

# Timber Towns Victoria

A Local Government Association

21 April, 1999

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Mr Ian Dundas  
Committee Secretary  
Standing Committee on Primary Industries and Regional Services  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr Dundas,

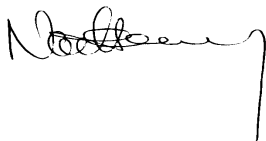
**Re: Inquiry into Infrastructure and the Development of Australia's Regional Areas**

Thank you for the opportunity to contribute to the inquiry into infrastructure and the development of Australia's regional areas. As a local government association, Timber Towns Victoria is primarily concerned with forest management issues and timber industry development and recognises the importance of the timber industry in driving rural and regional economic development. Timber Towns functions as a forum in which its member councils can represent the views of their communities and discuss timber industry related matters which affect their municipality.

Please find attached the Timber Towns Victoria submission to the inquiry. We look forward to your analysis and comments on the submission and will appreciate it if you could inform us of the future direction and progress of this inquiry.

Thank you for your kind consideration.

Yours sincerely



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# **Timber Towns Victoria**

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## ***INQUIRY INTO INFRASTRUCTURE AND THE DEVELOPMENT OF AUSTRALIA'S REGIONAL AREAS***

**SUBMISSION TO  
THE HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON PRIMARY  
INDUSTRIES AND REGIONAL SERVICES**

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### INTRODUCTION

Timber Towns Victoria (TTV) is a local government association which consists of 21 councils with an interest in the development of the forest industry in Victoria. The primary focus of TTV is to provide a forum in which councils can represent the views of their communities and discuss timber industry matters which affect their municipality. TTV also plays a pertinent role in persuading leaders in political life, public service, business and the community to follow policies which will assist in the development of communities with a timber industry and promoting timber as a continuous and renewable resource. Social and economic impacts should also be factored into the development of forest industry related policies.

As a coordinating body with a local government membership, Timber Towns Victoria serves to protect the interests and well-being of the municipalities it represents. TTV recognises that for a number of rural/regional communities, the timber industry plays an important role in supporting their economies. In many cases, the timber industry is a major employer within a township/municipality. A study of eight small to medium family owned sawmills in the Central Highlands undertaken as part of the RFA process revealed that with increased levels of investment in new processing facilities and inventory, employment levels had increased by nearly 70%. Another study also revealed that the timber industry in the Central Highlands will create 1500 new jobs over the next ten years.

Australia has an extremely good reputation internationally in regards to forest management and has maintained standards in excess of international requirements. However, despite the large amount of forests available for harvesting in Australia, we are currently running a net trade deficit. The gross costs of importing timber and timber products such as paper amounts to approximately \$3 billion per annum. Problems arising from our net trade deficit could be alleviated by further developments in the forest industry to ensure that Australia's competitiveness in the international market will not be diminished further. Given that Australian forests are better managed and more sustainable than many countries from which our timber requirements are presently sourced, there is a great potential for growth in the Australian forest industry without compromising conservation values.

While Timber Towns acknowledges the importance of timber industry development, it believes in the coexistence of the forest industry and other industries within a community such that a diverse base is available for balanced regional development. TTV embraces the notion that the timber industry and other industries are not mutually exclusive. Timber Towns Victoria strives to represent the interests of the community at large.

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## Forecast of timber industry development

### **Trade**

With the completion of the Regional Forest Agreements and the Commonwealth government's commitment to trebling the plantation base by the year 2020, the projected growth of the forest industry is substantial. The current balance of trade situation will require much attention to rectify the current trade deficit problem.

The *Timber Industry Road Evaluation Study (TIRES)* currently underway in Victoria will document both current and future annual value of wood products and predict the growth of the timber industry in the next 35 years, based upon official projection indicators.

### **Employment**

The timber industry is currently a major employer in many rural/regional areas of Victoria. Coupled with resource certainty and improved investment opportunities, both direct and indirect employment opportunities within the industry will increase dramatically.

Based on official 1993-4 ABS data, there are currently 5,500 people directly employed by the forest industry in Victoria, while the number of indirect employment by the industry is over 13,000 people. It is suggested that direct employment is estimated to increase proportionally as the timber industry develops according to the 2020 Vision.

