tasmania's native forest logging. Peeler logs became commercially viable in Tasmania following early-2000s advances in rotary peeling technology that allowed smaller eucalypt logs to be used for products ranging from flooring to concrete form ply. Inconsistent reporting obscures the true scale and use of high-quality veneer timber. Sustainable Timber Tasmania's reporting of peeler and veneer logs has changed repeatedly over time, limiting transparency.

High-quality veneer logs are peeled into thin sheets used in high-value applications such as furniture, joinery, and decorative panels. Gunns closed its Boyer veneer mill in southern Tasmania in 2007, citing insufficient supply of suitable veneer logs, while its Somerset veneer mill in northern Tasmania continued operating until Gunns' insolvency in 2012.[43] In 2019, Britton Timbers acquired the Somerset facility and now holds supply contracts with Sustainable Timber Tasmania for eucalypt peeler logs and special species timber.[44]

Graph 6: Native forest veneer & peeler logs from public forests



Source: Forestry Tasmania& Sustainable Timber Tasmania annual reports from 2001-02 to 2022-23.

Tasmania began formally logging and reporting peeler logs in 2003, and during the first five years of production these logs were primarily exported overseas, averaging about 171,205 cubic metres per year. This pattern shifted in 2008, when Forestry Tasmania first reported the supply of "domestic peeler" logs, marking a structural change in Tasmania's peeler log market.

Ta Ann Tasmania

As profits from native forest woodchip exports declined, pressure grew for Tasmania's forestry sector to shift toward higher-value processing. In January 2006, Forestry Tasmania entered a joint venture with Malaysian multinational Ta Ann Holdings to establish plywood and veneer processing facilities in Tasmania.

At the time, the Ta Ann Group had holdings of US$1.6 billion and sourced almost half of its revenue from plywood.[45] It has plywood manufacturing facilities and logistics in Malaysia, a well-established customer base in Japan, and market penetration in China and Europe.

Ta Ann Tasmania benefited from long-term native forest log supply agreements with Forestry Tasmania and guaranteed product purchases from a Japanese importer. For Ta Ann, Tasmania's public native forests addressed restricted log supply and rising costs in Malaysia, where rainforest depletion was undermining long-term production. [45]

Tasmania also offered a pathway to meet growing international demand for "certified" wood products. While Malaysian rainforests were unable to achieve sustainability certification, Forestry Tasmania held accreditation under the Australian Forestry Standard, recognised internationally through the PEFC system. Although weaker than best-practice FSC certification, this accreditation was sufficient to support "eco-ply" branding in key export markets, enabling Ta Ann to address both supply constraints and market expectations through access to Tasmania's native forests.

Favourable Terms

Ta Ann Tasmania commenced operations with the rapid establishment of two rotary-peeling veneer mills, opening facilities in the Huon Valley in 2007 and at Circular Head in 2008. The company invested approximately $79 million in the mills, supported by a $10.4 million Commonwealth grant under the Tasmanian Community Forest Agreement.[46] Both mills processed veneer sheets from native forest logs for export to Ta Ann's plywood factories in Malaysia, with finished products primarily sold into the Japanese market.[45]

The southern mill was co-located on publicly owned land at the Southwood Huon Wood Centre. The site development and infrastructure costs for this site were largely underwritten by $20 million in public funding, including electricity infrastructure later supported through a state equity contribution. Installing the power lines was expensive, and Forestry Tasmania borrowed to cover the cost, incurring about $1 million a year in interest. The state government later provided a $10 million equity contribution to reduce this debt, on the condition that electricity costs for Ta Ann were lowered.[47]

Forestry Tasmania entered into long-term log supply arrangements with Ta Ann, guaranteeing up to 265,000 cubic metres of eucalypt logs per year. The contract pricing was sufficiently attractive for Ta Ann's CEO to call the Tasmanian venture a high-return initiative that would yield "quite a decent profit margin," noting the lower Tasmanian hardwood log prices than they could find in Malaysia or Indonesia.[47]

Table 6: Peeler native forest logging progression from pre-Ta Ann to peak peeler logging

	Pre-Ta Ann Tasmania 2003-04	Single southern mill operating 2007-08	Both Ta Ann mills operating 2011-12
Export Peelers	176,183	88,694	157,321
Domestic Peelers	0	120,896	372,466
Total Peelers	*176,183*	*209,590*	*529,787*

The log supply contract between Forestry Tasmania and Ta Ann was structured as a Take-or-Pay contract, meaning that the government was liable to compensate Ta Ann if it could not meet the agreed quota, and vice versa. Six months after the contracts were signed, Evan Rolley, Forestry Tasmania's Managing Director for the past sixteen years, resigned.

While peeler log harvesting and veneer exports increased sharply following the mills' commissioning, Ta Ann Tasmania failed to deliver sustained financial returns. Despite brief profitability during peak production years, the venture recorded cumulative losses of $26.3 million over its first six years of operation, reducing their taxable income enough to ensure that no Australian tax was paid.[5] The unprofitability of Ta Ann Tasmania challenges the public value of the investment and the long-term economic benefits of native forest-based veneer processing.

