

Rescheduling Work – January and February 2012

As requested by The Australian Government

21 November 2012

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Introduction

Previous reports by the Independent Expert Schedulers dated 12th October and the 17th November 2011 examined rescheduling options for the period up until the 31st December 2011. The reports identified that harvesting work within the nominated area would be required to be ongoing after this date and that the scopes of work for those reports was not able to address operations after the 31st December 2012.

Subsequently, the Australian Government has sought a review of the coupes nominated by Forestry Tasmania (FT) as being required to meet ongoing contractual requirements in the period January – February 2012 (Appendix 1). Specifically this report has been asked to look for alternatives to the coupes listed in Appendix 1.

1. *Determine the contractual wood supply that harvesting work is required to meet, including identification of the grade, timing and regional location of the wood supply required.*
 - *In providing this information, please also present narrative and tables showing the aggregate volumes of wood of each specification coming from coupes outside and inside the 572,000 ha and 430,000 ha area – by district, and also by coupes to the maximum extent possible.*

FT has provided the most recent version of their harvesting schedule (25th November) as well as the most recent forecast for sales volumes for January and February 2012 period. These reports have been consolidated in the tables below.

The data in the tables below do not however cover the full range of operational activities that are planned to be carried out at this time of the year. The January to April/May period is the time during which the majority of roading operations are undertaken as the ground conditions are most suited to ensuring that road construction is carried out in the most environmentally sound and economically efficient manner. The result of this is that many operations in Appendix 1 are associated with the clearing of roadline timber prior to road construction occurring. Depending on the distances of potential construction involved, or the prevailing ground conditions, timber harvested from these roadlines may be stockpiled for delivery as part of subsequent harvesting operations, or deliveries may occur as and when access is able to be gained. This may mean that deliveries are bunched in a short time frame and not spread evenly over the normal weekly delivery pattern. These factors are adjusted by FT as and when local conditions allow and delivery schedules are adjusted at very short notice. Hence the information provided in these tables is indicative only and is likely to have significant alterations as and when ground conditions permit.

FT has scheduled these 'roading operations' coupes for harvest during winter 2012 on the basis of expected sales based on their contracted supply volumes. The future requirements from customers are based on a pro rata annual supply basis.

Table 1 Production and Sales volume for Jan Feb 2012

	District	HQSL	LQSL	Merch logs (Peeler)	Export pulp logs	Pulp	Total
Inside 430 26 coupes	MU	123	31	339	-	1,063	1,555
	BA	1,406	502	1,635	373	6,784	10,700
	HU	4,450	-	6,320	4,360	10,810	25,940
	DE	6,408	1,120	3,002	4,423	12,049	27,002
	Total	12,387	1,653	11,296	9,156	30,706	65,197
Inside 572 outside 430 25 coupes	MU	2,050	352	1,058	-	7,135	10,595
	BA	401	304	770	212	4,113	5,800
	HU	605	-	1,723	1,980	1,693	6,001
	DE	3,330	50	5,370	6,220	11,030	26,000
	Total	6,386	706	8,921	8,412	23,971	48,396
Outside 572 41 coupes	MU	2,438	788	5,271	-	19,617	28,114
	BA	1,039	845	1,360	415	12,641	16,300
	HU	3,906	-	6,134	5,150	5,811	21,001
	DE	1,580	40	1,725	1,930	10,845	16,120
	Total	8,963	1,673	14,490	7,495	48,914	81,535
Overall Total		27,736	4,031	34,707	25,063	103,591	195,128
		14%	2%	18%	13%	53%	
Sales Forecast		24,136	7,691	48,523	32,386	71,591	184,327
		13%	4%	26%	18%	39%	
Variance		3,600	- 3,660	- 13,816	- 7,323	32,000	10,801

The above table indicates that planned production for the Jan-Feb period is not able to achieve the sales predictions for some products within this period.

HQSL and LQSL are close to expected volumes while the production for the domestic and export peeler markets is shown as being substantially below the required volumes for the period.

Pulpwood, as has been discussed in the previous reports, is still being produced in excess of forecast sales and therefore continues to be a factor in limiting the coupes that are available for consideration as alternative coupes for those within the 430,000ha nominated area.

