

25 November 2005

Secretary: *Robert Little*

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
AGRICULTURE, FISHERIES
AND FORESTRY

NAFI 

NATIONAL ASSOCIATION
OF FOREST INDUSTRIES

ABN 40 008 621 510

Committee Secretary
House of Representatives
Standing Committee on Agriculture, Fisheries and Forestry
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary

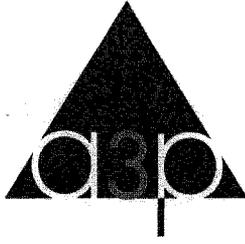
On 9 November 2005, the Standing Committee took evidence from the Institute of Foresters of Australia (IFA) as part of its inquiry into Rural Skills, Training and Research. Unfortunately, the information provided to the Committee did not provide adequate contextual information and did not correctly identify the current investment from the forest and timber industry in training, skill improvements and careers development.

Current and future skills shortages remain a real concern for all of our members. It has been estimated that, with the future increase in total timber supplies, there will be a requirement for up to 13,000 additional, full-time workers in the industry by 2010. It is anticipated that skill shortages will arise in the fields of forestry, harvesting and transport, timber processing, and ancillary services such as diesel mechanics and engineering.

NAFI and A3P have been proactive in response to the broader industry concerns over skill shortages and recently obtained funding through the Federal Government's Strategic Intervention Program of the National Skills Shortages Strategy. This funding is being used to prepare an audit of current and future skills shortages across the forest and timber industry. It is expected that the audit will be completed by 30 June 2006. Accordingly, we are not in a position to advise the Committee of options to address the skills shortages in rural areas or those measures that could be applied to improve the availability of training to employees.

The skills shortages audit will be assessed alongside the soon-to-be released industry training package to determine if the current training programs can effectively meet the future training needs of the industry. A second phase to this project, which will be considered for funding approval after the completion of phase one, is designed to determine how tertiary training can be most effectively delivered to meet the needs of the forest and timber industry.

It is unfortunate that the views of industry support for training, as presented to you by the IFA, did not detail the committed efforts of the industry to support current and prospective employee requirements across all of the relevant sectors of the forest and timber industry. An outline of the forest and timber industry skill shortages, training courses and initiatives to support staff development and training, is provided at Attachment A.



NAFI 

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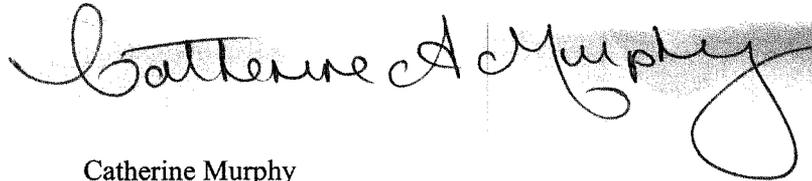
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Some of the issues outlined above are discussed in more detail in our application for funding under the Skills Shortages Strategy (provided at Attachment B). Our associations would also be willing to appear before the Committee to outline the current industry approaches for investing in staff training and development.

Yours sincerely



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Chief Executive Officer
A3P



Catherine Murphy
Chief Executive Officer
National Association of Forest Industries



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Outline of university courses and industry initiatives for supporting skills developments in the forest and timber industry

Some information on the skills shortages in the forest and timber industry was provided to the Committee in submissions from the Institute of Foresters of Australia (IFA) and the Forest and Wood Products Research and Development Corporation (FWPRDC). Both submissions indicate that there is a growing demand for trained foresters, as evidenced by the increasing salaries being offered. Unfortunately, the education sector has not been unsuccessful, to date, in attracting sufficient forestry students to overcome a predicted shortage of forestry professionals. There appear to be several reasons for this failure, including:

- Difficulties attracting working-age people to rural industries as a result of the limited services and opportunities in rural areas;
- A perception from young people that agricultural and manufacturing are 'dirty' industries;
- Students limited willingness to travel to university because of the costs involved;
- Discontinuation of the State forestry agency cadet programs; and
- A dilution of the educational capacity and expertise within the universities as a result of the proliferation in forestry and similar courses by tertiary institutions.

The IFA and the university forestry schools are primarily interested in the training of forest managers. Although the extent of private sector involvement in forest management is increasing, the State Governments continue to be, by far, the major employers of forest management expertise, which is a result of their control over national parks, state forests and some forty per cent of the plantation resource.

The private sector does employ forest managers, is investing in their education and training (as detailed below) and is considering further action to address the current skills shortages. In contrast to the public sector interests in the forest and timber industry, the private sector is primarily responsible for the harvesting and subsequent processing of wood into sawn timber, wood panels, paper and other products. Skill shortages are believed to exist in each of these areas.

Survey data and preliminary evidence indicates that there is likely to be additional skills shortages in certain areas, such as wood product engineering and in the operational management of high-tech processing facilities. While Australian institutions offer diploma level courses in these areas, there are no undergraduate degree courses available to students in these specialized areas. This matter needs to be addressed as the forest and timber industry invests in expanded and larger scale wood-processing facilities.