Unsustainable Contract Volumes

The sharp decline in peeler logging followed patterns seen earlier in sawlog and woodchip markets after the collapse of Gunns Ltd. At the same time, Ta Ann faced sustained market pressure from environmental organisations, including Markets for Change and the Huon Valley Environment Centre. Their campaigns highlighted that Ta Ann products sourced from Tasmanian logging coupes containing old-growth forests, high-conservation-value areas, and threatened species.[48] As a result, Ta Ann lost its contract to supply flooring for venues for the London Olympic Games in 2011, placing key Japanese "eco-ply" contracts at risk.[49]

Three months after demand for Ta Ann's products fell sharply, former Forestry Tasmania Managing Director Evan Rolley was appointed Executive Director of Ta Ann Tasmania.[50] Rolley maintained close ties to the forestry sector through ongoing board roles. Shortly after his appointment, an independent report, known as the West Report, found Forestry Tasmania had been logging native forests for sawlogs and peeler logs at around twice the sustainable yield. Using Forestry Tasmania data, the report estimated a sustainable peeler log yield of 76,300–101,600 cubic metres per year.[19] This was far below the 265,000 cubic metres Rolley had committed to supply Ta Ann under a take-or-pay contract seven years earlier.

Rolley's move from Forestry Tasmania to Ta Ann raised concerns about the integrity of the unsustainable Take-or-Pay contract. Attempts to scrutinise the negotiations were blocked through Freedom of Information exemptions on commercial-in-confidence grounds.[47] While the findings of the West Report were challenged by some members of the Tasmanian Parliament, the scale of the discrepancy between sustainable yield estimates and contracted supply reinforced concerns that the agreement was structurally unsustainable.

Controversial Compensation

Gunns held a similar take-or-pay native forest logging contract with Forestry Tasmania to that later signed with Ta Ann. Less than two years before entering voluntary administration, Gunns gave notice to cancel its contracts as it became clear the native forest business was no longer viable and negotiations began on ending native forest logging. Weeks before the contracts were cancelled at no cost to taxpayers, Gunns received $34 million in federal funding under the Tasmanian Forestry Agreement, which was used to repay debts to Forestry Tasmania that would otherwise likely have been written off.[51]

During the Tasmanian Forest Agreement process, there was broad acceptance of the West Report's recommendation to reduce legislated and contractual logging quotas, including for sawlogs and peeler billets. While Gunns' contracts had already been surrendered due to market conditions, its payout shaped negotiations with Ta Ann. It was argued that Gunns' treatment set a precedent that Ta Ann sought to follow.

Evan Rolley, now Ta Ann's Executive Director, secured a six-month suspension of Ta Ann's take-or-pay obligations with Forestry Tasmania, allowing the company to avoid penalties as demand fell and production slowed.[47] During this period, Ta Ann increased pressure by threatening to exit Tasmania and extending mill shutdowns, while simultaneously attempting to rebuild buyer confidence through reassurances from environmental organisations, moves that created divisions among groups involved in the Tasmanian Forest Agreement.[52]

Ultimately, Ta Ann received $28.6 million in government compensation for surrendering 40% of its peeler log contract.[53] The size of the payout implied a contract value of around $70 million, despite Ta Ann's history of financial losses. The earlier suspension of the contract reinforced concerns that the original 265,000 cubic metre supply commitment was unsustainable and without government intervention, the company may have been unable to meet its obligations or would have sought to surrender the contract without penalty.[47]

A New Mill (& Another Grant)

There is strong evidence that decision-makers were influenced by Ta Ann's use of both incentives and threats. Ta Ann promised new investment in downstream processing if supported, while signalling potential mill closures if it was not. These threats justified compensation as support for restructuring Ta Ann's Tasmanian operations, expanding downstream processing, and contributing to a revitalised forest products sector, but this did little to dispel concerns about a quid pro quo arrangement.[47]

In addition to the $28.6 million Ta Ann received in compensation for partially surrendering its peeler log contract, $7.5 million grant was awarded in 2014 under the Tasmanian Jobs and Growth Plan to build a new plywood mill in Smithton.[54] The $16 million factory was promoted as an import-substitution project targeting 15% of Australia's domestic plywood market. In practice, it absorbed only part of Ta Ann Tasmania's existing veneer output, with surplus production continuing to be exported to Malaysia.[55]

When the mill opened in 2015, employment fell well short of initial claims. The mill started with only 37 workers and never clearly aligning with the various job figures publicly stated.[56] Ultimately, the "downstream processing" promised during the Tasmanian Forest Agreement resulted in a $16 million private investment supported by $36.1 million in state and federal funding, raising ongoing questions about value for money and the effectiveness of public support for the native forest industry.

Table 7: Ta Ann snapshot of investments, subsidies, employment and peeler billet throughput.

