

Timber supply chain constraints in the Australian plantation sector



https://www.aph.gov.au/Parliamentary_Business/Committees/House/Standing_Committee_on_Agriculture_and_Water_Resources/Timbersupply

On 26 September 2019, the Standing Committee on Agriculture and Water Resources received a referral from Assistant Minister Duniam for an inquiry into timber supply chain constraints in the Australian plantation sector.

The Committee invites submissions addressing any or all of the terms of reference for the inquiry.

Submissions are requested by Monday, 17 August 2020.

The Committee is dominated by conservative Government members so the chances of anything useful coming from the inquiry are very limited.

Nevertheless here is my submission

Submission

Yet *another* inquiry into the forest industry in Australia!!!

I think it would be useful for the Committee to do a quick review/summary of every other forest industry inquiry/report. There have been hundreds over the past 50 years, with most of their recommendations having never been implemented.

The Committee could seek to answer the question *why have so few previous recommendations been implemented?*

Terms of Reference

To inquire and report on:

- *the nature of wood supply from Australia's plantation sector including:*
 - *Projected timber volumes available over the next 30 years and the potential grades of logs available.*

The question needs to be asked, does current and projected wood supply from Australia's plantation sector meet current and future needs? Answer. NO!

The next question needs to be asked, if growing timber in Australia is profitable why doesn't everyone (farmers) know about it? If it is not profitable, then what is the point of this inquiry?

Another relevant question is, what's wrong with imported timber? If New Zealand farmers can grow timber cheaper than Australia then good luck to them I say! We do not need to be self sufficient in wood products just for the sake of self sufficiency!

- *The plantation wood supply available for domestic softwood processors including:*
 - *Current and future demand for logs for domestic processors; and*
 - *Any shortfall in current processing industry demand for logs.*

This TOR definitely smacks of protectionism and market manipulation. Do you want farmers to invest in trees? If so then get rid of this protectionist bullshit. Domestic processors must compete in open competitive transparent markets, otherwise the domestic processors become increasingly high cost and uncompetitive, which has negative impacts throughout the supply chain from growers to retailers and consumers.

- The competitiveness of log pricing between domestic and export market.

Who in Australia knows what the domestic and export log prices are, let alone whether they are competitive? I'm a forester with 40 years in the industry and I have never ever known!! What does that tell the Committee?

A former Director of Forestry Tasmania once said:

The lack of price transparency for forest products, particularly from hardwood forests/plantations [in Australia], represents an impediment to the uptake of farm forestry. Unlike other commodities, price information for forest products is not published through the newspaper or accessible online. Better price transparency is required to encourage smallscale investment in trees.

Curiously Forestry Tasmania has never ever supported price transparency.

New Zealand has a REAL forest industry with excellent log price transparency. Australia has a completely dysfunctional forest industry.

- *The term of log supply contracts needed to support the processing sectors.*

This TOR, like the second TOR above, is all about destroying the forest industry through market manipulation and protectionist policies. Local processors must compete in open competitive transparent markets. It is NOT the job of dairy farmers to subsidise cheese makers NOR is it the job of tree growers to subsidise local industry.

- *Opportunities to increase Australia's wood supply, including identifying and addressing barriers to plantation establishment.*

There are abundant opportunities to increase Australia's wood supply, but they are vastly outnumbered by the barriers to plantation establishment. Many previous forest industry reports

have addressed these issues, with all those previous reports now collecting dust on library shelves around Australia.

I have to ask why we need yet another report when the answers are already known! The forest industry in Australia is completely dysfunctional. Does it behave like a commercial business desperately wanting a future? No it does not!

- *The role that state governments could have in assisting in addressing any problems identified by the work of this committee.*

All State Governments that engage in public native forestry (WA, Vic, NSW and Qld) are all engaged in industry-destroying Welfare Forestry. Welfare Forestry is all about subsidising processors and “saving jobs”. It has nothing at all to do with real commercial forestry.

The forestry industry in Australia has no future whilst Welfare Forestry continues to undermine the industry.

State Governments should be encouraging profitable tree growing, but all of them refuse to do this.

- *Make any recommendations around any code of conduct or management mode that could assist in addressing any problems identified by the work of this committee.*

Please read all previous reports and inquiries and implement the recommendations!

But as just one example, New Zealand has a single set of environmental regulations that apply to **all** primary producers. The regulations do not discriminate against the forest industry. Similarly to overcome differences between local Council regulations, the NZ forest industry implemented a single set of plantation management guidelines that work across the *entire* country. Contrast this with Australia where the industry faces a mountain of diverse changing regulations across the country.

How can Australia hope to compete with NZ? We can't! It is not possible!

Blackwood

Blackwood (*Acacia melanoxylon*) is Australia's premium appearance grade timber. It can be grown successful in plantations, as NZ farmers are doing, and potentially it has a very high market value. But most blackwood comes from Tasmania where the State government and the forest industry work to undermine the market and supply the market with cheap taxpayer subsidised blackwood. Transparent competitive markets for blackwood do not exist because neither the Government nor industry want transparent competitive markets.

Attempting to establish a Tasmanian Blackwood Growers Cooperative is therefore impossible due to Government and industry policy.

Conclusion

I'm a forester with 40+ years experience in the industry. And for all that time, after hundreds of forest industry plans/strategies/inquiries and reports the industry in Australia remains moribund and dysfunctional.

New Zealand has a real forest industry, one of the most successful in the world. But we choose not to learn from their example. Up until 1990 the NZ forest industry was run by the Government, including public native forestry, plantations and sawmills. In the early 1990s the New Zealand Government decided to get out of the forest industry entirely. Public native forestry was shut down, and plantations and sawmills were sold. Since then the NZ industry has gone from strength to strength, and is now one of New Zealand's major industries; fully private, commercial and profitable!! Do they still have challenges and opportunities? Absolutely! But they are committed and capable of resolving every one!!

The NZ forest industry is now 30 years ahead of the Australian forest industry and pulling further ahead of us every day. Will Australia even have a forest industry in another 30 years time? Not if we keep going the way we are!

Good luck with your Committee and its report and recommendations.

Sincerely,

Dr Gordon Bradbury