Current sales for products other than pulpwood in the November/December period have maintained a high level and as such the expected stockpile levels of HQSL, LQSL and peeler logs at the end of December 2011 will be less than 1,000m³ across the state. This is the lowest level of stocks at this time of year for some time and as such the demand for these products is expected to be high in the New Year as sawmills reopen their operations. While it has not yet been confirmed, feedback from sawmills suggests that the period of Xmas closure will be less than in previous years. This again will impact on the need to produce significant volume of product in the Jan/Feb period.

Table 2 below presents volume to be produced in January and February 2012 from each of the coupes currently scheduled within the 430,000 ha designated area. The coupes have been taken from the latest harvesting schedule of the 25th November and include several coupes that have been addressed as part of the 2 earlier reports. These coupes are identified under 'Report Status' in table 2 as "Nov/Dec" and it is not intended to revisit the need for these coupes in this report.

The only change to previous advice is that FT has advised that the recommendation to replace CZ006C with WW021B has now been accepted and CZ006C has been taken out of the current production schedule. WW021B is outside the 430,000ha nominated area and as such does not appear in the table below.¹

Coupes that have not been previously assessed for rescheduling have been indicated as "Jan/Feb" in table 2 below. It should be noted that six of these new coupes in January/February have little or no production volumes associated with them as they are being accessed for pipelines or roading only at this stage. Coupes that are in Appendix 1 (i.e. will have on-ground activities) but are not in table 2 (as they will not produce saleable volume during Jan / Feb) are shown in table 3.

¹ Please note that that the replacement coupe listed in the 17th November report was WW020B this is incorrect and should have referred to WW021B.

Table 2 - Production from Coupes within the 430,000ha area Jan/Feb period.

District	Coupe	Total	HQSL	LQSL	Merch Log	Export	Pulp	Report status
BA	MO109A	2,200	176	44	330	44	1,606	Nov/Dec
BA	BS115H	3,200	320	64	320	64	2,432	Nov/Dec
BA	RS117C	3,800	760	304	760	190	1,786	Nov/Dec
BA	SA044B	1,500	150	90	225	75	960	Nov/Dec
DE	TN044B	4,600	552	-	1,748	552	1,748	Nov/Dec
DE	TA013A	1,000	70	-	250	180	500	Nov/Dec
DE	TN046A	1,500	180	-	30	225	1,215	Nov/Dec
DE	DU020C	4,800	1,296	240	384	816	2,016	Nov/Dec
DE	BT009D	5,000	1,500	350	200	900	2,050	Nov/Dec
DE	BT013A	5,000	1,500	350	200	900	2,050	Nov/Dec
HU	RU043H	3,000	450	-	900	600	1,050	Nov/Dec
HU	PC085A	2,000	300	-	800	400	500	Nov/Dec
HU	PC024B	8,400	1,260	-	2,100	2,100	2,940	Nov/Dec
HU	PC015B	12,600	2,438	-	2,520	1,260	6,320	Nov/Dec
MU	BV011B	2,100	168	42	462	-	1,449	Nov/Dec
BA	FL105C	1,900	190	38	190	38	1,444	Jan/Feb
DE	BT012D	2,000	600	140	80	360	820	Jan/Feb
DE	DU021B	1,000	230	-	50	130	590	Jan/Feb
DE	SX020G	1,000	180	-	20	150	650	Jan/Feb
DE	BT007A	1,000	300	40	40	210	410	Jan/Feb
HU	BB021C	2,000			Not possible to predict product mix			Jan/Feb
HU	AR009B	2,000			Not possible to predict product mix			Jan/Feb
HU	HA011C	2,000			Not possible to predict product mix			Jan/Feb
BA	TU490B	200			Not possible to predict product mix			Pipeline
BA	TU490H	200			Not possible to predict product mix			Pipeline
BA	TU490U	200			Not possible to predict product mix			Pipeline
HU	BB021E	0	Roadline clearing operations – no products expected in Jan/Feb period					Jan/Feb
HU	RU047E	0	Roadline clearing operations – no products expected in Jan/Feb period					Jan/Feb
BA	BS101D	0	Roadline clearing operations – some volume may be delivered if conditions allow					Jan/Feb
	Total	74,200	12,620	1,702	11,609	9,194	32,536	