Capital Investments	$95m for three mills $109m (+$14m for 25% capacity upgrade)
Subsidies – Direct	$46.5m in "value-adding" manufacturing grants and Tasmanian Forest Agreement compensation payments
Subsidies – Indirect	$10m payment to Forestry Tasmania to reduce Ta Ann's ongoing electricity costs.
Employment	Approx 110 at pre-bushfire three-mill production peak Approx 75 when their two remaining mills are operating at normal production level, but far fewer with recent skeleton production levels.
Peeler Billet Throughput	2,357,000 m3 peeler billets 147,000 m3 averaged annual peeler billets throughput

Profit Shifting Patterns

Ta Ann's financial reporting raised serious concerns about profit shifting and transfer pricing to its Malaysian parent company following the receipt of substantial government funding. Ta Ann shifted almost all the taxable income from the $36.1m government handouts to Malaysia through a series of unusual accounting manoeuvres.

Ta Ann Tasmania sells veneer sheets through intra-company transactions to its sole customer, a Ta Ann Group plywood factory in Sarawak, Malaysia. For several years, these sales were priced below production cost. After receiving the government funding, Ta Ann further reduced its internal transfer price for veneer sheets by around 60%, despite minimal changes in market prices in preceding years. This accounting adjustment effectively absorbed the subsidy windfall and eliminated taxable profits in Australia, reinforcing long-standing concerns that public funding supported offshore profits rather than domestic production.[57]

Decreased domestic peeler production

Despite repeated government compensation, grants, and subsidies, Ta Ann's operations in Tasmania have continued to decline. Following damage to its southern rotary peeling mill during the 2019 bushfires, Ta Ann announced that it would permanently close the Huon Valley facility and consolidate operations in northern Tasmania. The company cited "hard commercial realities", including COVID-19 impacts, supply-chain disruptions, and weakened markets, as the drivers of the closure.[58]

Peeler billet logging has declined sharply over the past five years, with total volumes falling by around 75% and Ta Ann's domestic peeler log intake dropping by more than 90%. Ta Ann has since partially relinquished its peeler billet supply contract for a second time.[59] Whereas Ta Ann absorbed virtually all peeler logs as recently as 2018, its retreat from the market has led to a resurgence in unprocessed peeler log exports. Over the past four years, more than 60% of Tasmania's peeler billets have again been exported without domestic processing, which is against the intent of the Tasmanian Forest Agreement.

Ta Ann's Long-term Commercial Viability

Sustainable Timber Tasmania's 2022–23 financial report shows that Ta Ann received just 14,456 cubic metres of domestic peeler billets. This is a fraction of its post-Tasmanian Forest Agreement contract of 159,000 m^3 and well below its stated manufacturing capacity.

Ta Ann acknowledged that both rotary peeler mills were required to achieve sufficient scale to remain internationally competitive.[45] The closure of the Southwood mill in 2020, which removed around half of Ta Ann's veneer capacity, combined with the ongoing decline in peeler and plywood processing, raises concerns about the company's long-term commercial viability in Tasmania.

Ta Ann Group's plywood division recorded a loss of $3.2 million in 2023 of veneer inventory held in Tasmania. This loss was attributed to declining Japanese demand and rising export costs.[60] While recent reports suggest increased activity at the Smithton site and new logging operations linked to Ta Ann supply chains, and the company has entered a new engineered flooring partnership with Australian Sustainable Hardwoods, the scale and durability of this shift remain uncertain. Ta Ann's further surrender of peeler billet supply indicates that its Tasmanian operations are likely to remain a smaller, niche segment rather than a return to previous production levels.

Ta Ann Contract Renewal in 2027

Ta Ann's long-term peeler billet supply contract with Sustainable Timber Tasmania is due to expire in 2027. Ta Ann was the Tasmanian Government's largest and most high-risk attempt to build a native forest–based manufacturing industry over the past two decades. Over this time, Ta Ann Tasmania recorded financial losses in most years, with the majority of economic value shifted to its Malaysian parent company rather than being retained locally. The benefits to Tasmania were short-term construction activity and minimal employment during periods of mill operation.

Ta Ann's operations were underpinned by substantial government support and a long-term supply of underpriced native forest logs. The peeler billet contract committed Forestry Tasmania to supply volumes well above sustainable yield and at prices significantly below those achieved in other states. This arrangement contributed materially to Forestry Tasmania's financial deterioration after Gunns' collapse, as Ta Ann became its largest remaining customer. Continued state and federal funding to keep Forestry Tasmania and later Sustainable Timber Tasmania solvent effectively operated as an indirect subsidy to Ta Ann, enabling the ongoing supply of cheap native forest timber at public expense.[61]

Shin Yang & Patriarch & Sons

Sustainable Timber Tasmania now sells the peeler billet volumes surrendered by Ta Ann through spot sales, primarily to log exporters. One of the main beneficiaries has been Patriarch & Sons Pty Ltd, a Western Australian company with longstanding links to Malaysian logging and timber-processing interests.[62] Patriarch & Sons has documented connections to Shin Yang, a major Malaysian logging and palm oil conglomerate, through two directors in common between the companies. Like Ta Ann, Shin Yang has faced persistent allegations of environmental destruction and human rights abuses, including impacts on Indigenous communities.[63]

Shin Yang and Ta Ann face similar structural pressures in their home markets, where extensive deforestation has reduced log availability, increased costs, and threatened the viability of capital-intensive processing assets.[64] Tasmania's PEFC forest certification has therefore become commercially attractive, providing market access that is increasingly unavailable to producers sourcing timber from uncertified forests overseas. Despite Ta Ann Tasmania's loss-making performance, these conditions created sufficient commercial incentive to attract Shin Yang's interest in a partnership with Patriarch & Sons.