Overall, it appears that there has been a proliferation and dilution of the university programs offered in forestry education and limited investment by tertiary institutions in support of the downstream processing sectors.

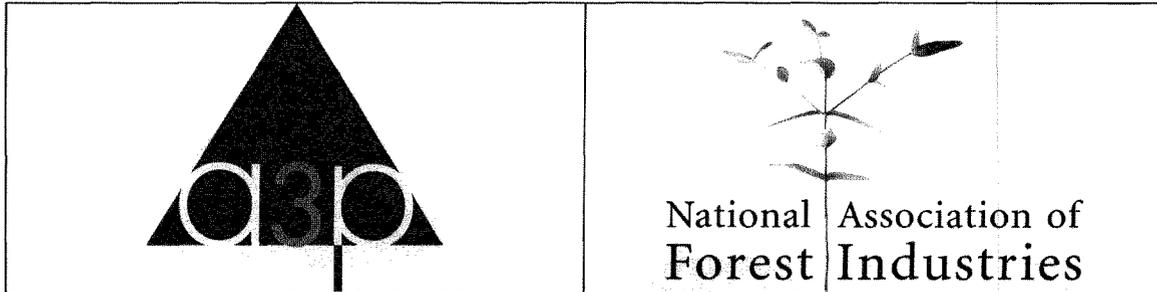
A wide range of education and training initiatives are currently financed and supported by the forest and timber industry. For example, the industry has established a new training facility in Western Australia, the Forestry Training Centre, to train new staff in the harvesting and handling of plantation logs. Other companies, such as Australian Solar Timbers, use a more customized approach to providing training opportunities for their employees, which include sending staff to

University residential courses and offering scholarships for degree and diploma courses. In a broader industry context, many research scholarships have been provided through the forestry-related Cooperative Research Centres.

The plantation industry in the Green Triangle Region (South Australia and Victoria) has invested in a number of initiatives to encourage young people into the industry including the publication of a forest industry careers brochure "*A Cut Above*" and the delivery of some tertiary courses directly in the region by Southern Cross University School of Resource Science and Management.

While these initiatives are just some of the important avenues for delivering well-trained professionals across the forest and timber industry.

Application for funding of Skills Shortages Project



Wood and Paper Products Industry
Skills Shortages Strategy Proposal

Background

Since 1999, the Australian Government has approached skills shortages on an industry by industry basis through the National Industry Skills Initiative (NISI).

Over the last five years the Australian Government, together with industry, has spent over \$11 million assisting the Electrotechnology, Engineering, Retail Motor, Food Trades, Rural, Building and Construction, Emerging Technologies, Retail, Road Freight Transport, Aerospace and Marine Manufacturing industries to analyse skills needs and identify and implement actions to attract new entrants into each industry.

Improving the image of industries, engaging employers in training, and developing careers education materials are some of the strategies developed under NISI to address difficulties in attracting and retaining people to industries experiencing skills shortages.

The wood and paper products industry is confronting significant challenges in terms of finding an adequate number of potential employees with the skills required to meet the industry's expanding and changing needs. Some of the issues resulting in skills shortages in the wood and paper products industry will be similar to those encountered by the other industries that have been assisted via the NISI.

Nature of the Wood and Paper Products Industry

The Australian wood and paper products industry is large with an annual turnover of some \$18 billion in 2002-03. The industry supplies timber for construction, particularly housing, furniture manufacturing and agricultural and industrial uses. Around half the industry's production is paper used in packaging, printing and writing, newsprint and sanitary products.

The industry is widely dispersed (in geographical terms) and composed of a number of subgroups whose activities and outputs are determined by the nature of the raw material available within

their respective wood supply regions. Sub-sectors of the industry include softwood sawmilling, hardwood sawmilling, panel board, plywood and various types of paper manufacturing.

Our industries have a significant presence in rural and regional Australia, and is often the major employer in many of these areas.

Direct employment in the industry has been estimated by the Australian Bureau of Statistics in 2001 at 78,500. However, if additional downstream activities are included, total employment is estimated at around 130,000 (Forest and Forest Products Employment and Skills Company, FAFPESC, 2004). These additional activities include the fabrication of wood products, wholesale and retail timber product sales and recycling operations in towns and cities throughout the country.

The volume of wood harvested in Australia is increasing steadily as a result of the maturing of the softwood plantation resources established primarily in the 1960s and 1970s. The total volume will continue to increase as the hardwood plantations, established more recently, come on stream. This increase in production is resulting in an increased demand for employees particularly those with the necessary skills to operate high-tech timber harvesting and processing equipment.

In addition to the increase in production volumes, the wood and paper products industry is also experiencing an increase in the level of mechanization and computerization in manufacturing. This is resulting in a decline in the number of low-skilled jobs but a requirement for an ever-increasing level of skills from the remaining workforce. Similarly, there is strong demand and competition between regionally-based industries for skilled workers and service providers. That is, mechanics, fitters, turners, engineers, computer operators and programmers, and scientists.