Table 3 – Coupes identified in Appendix 1 that are not in Table 2 above

District	Coupe	Comment
MU	CF043C	Surface gravelling operations in Feb
DE	BT011C	Surface gravelling operations in Feb
DE	TN012C	Operations delayed until after Feb 2012
HU	AR002b	Suspended
HU	EP021B	Suspended
HU	PC017C	Suspended

Three coupes in table 2 have been identified as Pipeline. The midlands irrigation scheme managed by Tasmanian Irrigation will require clearing of a section of these coupes to establish the pipeline. Small volumes of wood will be required to be cleared to allow this to happen. This is not related to commercial forestry activities and as such will not be addressed as part of this report but is highlighted to ensure awareness of these activities.

To address the 17 coupes listed in Appendix 1 – the Jan-Feb scheduled harvesting work - the following detail provides the rationale behind the need to continue operations or otherwise.

- AR002B, EP021B and PC017C are listed as suspended and as such there are no current plans to resume operations in these coupes. They have had operations commenced previously but have been suspended due to the high proportion of pulpwood in these coupes. At some stage they will require further harvesting to occur to allow regeneration and compliance activities to occur. The current reduced market for pulpwood and restricted access to processing facilities means that this will not occur until these conditions improve.
- 5 coupes have had also had operations already commenced previously and have remaining volumes to be harvested.
 - AR009B, BB021C and HA011C are greater than 85% complete with a combined volume of 6,000 tonnes of product remaining. These coupes require completion and loading out of product to enable compliance with regeneration activities, in particular high intensity burning to be undertaken. The current boundaries of these coupes are not suitable to enable these activities to safely occur.
 - These coupes are in the Huon District which is already under significant operational constraints due to the number of coupes that have not had regeneration operations completed in the past few years. Operational constraints relating to the distance required between unburnt coupes and new operations, limits the area available to be considered for alternative coupes. These coupes must be completed and regenerated before other coupes in the area can be considered as alternatives.
 - A breakup of the various products has not been provided for these coupes as the small sections remaining may not be consistent with overall coupe averages. Given the need to complete these coupes any products produced will be sold in preference to products from other coupes.
 - FL105C is greater than 70% complete overall and the remaining section of the coupe has had tree fern harvesting operations completed that has opened up this section

of the coupe. This section requires completion to enable the establishment of a safe and controllable burning boundary so that regeneration activities can be safely carried out. This coupe is waiting for the coupe access road to dry out to resume operations and is expected to commence in Feb 2012 and be completed by March in time to allow burning to occur.

- BT007A was suspended from operations due to the presence of a Wedge Tailed Eagles nest on the access route for this coupe. It is planned that operations will resume in this coupe in February 2012 after the breeding season has been completed. The BT forest block is important for the ongoing supply of both volume and quality of HQSL that cannot be matched in other forest blocks. The majority of production volume from this coupe is expected to be harvested after February.
- BB021E, RU047E and BT012D are planned for roadline harvesting operations to be undertaken in Jan/Feb 2012. BB021E and BT012D are planned to have harvesting operations commence in winter 2012 and require significant roading to be undertaken. The distance of roading required means that operations need to commence in this period to enable enough time for roadline clearing then construction to occur and allowing the road to settle prior to winter operations commencing. RU047E has harvesting operations scheduled to immediately follow the road construction activities in March 2012 and continue into winter 2012 hence operations in this coupe will be continuous once roading activities commence. Delaying operations in these coupes after Feb 2012 would mean that the sequence of operations required would not be completed within the timeframe that allows roads to be constructed in the most environmentally sound and economically practical manner.
 - BT012D is also part of the BT forest block which provides the highest percentage of the HQSL and as such is required so that an even flow of quality product can be maintained throughout the full year. The methods used to clear this roadline will allow for the delivery of product during this stage of the operation.
 - BB021E and RU047E are both coupes that are high in merchandising logs that are required for the supply of domestic peeler billets. There are currently no other FPP's sufficiently progressed to provide suitable alternatives for these coupes prior to Jan or early Feb 2012 when operations are due to commence. FPP's for these coupes are in the final stages of certification and are expected to be ready for operations to commence in the New Year. For operational reasons and due to the length of roading involved in these coupes, products harvested from these roadlines will not be delivered in the Jan/Feb period but will be delivered once coupe harvesting operations commence.
- BT011C and CF043C have already had roads constructed and have been scheduled for gravel surfacing operations only prior to Feb 2012 and harvesting at a later date. It is possible for these surfacing activities to be delayed until after Feb 2012. Delaying these operations until after Feb 2012 would incur additional costs if seasonal conditions mean that additional gravel is required to establish the required standard of road. Additional costs would also be incurred as the current operations are planned to occur in conjunction with other roading operations in the same general area. To bring gravelling crews back to these areas at a later stage would incur additional relocation and establishment costs.
- TN012C has not had any work commenced at this stage and can be rescheduled.