Patriarch Resources registered in 2018 and quickly acquired land at Bell Bay, securing approvals in 2019 for a proposed $54 million rotary-peel veneer and plywood facility. The project has not proceeded, likely due to COVID-19 disruptions and the same market conditions that curtailed Ta Ann's operations. In the absence of domestic processing, Patriarch & Sons and Shin Yang continue to export unprocessed peeler logs,[59] reinforcing Tasmania's role as a raw log supplier rather than a value-adding manufacturing base.

International Competitiveness

Recent industry research, drawing on Ta Ann and Patriarch Resources as case studies, suggests that exporting Tasmanian peeler billets logs and sliced veneer may be more economically viable than domestic manufacturing, given Australia's high operating costs.[64]

Tasmania faces strong competition from global plywood producers. China, India and the United States dominate production, producing 74% of global plywood in 2020, while China and India grow 37% of global eucalyptus plantations.[65] These countries benefit from scale, lower labour costs, and proximity to certified log resources and customers.

Hybrid processing in Tasmania has many cost disadvantages, including shipping, haulage, exchange rate exposure and insurance, while manufacturers overseas avoid some of these pressures. As a result, exporting unprocessed logs has become the default outcome for most public native forest timber, with less than a quarter now used in domestic wood processing.[9] In response, the Tasmanian Government has renewed its policy focus on local processing through a $10 million on-island processing program, aimed at improving recovery and equipment to help mills adapt to using lower-grade logs as the availability of high-quality saw logs on the public estates erodes.[66]

Peeler Billet Logging Relationship to Sawlog Shortfalls

A central element of Ta Ann's claim to social licence was that its operations would make productive use of eucalypt regrowth logs that would otherwise be woodchipped. Ta Ann also promoted the misleading claim that its rotary peeling mills used plantation timber, a narrative echoed by industry groups and the Tasmanian Government.[45] This claim was later corrected: in its 2011 Tasmanian Forest Agreement submission, Ta Ann acknowledged that plantation timber was not viable for either mill. Sustainable Timber Tasmania has since confirmed that almost all of Ta Ann's peeler log supply has come from native forests.[18]

Ta Ann's processing requirements were highly specific, requiring logs with high density, clear wood and minimal knots. These narrow specifications undermine the argument that the mills were utilising low-value residues from sawlog harvesting. Evidence indicates that large volumes of peeler billets were rejected on quality grounds without payment, while additional logging, including in old-growth forests, was undertaken to meet Ta Ann's contractual supply obligations.[47] Rather than reducing woodchipping, the peeler billet contracts drove further logging pressure on high-conservation native forests.[61]

The scale and quality of logs supplied to Ta Ann also raise concerns about the diversion of potential sawlogs. Over the past 16 years, approximately 2.36 million cubic metres of peeler billets were delivered to Ta Ann, coinciding with declining projections for high-quality sawlog availability and a fall in the biological asset value of Tasmania's public forests. The diameter range of peeler billets supplied (averaging around 35 cm) overlaps directly with legislated sawlog specifications, suggesting that contractual pressure to supply Ta Ann contributed to the depletion of future sawlog resources.

Taken together, the Ta Ann contracts imposed lasting ecological and economic costs on Tasmania's public forests. The additional logging of Tasmanian public forests for Ta Ann will leave Tasmanians with a hard-to-justify economic and ecological legacy that will persist far beyond Ta Ann's current contract expiration date in 2027.

Native Forest Logging on Private Land

Private Forests Tasmania

Private Forests Tasmania is the statutory authority that supports private forest owners to commercialise forest resources and provides advice to the Government. The organisation represents more than 5,000 private landholders who collectively own around 33% of Tasmania's forest estate, including both plantations and native forests. Private landholders own approximately 843,000 hectares of native forest. Of this area, 429,000 hectares are protected through voluntary conservation covenants or inclusion in formal reserve systems. This leaves around 406,000 hectares potentially available for native forest logging.[67]

By comparison, Sustainable Timber Tasmania manages 812,000 hectares of native forest, of which 359,000 hectares are classified as commercial forest.[9] While an equivalent commercial classification is not applied to private native forests, the broadly similar scale of potentially loggable land provides a useful basis for comparing the stark differences in native forest logging intensity.

Private forest ownership is highly diverse, ranging from small family farms to large industrial forestry companies. Many private forestry landholders do not engage in native forest logging and are mostly plantation-focused operators. Others undertake small-scale selective harvesting as part of mixed farming systems, or, in some cases, clear native forest under licence to expand agricultural production.

Snapshot of log types and volumes

The economic drivers of private native forest logging differ markedly from those of public forest logging managed by Sustainable Timber Tasmania. Private native forest operations do not receive direct subsidies and are not subject to legislated wood supply quotas. Therefore, logging takes place at a smaller scale. Historically, private native forest logging was driven primarily by woodchip markets. When global hardwood woodchip markets shifted and profitability declined, private native forest logging contracted rapidly.

