



Mr Lyndon Rowe
Chair
Economic Regulation Authority
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Dear Mr Rowe

Thank you for your letter dated 14 August 2013 seeking submissions to the *Inquiry into Microeconomic Reform in Western Australia* being conducted by the Economic Regulation Authority.

The Department of Parks and Wildlife has identified a potential reform for consideration as part of the Inquiry relating to provision of greater certainty to the forest products sector.

Currently the *Conservation and Land Management Act 1984* (CALM Act) specifies the applicable length of management plans as 10 years, which includes forest management plans. The *Forest Products Act 2000* (FP Act) links the term of forest production contracts to the forest management plan.

The linkage of production contracts to the length of the forest management plan has been an issue identified by the native forest products sector for some time and was raised again in submissions to the Draft Forest Management Plan 2014-2023. Industry stakeholders believe that 10 years does not provide sufficient time for long term investment planning for the industry, particularly if substantial loan financing is required.

Options for addressing this issue could include:

- Amending the CALM Act to increase the life of management plans to 15 years, with a new forest management to be reviewed and established after 10 years, thereby always providing between five to 15 years of certainty; and
- Amending the FP Act to decouple the forest production contracts from the forest management plan. Production contracts could to be tied to the forest management plan allowable cut for the 10 year term of the plan, with a declining ratchet provision for the subsequent five years. Certainty of a lesser volume would be provided for the subsequent five years, whilst not foreclosing options for Government to make decisions that may impact allowable cuts established under each forest management plan.

Yours sincerely

Jim Sharp
ACTING DIRECTOR GENERAL

20 September 2013