- BS101D is a high quality regrowth coupe that is only partially within the 430,000 ha nominated area and is expected to produce significant volumes of domestic peeler billets. This coupe is expected to supply the majority of this product from the Bass District over the period Mar- June 2012. Roading operations are planned to commence in Feb 2012 and some product may be delivered if conditions allow. The harvesting sequence of this coupe can be managed in two sections. While the full coupe volume is required to meet contractual demands, operations can be sequenced to operate in the area that is outside the 430,000ha nominated area in the period up to Feb 2012.
 - SX020G and DU021B are both planned to commence operations in Feb 2012 and both coupes have a high percentage of HQSL. SX020G is also expected to produce a significant volume of sliced veneer logs that cannot be sourced from other coupes within the area. The reopening of the Somerset Veneer mill (under new ownership but sold as a going concern) has maintained demand for this product. Terms and conditions for the ongoing sale of this product were provided as evidence of the need to supply this product. SX020G is one of the few coupes that are expected to produce this product.
- 2. Determine where there are alternative coupes outside the ENGO nominated 430,000 ha area, and preferably outside the 572, 000 ha area, that could theoretically satisfy the contractual wood supply requirements identified in 1 above.**
- *In undertaking this work, please include an analysis of the full range of potential alternative coupes outside the 572,000 ha area. This analysis should include consideration of:*
 - *The planning status and potential wood supply from coupes listed in the 2010-11 published three year plans that have not been harvested.*
 - *The status, including planning and potential wood supply (as well as timing) from the 38 coupes identified by Forestry Tasmania in April 2011 outside of the 572,000 ha that could be logged if roading was available.*
 - *Identification and assessment of the potential suitability and availability of any coupes previously listed as being excluded for economic reasons.*
 - *An assessment of availability and practicality of bringing forward winter shoulder coupes as substitutes for scheduled coupes within the 572,000 ha area.*
 - *An assessment of whether any other potentially suitable coupes, could be brought forward (prior to the end of February 2012) by prioritising finalisation of Forest Practices Plans and/or roading – and an estimate of the time and costs that would be involved.*
 - *Identification of any other practical options for sourcing contracted wood supply outside the ENGO nominated areas.*
- 3. Determine whether the coupes identified in 2 above are practical alternatives for meeting the contractual wood supply requirements identified in 1 above taking into account logistical, regulatory and environmental requirements, with and without options for handling pulp logs (including Triabunna), and indicate whether product mix is a limiting factor for any of the alternative coupes.**

The 17th November report provided detail on the range of alternative coupes that are available to be considered. In terms of the new time frame of Jan/Feb 2012 there is little difference that this makes to the suitability or otherwise of the alternative coupes. Of the 17 coupes in Appendix 1, only 4 are scheduled to commence operations in February. The remaining coupes are expected to commence operations in Jan 2012. Given the short time frame between this report and the New Year with an extended holiday period in between, the potential to introduce additional FPP's for coupes on top of those already assessed is minimal given that it takes an absolute minimum of 8 weeks to prepare a plan and to obtain certification.

In general the status of coupes that were considered in the 17th November report has not changed significantly. The availability of coupes that are restricted by the presence of WTE's changes only for operations scheduled to commence in Feb 2012. A review of the latest schedule indicates that all coupes that were impacted by WTE's, that have a suitable mix of products, are all scheduled for operations to commence in Feb/March 2012. Other coupes that are not in the current schedule are not suitable alternatives due to the high proportion of pulpwood in the product mix that will only increase the already existing imbalance producing too much pulpwood and not enough Merchandising logs and Export peeler material.