Private native forest woodchip volumes fell from more than 2 million tonnes in 2001 to 86,000 tonnes in 2023.[67] The collapse of Gunns Ltd further accelerated this decline, leaving a market gap that private growers were unable or unwilling to fill under changed commercial conditions. Unlike public forest operations, private growers are not bound by legislated high-quality sawlog supply requirements. The Private Forests Act 1994 imposes no minimum wood supply obligations, allowing private landholders to respond directly to market conditions.

Private native forest operators also lacked access to the public financial support that sustained public forest logging during periods of decline.[13] This contrast highlights the extent of market distortion created by state and Commonwealth intervention in public native forest logging. Today, native forest logging accounts for only 3% of total private forest harvest, with 97% plantation-based production. By contrast, 19% of Tasmania's total

forestry output still comes from native forests, largely driven by state-supported logging on public land.

Woodchips

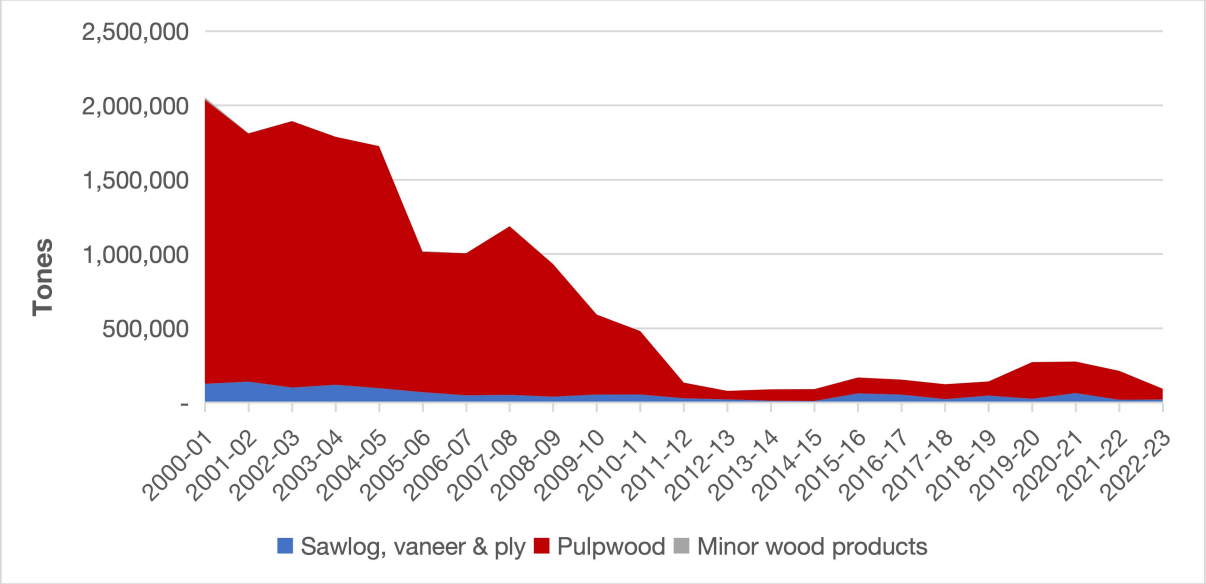
By the early 2000s, woodchip market conditions had shifted significantly. Demand from Japanese markets stagnated, while expanding hardwood plantations began supplying cheaper, higher-quality pulpwood, increasing competition with native forest woodchips. Private native forest owners responded directly to these market signals, particularly where landholders also owned plantation assets. Where native forest pulpwood was no longer profitable on private land, harvesting ceased.

Native Sawlog, Veneer & Ply

Differences in reporting practices between Private Forests Tasmania and Sustainable Timber Tasmania complicate direct market comparisons. Private Forests Tasmania aggregates all non-woodchip native forest products into a single category: “Native Sawlogs, Veneer & Ply”. This category encompasses a wide range of log qualities and end uses, from pallets and plywood to floorboards and special species timbers.

