Mr Rob Robinson
Executive Officer, Forest Industry Development Board
GPO Box 1671
ADELAIDE SA 5001

Re: South Australian Forest Industry Strategy Directions for 2011 – 2015
Draft for consultation

2nd February 2011

Dear Rob,

I wish to thank the Forest Industry Development Board for the opportunity to comment on the Draft SA Forest Industry Strategy. I found the document to be well presented, clear in its format and comprehensive in content.

My credentials are that I am currently a freelance Registered Professional Forester, a former employee of ForestrySA for 40 years in operations as a District Forester, and as Harvesting and Sales manager in the Green Triangle. I am currently a part time lecturer in Forest Operations for Southern Cross University, Forest Science degree course, and lecture for other local Forestry technical training courses.

I have directed my comments according to page numbers in the first instance and by Strategy number in the Strategic direction section.

Page 3 – Introduction

It is encouraging to see that the Strategy needs -

- To apply to the **entire forest product value chain** as this aspect is of great importance.
- To integrate management of the industry with **sustainable resource** management.
- To achieve these things with the support of Industry, community and **Government** in particular.

Page 4 – Overview

A key target is stated to **strengthen the forest industries contribution to the community.** It is my opinion that this target will be potentially undermined by the Government's proposed forward sale of ForestrySA's harvesting rights (see Threat T5 and further comment below).

Page 6 – Snapshot

It is encouraging to see the Industry Structure described as **vertically integrated**, and a high degree of importance placed on this aspect. In my years of working in the industry it is very apparent from visitors that the **mix of markets** for softwood in the Green Triangle has been the envy of other forest regions around the world.

Page 7 – Snapshot

The reference to research and development does not indicate the true picture. There is work being done in some areas (eg LIDAR) but there are significant deficiencies (see next comment under Weaknesses)

Page 9 – Critical Analysis

Weaknesses

A weakness that I believe is missing from the list, is the industry's **failing capacity for Research and Development**. The demise of CSIRO effort in Forest Research and the disappearance of its presence in the Green Triangle Region is a significant drawback. Forest owners in the region over time have also reduced their internal R&D capacity to the extent that the industry is ill prepared for the challenges ahead, known and unknown.

Historically, Government effort has taken a lead in solving significant industry issues such as second rotation site decline, control of Sirex wasp, work on nutrition and weed control problems, to name a few. Although this strategy is for a period up to 2015, it needs to include reference to longer term industry issues, such as research on the impacts of predicted climate change for SA.

Threats T5

The recognised potential for **forward sale of ForestrySA** harvesting rights destabilising the current industry should not be underestimated.

Irrespective of who might own those rights in the future or what any agreement with them might say, the critical factor in my opinion, concerns the mix of value adding industries that the region has, and the way that the integrated supply arrangements that currently exist have built up over many years.

There needs to be a mix of "top and bottom feeders" for all the products from the forest to be sold and for the system to work. This doesn't just happen, it takes effort, vigilance, and often Government involvement to maintain these markets, their profitability, and to ensure that they are there over time.

Having a market for products from early thinnings is absolutely critical to the economics of the creation of the higher value forest products, later in a rotation.

This somewhat **delicate balance and inter-reliance** is the one critical thing that the SE region has going for it. It would be put at serious risk by a long term sale of harvest rights through potential **loss of local control over the value- adding mix**. The importance of this balance is very likely to be in jeopardy if a large corporate player, with no charter for local support, is in a position of making decisions that affects this equilibrium.

This topic also raises unanswered questions of who and how might **future financial risks** be addressed. The obvious one is **fire**. The chances of a large fire disrupting the sale of logs from ForestrySA forest over the next 120 years are reasonably high. There are additional unpredictable risks associated with losses, which could be due to **drought**, **insect** attack, **wind** throw or even **hail** damage in a **changed climate** - that could a similar impact. (Significant hail storms in the past have resulted in major salvage clear falling of sizeable areas)

Currently, as a State Government owned enterprise, ForestrySA's stated role includes support for local economic activity. There is in addition, likely to always be some export element to what is produced in the Green Triangle region. (eg. softwood and hardwood woodchips, and spasmodic surplus lower grade roundwood), when local markets are down.

The State Government in 1875 decided to set up the Woods & Forests Department because SA was facing a timber shortage compared to the other States who were endowed with more rainfall and native forest . This demonstrated great foresight. Hopefully this Forest Industry Strategy will lead the present Government on a similar path.

Page 11 – Industry Potential

The wood demand for **energy production** in the future is predicted to be strong. Management of plantations in the SE Region needs to be extremely mindful of the need for **retention of organic matter** for nutrient recycling between rotations for sustainable productivity. This aspect of management is far more critical in this Region than some other plantation areas in Australia with more fertile soils and more rainfall than the SE.

There is a future danger that economic drivers cause too much organic matter to be harvested and sold for biofuel. In the case of softwood, research has shown that it is crucial that needles and branch wood are retained on site as essential organic matter between rotations. The State needs to safeguard these practices in the name of sustainability.

Strategic Directions

Strategy 1.4
This strategy is admirable, but would be undermined by Threat T5 as discussed.

Strategy 2.4
This strategy is acknowledged and understood, however it requires a balanced approach such as to not upset vertical integration.

Strategy 6.3
The workforce development strategies are very important and are critical to the future. Threat T5 along with other recent uncertainties (KCA re-structuring) is unfortunately already having an impact on local enrolments for courses in Forest Science. It is difficult enough to attract school leavers to Forestry due to perceptions and public image problems, without Government decision making adding to the predicament.

I have been pleased to be able to make comment on the Draft, and wish you well with the ongoing review process.

Yours sincerely

Michael Bleby

Michael H. Bleby B.Sc For (ANU), RPF, FIFA, JP

Registered Professional Forester
Fellow of the Institute of Foresters of Australia
Regional Coordinator SE Asia Pacific
Commonwealth Forestry Association