For all the coupes identified as potential alternatives in the 17th November report the suitability or otherwise of these coupes has not altered. Fire management or ground condition issues identified are not able to be resolved prior to Jan 2012 and as such they remain unsuitable as alternatives. Any coupe not considered as a suitable alternative for product mix reasons remains unsuitable for consideration. As mentioned above, the only significant change is the coupes affected by Wedge Tailed Eagles that now are available after Jan 2012.

4. What is required to access the alternative coupes and/or to accommodate the product mix they produce? This should include consideration of what additional assistance or changes to current practices would be necessary to ensure harvesting work does not continue within the 430,000ha nominated area while still meeting demonstrated wood supply requirements.

Very broadly the ability to access alternative coupes is limited or controlled by 5 major considerations, namely;

1. The proportions of the various products within the coupe
2. The presence of Threatened Species or other special values
3. The current or future ground conditions
4. The impact of factors associated with coupe dispersal
5. Legislative compliance requirements.

Within each of these categories there are further factors associated with safety, environmental, operational and economic elements that need to be considered if changes to current practices are to be considered in order to make alternative coupes suitable as replacements.

1. The proportions of the various products within the coupe.

Historically there has been a close match with all products being produced and the market demand. The downturn in the market for pulpwood and an ongoing high demand for merchandising logs has

created an imbalance of product mix across State Forest. At present FT is targeting coupes that have the lower percentages of pulpwood to try and meet targets while still complying with their sustainability charter and manage forest in the most sustainable manner.

In order to change the current practices to meet the market demand essentially FT would be required to waste any additional pulpwood produced above what they are able to sell at present. In terms of the implications of what would be necessary to achieve this, the following factors would need to be addressed.

- a. The amount of trees required to be felled to meet the most limiting factor (merchandising logs) would not reduce significantly. Therefore the harvesting prescription would not change in that the same number of trees would need to be harvested as with current operations. The impact of this is the same amount of material is harvested yet only a reduced proportion is removed from the forest to market. Dealing with the additional material left behind requires consideration of several factors
 - i. The additional material left behind has to be managed to enable regeneration to occur. In the case of wet eucalypt forest this will involve the use of high intensity burning to establish the required regeneration. Managing these operations is significantly more difficult the higher the fuel load is when burning is conducted. Higher intensity fires would create additional concerns relating to the escape of the fire from the set boundaries of the coupe and into adjacent forests which are then difficult to control.
 - ii. An alternative to broadcast burning would be to windrow the remaining material to allow more controlled burning conditions and allow operations to be carried out over a greater period of time. This is only suitable for clearfall operations as the retained forest in selective operations would render this approach impractical. Windrowing of such large volumes of residual material would require significant additional funding to carry out.
 - iii. In selective harvesting operations the additional material left behind would also require additional management at additional cost. To ensure that regeneration occurs, seed must be able to fall to the ground. With the higher levels of material left behind there would be a higher proportion of the ground covered by this material. Techniques such as “turkey nesting” can be implemented but come at a cost due to the amount of machine and man hours involved.
- b. There is also a risk associated with leaving high levels of material behind following harvesting. FT spends a significant amount of time and funds on fire protection and the management of fuel loads to help in minimising the potential intensity and spread of wildfires when they occur. With increased fuel loads left behind this task would be more difficult and the potential for more intense and difficult to control wildfires is significantly increased.
- c. Aside from the factors indicated above the prospect of “wasting” pulpwood has a significant impact on the financial return that FT receives from its operations.
 - i. The contractors harvesting costs do not reduce according to the volume of product sold. As mentioned above the same or similar number of trees needs to be harvested to segregate the various products that are saleable at present. Therefore the daily cost structure does not change. However the volume of product the

contractor gets a return from has reduced by up to 50%. To recover the costs associated with producing the products that can be sold, the unit cost of these products needs to increase by a similar factor. Unless this can be passed on to the end user it must be funded from other sources.

- ii. FT constructs access to coupes at their expense and recovers the costs of access through a system of road tolls that have historically been based on the full recovery of all products. If a significantly reduced volume is recovered from these coupes then the recovery of the full costs is not likely to be achieved.
- iii. FT derives a large component of their income from the sale of products from the forest. Again if the volume recovered from each coupe is substantially reduced then there is a flow on impact on the financial return to FT. These funds are used to pay for silvicultural operations required to ensure regeneration is achieved. Given above comments if pulpwood were to be wasted these costs would increase significantly from a reduced income base.