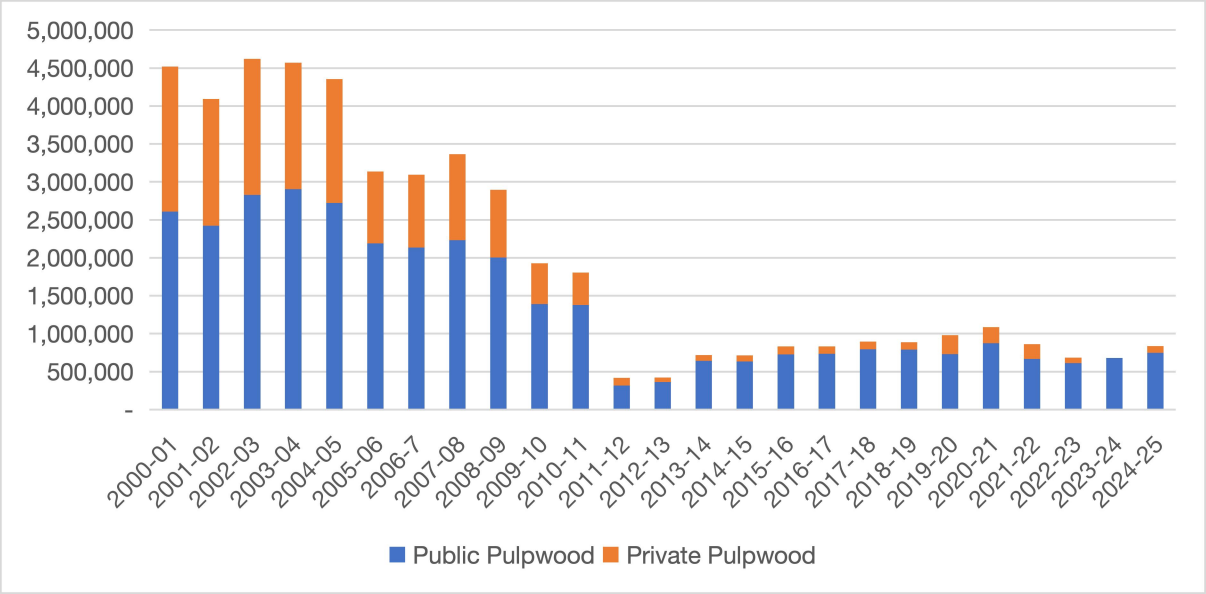
Despite this limitation, a clear pattern emerges. Over the past decade, more than 90% of native sawlog, veneer, and ply logs have been sourced from public forests.[1] Sustainable Timber Tasmania’s long-term contracts for sawlogs and peeler billets, set at below-market prices and supported by oversupply, effectively crowded out private growers. Unlike the state, private landholders cannot absorb sustained operating losses or rely on public funding to offset unprofitable logging.

Graph 7: Snapshot of Tasmanian private native forest logging from 2000 to 2023



Source: PFT (2000/01- 2022/23), Annual Reports

Graph 8: Public and private native forest woodchip volumes, primarily for woodchip exports, in tonnes over the last 25 years.



Source: Forestry Tasmania & Sustainable Timber Tasmania (2000/01- 2022/23), Annual Reports. PFT (2000/01-2022/23), Annual Reports

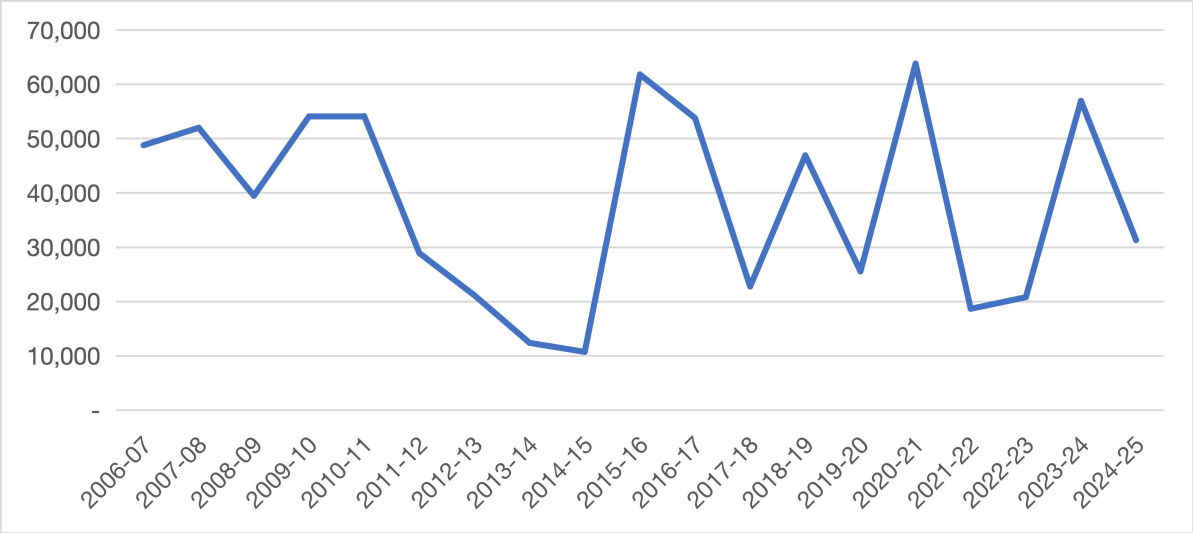
Factors Driving Private Logging Volume Variance

Despite controlling a native forest estate comparable in size to public forests, private land contributes only around 10% of Tasmania's native sawlog, veneer, and ply volumes. Private native forest logging exhibits greater year-to-year variability than public logging, reflecting the absence of legislated quotas, smaller volumes, and the influence of individual landholders. The temporary increase in private logging following the Tasmanian Forest Agreement may have reflected private growers responding to supply gaps experienced by sawmillers or Ta Ann after public wood supply contracts were partially surrendered.