There is great potential for the forest industry to boost rural and regional economic development and these indicative figures have shown that the forest industry will continue to improve its position as a major employer in rural and regional Victoria with indirect flow-on employment opportunities. With the State government's commitment to boost economic development in regional Victoria, it is vital that support for forest industry development be continued.

### **Current Infrastructure Provision**

It has been revealed that up to 50% of the cost of wood is made up of transport costs. The lack of suitable timber industry infrastructure would result in additional costs to the community at large, including the timber industry. Without appropriate and adequate provision of infrastructure, the competitiveness of the forest industry on a domestic and international level will diminish.

Councils are currently expected to upgrade and maintain regular service works on roads frequented by timber trucks within their municipality. However, in most cases,

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councils are unable to cover the costs of servicing these roads given their revenue base. With the privatisation of the Victorian Plantations Corporation, councils have been held

responsible for bearing the costs of servicing an extra 160 kilometres of road that was previously maintained by the State government. While councils have a community obligation to ensure that local roads are regularly serviced such that they are of a safety standard, the lack of financial resources has translated to inadequate roadworks for regional areas.

A 1997 study conducted by the Department of Natural Resources and Environment, *Infrastructure Impediments in Private Forestry*, has described the need for a Statewide strategy for infrastructure development. The report also emphasised that the only transport infrastructure impediment to the achievement of a successful strategy is the cost of funding the enhancement of the 'local road network'.

The *Timber Industry Road Evaluation Study (TIRES)* is a joint project auspiced by Timber Towns Victoria with active participation and support from the timber industry, State and local government to identify effective local road management strategy to assist the development of an internationally competitive timber industry. Quantification of existing and future woodflow data and the strategic road networks required to support the future development of the timber industry are identified in the process. The economic benefits, including current and projected employment levels, to the community of the development and maintenance of these local road networks are also documented in this study.

The Regional Forest Agreement and the 2020 Vision both intend to establish long term timber resource availability. Accordingly, demands on the present road infrastructure networks will be substantial in order to transport the necessary tonnages from the plantations or forests to manufacturing operations.

The Statewide *TIRES* report will document the cost for upgrading strategic local road network in Victoria required for timber industry development over the next 35 years. Local government alone will not be able to financially support the upgrade and maintenance of these roads. The regular maintenance of these roads are of critical importance as many of these roads identified will be used by the wider community, not just the timber industry alone.

The State government of Victoria has realized the strategic nature of *TIRES* and has granted a sum of \$50,000 to this study. Other states are also embarking on similar infrastructure studies, recognising the importance this has on planning and coordinating the provision of infrastructure in regional areas in Australia. Timber Towns Victoria has recently been advised that South East Local Government Association (South Australia) has secured a \$100,000 grant to fund the infrastructure project, *South Eastern Transport 2020*. This study will build on the work done by *TIRES* and adopt an integrated approach to planning the roads and the transport needs of South-East South Australia and the Western District of Victoria.

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## **Benefits of Improved Infrastructure to the National Economy**

The integrated strategic road network approach in Victoria has enormous potential to flow onto other states, as it is currently experienced in South Australia. The incorporation into a national integrated road network is viable through the adoption of a collaborative approach developed by all levels of government.

Both State and Federal Governments should realise the levels of benefit that an efficient local road network will provide. A planned and coordinated strategic road network, both Statewide and nation-wide, will support the further development of primary production in regional Australia. *TIRES* has demonstrated that the support of a strategic road network in Victoria will enhance delivery and general efficiency of the timber industry and a similar approach may also be applicable to other forms of primary production.

It appears that the current road funding allocation structure, established by the COAG agreement, does not enable neither Federal nor State governments to take responsibility for providing the required funding for local timber roads. It is possible that the Roads of National Importance category may be appropriate in this case. However, we understand that this funding is fully committed for the next four years. Both State and Federal governments must commit to finding a means by which these *TIRES* roads can be adequately financed.

Timber Towns Victoria believes that State and Federal Governments should support the initiatives developed by local government in attempt to achieve the national commitment of the 2020 Vision and the further development of the timber industry. An enhanced road network will improve the competitive position of Australia's timber industry to address the current balance of trade problem. Overseas investments will also realise the immense business opportunities available with an efficient road and transport system. As discussed previously, an increase in employment opportunities will be generated as a by-product of an increase in business ventures in the rural areas and this will in turn serve to improve and sustain economic growth in Australia.