Even if these costs were met from other sources it does not minimise the issue of handling unwanted pulp logs, adequate regeneration or fire management.

2. The presence of Threatened Species or other special values.
 - a. As has been presented in this report, and the previous reports, one factor that has limited the access to alternative coupes is the presence of Threatened Species, in particular Wedge Tailed Eagles and Swift Parrots. If current practices in relation to the management of these and other special values were reviewed then additional coupes that contain lower pulpwood volumes may become available for harvesting, thus reducing the need to harvest within the 430,000 ha area.
3. The current or future ground conditions.
 - a. Many coupes have been either required or rejected as alternatives due to the ground conditions that are present in these coupes. These ground conditions relate to the compliance with the Forest Practices Code (FPC) and for the operation of conventional operations throughout the year. In most cases the restriction imposed by ground conditions relate to the operations required in winter where the concerns relate to avoiding the excessive rutting and mixing of soils when they are wet. It is possible to look at alternative methods of harvesting and the introduction of different machinery mixes that may enable some coupes that are considered unsuitable for wet weather conditions to become suitable. Systems such as shovel logging, the use of specialised equipment such as low ground pressure FMC's (Skidders that have a flexible track arrangement rather than fixed tracks or tyres) has been trialled in the past but have proven to be more expensive than conventional operations and have not been economically viable over a 12 month period.
4. The impact of factors associated with coupe dispersal.
 - a. Coupe dispersal impacts coupe availability in 2 primary ways. In the majority of cases the dispersal of coupes is required to maintain a safe distance between new coupes and any unburnt fuels from nearby operations. Typically this means that if a coupe has not had a regeneration burn completed then a second coupe cannot be

opened within a certain distance of the prevailing wind direction. A review of this risk may enable alternative coupes to be considered.

- b. Coupe dispersal is also important in managing the forest landscape and in particular the requirement of the FPC to maintain a “mosaic” effect across the forest. This is required for a range of reasons including visual management and the avoidance of continuous areas of forest disturbance that impacts on the ability of fauna to move through the forest. This often leads to the need to build additional roads to establish access to coupes. If this FPC requirement were to be reviewed then potentially less roading would be required which requires less lead time to construct and at less capital expenditure. Importantly the time to construct less roading could introduce alternative coupes for consideration.
5. Legislative compliance Requirements
- a. FT operates under its own sustainability charter that requires the minimisation of waste of forest products. To waste product that is harvested as would result from the above changes would require this charter to be reviewed and conditions eased to allow FT to operate without being in breach of their own charter.
 - b. The Forest Practices Authority (FPA) also requires a high level of compliance with the provisions of individual FPP’s. Operational conditions such as limits on ground disturbance and the management of surface water runoff are tightly managed under the FPC. As such these conditions becoming limiting factors in determining which coupes can be harvested at a particular time of the year (i.e. winter coupes). A review of these conditions is likely to enable a larger range of coupes to be considered but is likely to lead to an environmentally poorer result.

This review of changes is not intended to be a suggestion for change to the current practices but indicates the impacts of some of the changes that could theoretically lead to an increase in the availability of additional coupes outside the 430,000ha area.

Many if not all of the changes to current practices indicated above would need significant changes to the current regulatory requirements. To implement these changes within the time frame of the TFIGA is considered impractical due to the time it would take for the reviews to be undertaken and then implemented assuming any such changes were agreed by the relevant authorities. It is not a recommendation of this report that these changes be considered.

5. Based on all the above, and with the clear intention of rescheduling harvesting work outside the 430,000ha area to the maximum extent that is practical, provide advice to the Tasmanian and Australian Governments as soon as possible (and by 5 December 2011 at the latest) on which coupes can be practically rescheduled or substituted within the review period (i.e. up to the end of February 2012), while still meeting contractual and regulatory requirements.

As mentioned earlier in this report there are 3 coupes that could have their planned operations rescheduled until after Feb 2012. These are TN012C which has not had any work commenced as yet and can be rescheduled. CF043C and BT011C are coupes that have had road construction already

completed and require gravelling only. No harvesting is planned to occur within the Jan/Feb period. If these operations are delayed there will be an additional cost involved.