Fluctuations in private logging are more closely tied to market signals, including short-term price anomalies that influence logging decisions. Additional opportunistic factors, such as sharing contractors, machinery, or haulage with neighbouring properties or plantations, can also improve margins and trigger short-term increases in activity.[68] However, profitability on private land depends heavily on site-specific conditions, including forest accessibility, log density and quality, distance to buyers, terrain, and the costs of road construction and haulage.

These costs are substantial. Road access for heavy machinery is estimated at $18,000–$25,000 per kilometre, with additional haulage costs increasing sharply with distance from processors.[68] In many cases, the costs of clearfelling and transport exceed the potential revenue from forest products, explaining why private landholders are reluctant to log at anything approaching the scale of the public estate.

Graph 9: Private native forest logging volumes of sawlog, veneer and ply logs from 2006-07 to 2024-25.



Source: PFT (2007/08- 2022/23), Annual Reports

Neville Smith Forest Products Buys Black Mountain Estate

In 2024, Neville Smith Forest Products purchased the 936-hectare Black Mountain Estate on the Tasman Peninsula, one of Tasmania's largest privately owned native forest properties. Zoned as a Private Timber Reserve, the estate contains an estimated 100,000 cubic metres of sawlogs and 62,000 cubic metres of hardwood poles.[69] Located near the Three Capes Track, the property adjoins Tasman National Park and sits between Port Arthur and Cape Raoul.

After investing around $6 million to acquire the estate, Neville Smith Forest Products has indicated it intends to expand its defined forest area through further land purchases or forest management agreements with other private landholders. With Sustainable Timber Tasmania's reduced native forest sawlog contracts approaching renewal in 2027, Neville Smith Forest Products' move represents a direct investment in securing its own long-term native forest supply. Depending on future supply constraints and the cost of transitioning mills to plantation hardwoods, the Black Mountain acquisition may signal the beginning of a broader industry shift toward private supply control.

Emerging Threats for Native Forest Logging

Carbon Credits to Fund the End of Native Forest Logging

Victoria and Western Australia have legislated bans on native forest logging, demonstrating the unviability of the Australian native forestry sector. Logging imposes substantial negative externalities, biodiversity loss, carbon emissions, degraded water systems, and the loss of natural and social values, which are not reflected in market prices. Policy and regulatory funding are required to ensure that the collective costs do not outweigh the narrow benefits to the industry.

Historically, transitions away from native forest logging in Australia and New Zealand have been driven by government regulation and public funding, rather than by market forces.

More recently, some proponents have suggested using carbon credits as a mechanism to reduce logging by compensating native forest operators for avoided emissions under an approved methodology. These proposals, however, rest on the assumption that current land management practices, particularly those of Sustainable Timber Tasmania, are ecologically sound and suitable for continuation under market-based incentives, an assumption that remains contested.

Carbon credits in the land sector have faced widespread integrity issues and have facilitated fossil fuel expansion.[70] Applying carbon credits to native forest logging risks propping up an economically and ecologically unsustainable industry while generating questionable carbon outcomes. Previous research by The Australia Institute highlighted that 70–80% of carbon credits issued lacked integrity, undermining their effectiveness as a climate tool.[70]

Instead of relying on flawed carbon market mechanisms, government-led actions such as establishing or expanding national parks offer a proven and permanent way to protect native forests. National parks ensure long-term conservation outcomes without relying on uncertain market incentives.

Proposed Native Forest Carbon Credit Schemes

NSW Government

The New South Wales Government plans to use a native forest carbon credits to reduce logging in the state. The NSW Government has submitted a new proposal to the Commonwealth to incentivise the cessation or deferral of logging in public forests,[71] and has publicly stated that it will go ahead with the Great Koala National Park, on condition that its carbon credit scheme is approved by the Federal Government.

This raises concerns that the carbon credit system is being used strategically to benefit proponents rather than deliver genuine carbon abatement.[70] The approach is supported by advocacy groups, private financial intermediaries, and parts of the forestry sector, highlighting its appeal as a market-driven alternative to regulation. It has also attracted attention from Tasmanian industry stakeholders.

Forestry Australia

In July 2024, Forestry Australia formalised a carbon credit proposal covering all native forest tenures. The ‘Enhancing Native Forest Resilience’ proposal seeks additional revenue for sustainable management of public and private forests while allowing continued logging using practices such as “adaptive harvesting” and “forest thinning.”[73] The scheme’s complexity and risks highlight the challenge of funding both forest protection and a transition to sustainable industries.

Rushing the Lock-In: Contract Renewals Ahead of EPBC Reform

The Tasmanian Government is currently renegotiating long-term native forest sawlog supply contracts with processors for the period from 2027 to 2040.[36] These negotiations are being fast-tracked at a time of profound regulatory uncertainty, as major reforms to the national Environment Protection and Biodiversity Conservation (EPBC) Act are still being finalised and their practical implications remain unknown. Rather than exercising caution, the state

appears intent on locking in new long-term commitments before tighter national environmental standards come into force. This approach warrants serious public scrutiny.

The timing is not accidental. Stronger EPBC Act enforcement is widely expected to reduce allowable logging volumes in native forests, particularly for high-quality sawlogs sourced from ecologically sensitive areas. If these reforms proceed as anticipated, supply contracts may become impossible to honour without breaching federal law or triggering substantial compensation claims.

