

# SOUTH EAST LOCAL GOVERNMENT ASSOCIATION INC

Incorporated under the provisions of The Local Government Act

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Committee Secretary  
Senate Rural Affairs and Transport References Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT  
2600

## **RE: Inquiry into the Sale of Timber Assets by the South Australian Government**

Dear Chair

*Member Councils:*

*City of:*  
Mount Gambier

*Districts of:*  
Grant

Kingston

Naracoorte Lucindale  
Robe

Tatiara

Wattle Range

The South East Local Government Association Incorporated (SELGA) welcomes this opportunity to make our submission to the above Senate inquiry.

SELGA is a regional subsidiary representing 7 Constituent Councils in the South East of South Australia and was established pursuant to Section 43 of the Local Government Act 1999 by all South East Councils. Our region lies roughly half way between the metropolitan cities of Adelaide and Melbourne and has a population in excess of 64,000. The region's timber industry is a key driver of our economic and community development.

SELGA's mission is to represent and serve our Member Councils and to advance our regional community through effective advocacy, facilitation and innovation.

We have been staunch advocates for our member Councils on this issue and have supported our Local Councils who on behalf of their communities make numerous representations to South Australian and Australian Government Ministers and Senators on the decision taken by the South Australian Government to forward sell Forestry SA plantations.

### **Executive Summary**

- SELGA wholeheartedly supports the 'Don't Privatised SA Forests - Forward Selling Kills Communities' campaign jointly initiated by the City of Mount Gambier, The District Council of Grant and the Wattle Range Council
- SELGA is totally opposed to a forward sale of Forestry SA harvest rights and is acutely disappointed about the decision made by the South Australian Government in December 2008 to "forward sell" the plantation harvest rights of Forestry SA for up to three rotations.
- 3000 jobs are at risk
- SELGA believes if the planned sale is to go ahead it will have an adverse effect on what is currently a profitable, non extractive and sustainable Limestone Coast (SE) industry that will devastate our region's economy and community.

SELGA represents its Constituent Councils at a regional level. The adverse impact stemming from the forward sale of Forestry SA plantations will extend well beyond the aforementioned Council areas of the City of Mount Gambier, District Council of Grant and Wattle Range. Three other of our Constituent Councils, the District Council of Robe, Kingston District Council and also Naracoorte Lucindale Council also have significant softwood plantations and share the same concerns of the communities in the Lower South East of South Australia.

## **The Terms of Reference**

### **a. The likelihood of regional job losses.**

The Document “Community Impact Statement into the Forward Sale of Forestry SA Plantations commissioned by the Don’t Privatise SA Forests stakeholder group released to the community (March 9, 2011) estimates that the 3,600 jobs directly supported by the forestry industry are at risk. This figure represents approximately 10-12% of the 33,000 jobs in our region.

The forestry sector contributed to 18% of income to workers in the Limestone Coast (SE) in 2010.

A worst case scenario arising from the unrestricted sale of the FSA softwood plantations would give the new owner free licence to sell uncontracted wood without obligations to regional development outcomes as governed by the existing Charter of FSA. This is likely to see not just our forest estate, but existing jobs to be exported into overseas markets.

### **b. The flow on effects to communities in timber reliant regions**

In addition to the direct impacts on jobs, income and regional product there are knock on effects driven by the purchase of goods and services from local industries and commercial providers to support timber industry activities in the South East of South Australia and Western Victoria. These activities support another 3,500 jobs generating approximately 20% of total employment in the South East region, 2009/2010.

We emphasise that the flow on effects extend beyond the area known as Greater Mount Gambier. As stated earlier it will directly impact on 6 of our 7 Constituent Councils and reach into communities in Western Victoria, in particular our immediate neighbour, the Glenelg Shire.

### **c. The potential for private buyer not to consider local impacts**

In addition to the above impacts, a change in ownership we believe would undermine the stability of the industry that results from the current operating or ownership model. This would deliver uncertainty into a market that while not immune has appeared to have withstood the impacts of the Global Financial Crisis (GFC). The spectre of a change of ownership has already led to a tangible loss of business confidence in our community evidenced by stagnant house sales and a decline in the uptake of commercial tenancies in centres such as Mount Gambier and Millicent.

The Charter of the current owner, Forestry SA (South Australian Forestry Corporation) requires Forestry SA amongst other requirements to contribute to the growth of an internationally competitive forestry industry within South Australia and encourage and facilitate regionally based economic activity based on forestry and other industries.

The FSA Charter charges the existing owner with the responsibility of providing community support and recreation facilities within their forest estate and also manages 25,000 ha of native forests for conservation.

Forestry SA takes a leadership role at all levels of the rural fire prevention and management, protecting Green Triangle plantations and townships. FSA is involved in relevant committees at local, State and National levels and works closely with volunteer services in South Australia and Victoria. The discontinuation of this leadership role and a reduction in their fire management operations jeopardises the current well being and safety and security of our community.

Forestry SA also takes responsibility for forest health. FSA is vigilant against threats associated with pests and disease that can debilitate our forests and economy.

FSA continues to support projects and sponsors local communities across a wide range of cultural, educational, charity and sporting endeavours. This support ranges from direct cash and much in-kind work.

The current ownership model (Forestry SA) allows the Government to influence regional processing outcomes and jobs.

SELGA believes that a private buyer would not share the commitment to long term sustainability of FSA business activities that would optimise the economic, environmental and social benefits to all stakeholders.

**d. The potential for reduced value adding locally and increased off shoring**

Forestry SA plantations supply a wide range of forest products to a variety of processing plants in our region. These include sawmills, engineered wood products, preservation, pulp and paper, waste industries and potentially energy facilities.

The sale will reduce opportunities for regional processing. The significance of regionally based softwood processing industries in our part of regional Australia is reinforced by the fact that for every job in forestry an additional two jobs are currently in processing.

Our timber industry is central to our regional growth plan, our Regional Development Australia Limestone Coast (RDALC) regional “road map” and the goal of growing our regional population. Exporting our forest assets offshore is in defiance to our regional goal of attaining economic and social prosperity.

**e. Any other related matters**

The role and value of the carbon assets embedded in FSA plantations could play a significant role in the Nation’s evolving carbon management structure, but this opportunity could be lost if the proposed sale proceeds.

Our Limestone Coast (SE) region and in particular our forestry, paper and pulp industry has been confronted by some major challenges of late. The impact of “dumping of cheap pulp & paper” in our markets, the downsizing of operations, the loss of jobs at Kimberly Clark Australia (KCA), the collapse of the “Blue Gum” industry, mill closures at Nangwarry and Dartmoor have already delivered telling blows to our regional community.

The threat introduced by the decision taken to forward sell Forestry SA Plantations has already had an adverse impact. If the sale proceeds it would devastate not only our timber and related industries but the communities that have over the last 100 years have supported and grown with them.

Our regional community has given a strident and clear message that it will not allow the forward sale. Our community has been rallied in numbers to take their message on two occasions to the steps of the SA Parliament in Adelaide, a round trip in excess of 900 kilometers where they have protested against and highlighted the folly of the proposed sale.

The "Forward Selling" of up to three rotations of Forestry SA plantation harvest rights will have a devastating impact on the whole of the region, not just the timber sector. The forest industry accounts for almost 50% of our regional employment and economic activity.

We are opposed to the forward sale. A sale of this magnitude will have a marked and enduring impact on jobs not only in the timber and allied industries but will harm economic and community development in our region, our State and our Nation.

We ask this inquiry to take our concerns into consideration for the benefit of all Australians and for the future prosperity of our region.

Yours sincerely

Mayor Richard Vickery  
President  
12 March 2011