These operations have been planned to occur at the same time as other roading operations in the same area. As such to come back at a later time would involve reestablishment costs associated with gravelling and quarry operations. There is also the potential that the ground conditions may not be as suitable that could lead to the need for additional gravel to be applied to ensure that the required standard of road is achieved. Gravelling is the most expensive component of roading and gravelling during adverse ground conditions can typically lead to a doubling of these costs.

To meet the time frames that allow roadline clearing, then construction to occur prior to harvesting, operations need to commence as early as possible. To source a replacement coupe would require the preparation and approval of a new FPP to occur within this time frame. Given that the Xmas period falls into this time frame, as previously advised this is not practical.

The availability of road construction operators is also a limiting factor in that the program of works is spread out over the roading season. To delay significant amounts of the works until later in the season increases the amount of roading to be completed in a shorter time frame. This can lead to operations not being completed in time as the workforce is not available to carry out the required works before ground conditions make ongoing construction environmentally unsustainable.

As mentioned in the earlier reports the availability of suitable winter ground is a limiting factor in coupe availability under normal market conditions. The availability of coupes that are suitable for the current market conditions is a further limitation on planning for alternative coupes. As such there is little scope for alternatives for these winter coupes.

Additional funding will not provide alternative coupes for FT within the period of this report. The time taken to complete FPP's and the number of available staff with the appropriate level of training and experience is already at its limits. External Forest Practices Officers are already being utilised in many districts and therefore the capacity to increase the rate at which FPP's are produced is limited and is unlikely to be solved in the time frame even with additional funding.

Summary

Coupes listed as requiring operations in the period Jan/Feb 2012 in Appendix 1 are difficult to directly relate to current customer demand for this period as those that are required to have operations carried out are predominantly for roading operations that are required in advance of winter harvesting in 2012. Other operations are required for compliance with the Forest Practices Code and completion of operations that if progressed will allow further flexibility in coupe allocation by removing operational restrictions imposed by incomplete coupes. 8 coupes fall into this category of which the 3 suspended operations will only resume if a sale is obtained for the pulpwood on these coupes which is unlikely in the Jan/Feb period.

1 coupe (TN012C) has been identified during this process that FT has agreed can have operations postponed until after Feb 2012 while a further 2 operations (CF043C & BT011C) can possibly have operations rescheduled but this may come at an additional cost that can only be determined if these operations are delayed.

3 coupes (BS101D, RU047E & BB021E) require roading operations to be carried out to allow access for later harvesting and the remaining 3 coupes (SX020G, DU021B & BT012D) are required to meet immediate product demand with no suitable alternatives identified.

Table 4 - Summary of activity Inside 430,000ha area Jan/Feb 2012

Coupes continuing from Dec 2011	15
Coupes requiring completion	5
Suspended Operations	3
Surface Graveling Only	2
Able to have activities delayed post Feb 2012	1
Required for infrastructure (Pipeline)	3
Roading ops for later Harvest	3
Required for Jan/Feb sales	3
Total	35

Appendix 1: List Jan to Feb 2012 - for Activity in TFIA 430k ha area

COUPE ACTIVITY LIST dated 11TH November 2011

District	Coupe	Harvest % completed	Status	Scheduled start	Coupe Area (ha)
Huon	AR009B	90	Open	Jan-12	55
Huon	BB021C	90	Open	Jan-12	45
Huon	HA011C	70	Open	Jan-12	103
Murchison	CF043C		Road	Jan-12	
Huon	BB021E		Road	Jan-12	
Huon	RU047E	0	New	Feb-12	24
Derwent	BT011C		Road	Jan-12	
Derwent	BT012D		Road	Jan-12	
Derwent	SX020G	0	New	Feb-12	79
Bass	BS101D	0	New	Feb-12	51
Bass	FL105C	85	Open	Feb-12	77
Derwent	BT007A	40	Open	Feb-12	45
Derwent	DU021B	5	Open	Feb-12	96
Derwent	TN012C		Road	Feb-12	
Huon	AR002B	25	Open	Suspended	38
Huon	EP021B	90	Open	Suspended	30
Huon	PC017C	60	Open	Suspended	41