Tasmania has been here before. When market conditions or regulatory settings have shifted in the past, governments have repeatedly paid large sums to buy out or partially surrender long-term forestry contracts. Pushing contracts through now, before the impacts of EPBC Act reforms are clear, risks creating a future liability for taxpayers rather than providing certainty.

This pattern is already familiar from the state's experience with Ta Ann. Ta Ann's long-term peeler billet contract, due to expire in 2027, locked Sustainable Timber Tasmania into supplying peeler billets at volumes well above sustainable yield and at prices far below those achieved interstate. This contract played a material role in Forestry Tasmania's financial deterioration, forcing ongoing state and federal bailouts to keep the agency solvent. In effect, public funds were used to subsidise the continued supply of underpriced native forest logs to a private operator which paid no tax, employed few people, and shifted millions of dollars in public grant funding to its overseas parent company.[61]

Despite this track record, both major political parties committed during the 2024 election campaign to extending native forest sawlog contracts for 14 Tasmanian sawmills from 2027 through to 2040. While framed as support for local processors, these negotiations sit atop a long history of contracts that have been priced well below cost-reflective levels and widely recognised as an industry subsidy.

There is serious concern that contract renewals are being rushed through to inflate their future surrender value. By locking in long-dated supply entitlements now, operators gain a stronger basis for compensation claims if those contracts are later rendered unworkable by environmental law reform. Tasmania's own history provides a clear warning: the Tasmanian Forest Agreement included a $15 million native forest sawlog buy-back program,[30] and other jurisdictions, including Victoria, have paid substantial transition packages to unwind long-term contracts following native forest logging bans. Repeating this strategy in the face of looming EPBC Act reform is fiscally reckless.

At best, this rush to renew contracts reflects poor governance and a failure to learn from past mistakes. At worst, it suggests a deliberate attempt to socialise future losses by embedding compensation risks into long-term agreements before federal reforms bite. Either way, the approach prioritises the short-term interests of a shrinking native forest industry over the long-term interests of Tasmanian taxpayers. In a context where native forest logging is already economically marginal, heavily subsidised, and increasingly incompatible with national environmental standards, locking in new contracts through to 2040 is not prudent policy: it is a gamble that the public is being asked to underwrite without informed consent.

Conclusion

Tasmania's native forest logging industry has reached a clear end point. Over the past two decades, native forest wood supply has declined by around 80%, sawlog availability has collapsed, and the industry has become increasingly reliant on public subsidies and artificially maintained supply quotas. Despite repeated policy interventions, taxpayer-funded adjustment packages, and long-term underpriced contracts, native forest logging has continued to contract while imposing escalating ecological, financial, and governance costs. The evidence demonstrates that this is not a temporary downturn, but a permanent shift driven by depleted forest resources, global market competition, and the economic superiority of plantation-based forestry systems.

The justification for continuing native forest logging, particularly the claim that it is essential for sawmilling and housing construction, is no longer supported by market realities. Most native forests are logged primarily for low-value woodchips, while high-quality sawlogs account for a shrinking share of total output. Plantation timber now supplies the overwhelming majority of Tasmania's wood production and underpins the state's remaining competitive advantages in forestry. Private native forest logging has already responded rationally to market signals, retreating to minimal levels once woodchipping became unprofitable. In contrast, state-sponsored logging on public land persists only due to ongoing subsidisation by governments.

Successive attempts to "value add" native forest logging, most notably through peeler billet contracts and vertically integrated manufacturing, have failed to deliver durable economic benefits for Tasmania. The Ta Ann case illustrates the risks of locking public forest policy to large-scale, long-term contracts that exceed sustainable yields, employ few workers, and transfer value offshore. Despite substantial public investment, compensation payments, and concessional log pricing, Ta Ann's operations consistently underperformed, while accelerating forest depletion and undermining future sawlog availability.

The Tasmanian Government is rushing to renegotiate long-term native forest sawlog contracts despite major uncertainty surrounding impending reforms to the EPBC Act. Rather than waiting to understand how stronger federal environmental laws may constrain logging volumes, the state appears intent on locking in new supply commitments that could later become unworkable, exposing taxpayers to costly compensation claims. By entrenching long-term contracts the government risks repeating a familiar pattern of privatising gains and socialising losses, raising serious questions about fiscal responsibility and transparency.

Continuing native forest logging now carries escalating risks for Tasmania. Ecologically, further logging erodes biodiversity, carbon stocks, soil health, and water systems that underpin tourism, agriculture, and community wellbeing. Economically, it diverts public resources away from genuinely competitive sectors and locks the state into declining industries with diminishing returns.

The conclusion is unavoidable: native forest logging in Tasmania does not serve the public interest. Ending the practice is not an act of economic sacrifice, but a necessary step to protect irreplaceable ecological values and redirect investment towards ecological restoration and climate adaptation. A planned, legislated exit, paired with permanent forest

protection, targeted worker support, and a clear industrial strategy for plantation-based forestry, offers Tasmania its best opportunity to build a sustainable future for its forests and communities.

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