Developments in the manufacturing industry are focused on extracting the highest possible value out of all components of every log. This process includes the development of new products made by reconstituting pieces of wood and wood fibres and combining it with other materials. The nature of the rising wood and paper products industry's skills requirements raises particular problems for the delivery of training programs at a reasonable cost. The equipment used by the industry is complex and expensive and in some cases very specialized to a particular company or task. The people who require specialized training are relatively small in number and widely distributed.

In addition to the industry-specific skills shortage challenges, the wood and paper products industry also faces the same major challenge as all of the other heavy industries located in rural and regional areas. That is, attracting suitable employees to work in what may be perceived as 'dirty' or 'old technology' industries will require a significant communication effort to overcome. The wood and paper products industry is modern, high-tech and can make a significant contribution to the environment and the economy but communicating this message to potential employees is a challenge.

The lack of services available in rural areas such as education, health care and cultural entertainment is also a significant challenge faced by all rural industries seeking to attract new employees. The wood and paper products industry should be able to learn useful lessons from other rural industries that have participated in the NISI.

It is anticipated that the skills audits completed for other rural and regional industries through the National Skills Shortages Strategy, will have identified a range of common skills shortages that could be addressed by a combined effort from the relevant industries. This information should also help to identify the processes for improving the delivery of education and the most effective means for attracting young people, or those interested in developing new skills, to the forest, wood products and paper industries.

Project Proposal

The wood and paper products industry has just commenced the process of developing an industry growth strategy. It is inevitable that skills shortages will be identified as a significant issue during the development of this strategy. However, because of the immediate urgency of this issue and the strong commitment of the Australian Government to addressing skills shortages, A3P and NAFI believe that a specific project under the NISI should commence as soon as possible. The work of this project will be integrated with the industry growth strategy, as the two can be developed simultaneously.

At this stage, and subject to input from the Department of Education, Science and Training, A3P and NAFI are seeking funding for a three phase project to address skills shortages in the Australian wood and paper products industry as outlined below.

Phase 1 – Audit of industry's current and projected skill needs

As a first step, an audit of the wood and paper products industry's current and projected future skills requirements is essential to the development of a strategy to address skills shortages in the industry. The current level of knowledge about the industry work force is grossly inadequate.

Basic data on employee numbers are collected by the Australian Bureau of Statistics but these are very broad in nature and have not been updated since 2001. In 2002-03, FAFPESC undertook an industry workforce and data collection project funded by the Forest and Wood Products Research and Development Corporation. This report provides some useful information but is a snapshot of the situation at the time and does not address future needs.

The proposed audit would involve collation of existing information and broad estimation of the industry's skill requirements. The audit would also provide an estimate of the existing education and training system's capacity to meet the industry's needs. It is anticipated that the skills audit would form the basis of an industry-specific skills policy (to be developed in the second phase of the project) that would take into account the approaches adopted by other industries seeking to provide the same skills training.

Components would include:

- Identifying the regional skills shortages and projections of future shortages, based on the future supply capacity of the industry, the nature of the resources (and industries they could supply, in terms of scale and scope) and the likely innovations in timber harvesting, wood processing and paper manufacturing;
- Assessing the forest and timber industry skills shortages against the identified skills shortages for other industries (using information from the NSSS audits, and the Job Outlook reports and Skills Shortages List from DEWR);
- Considering the timber industry training needs against the broader regional needs to identify the common and industry-specific training needs. It is important to understand that the social fabric of regional communities is based around the retention of young people and providing them with opportunities for various forms of employment that they will find attractive;
- Comparing the findings of the ANTA review and restructuring of the forest industry training package to determine if the revised package will meet the future needs of the forest and timber industry;
- Including an assessment of why the forest, timber and paper industries are having trouble attracting people (the Job Outlook Report and the Skills Shortages List should provide some trend information on the changing interest in particular rural industries);
- Considering the current barriers to industry workers acquiring new skills (may be that training is not available in the right format to meet trainee or new industry skill needs);

Estimated cost \$150,000

Phase 2 – Development of training delivery mechanisms and materials

Phase 2 would be the major component of the project and would involve using the results of Phase 1 to develop new mechanisms and materials to meet the industry's skills needs. These mechanisms and materials would seek to build on the existing industry capacity and the education and training structures and institutions that are in place. However, in some cases the project would propose changes to the existing structures to meet the changing needs of the industry.

With the potential for two new pulp mills to be built in Australia during this decade and the significant increases in mechanised timber harvesting and processing, there will be a significant increase in the demand for qualified workers and a requirement for these workers to have a new mix of skills. Any suggested changes to the delivery of training and education would need to have the capacity to be monitored, reviewed and refined to meet the industry's changing needs (and the emerging technologies that will be utilised).

To improve the quality, effectiveness and options for industry training, Phase 2 of the project will need to use the results from Phase 1 to:

- Identify, from the industry-specific and common regional skills shortages, the training requirements at the regional level and the most appropriate means of delivering that training through universities, TAFE and industry RTOs. That is, identify the most effective options for Universities, TAFE's and other training groups to reach trainees and school students, eg. local versus distance training;
- Consider the options for delivering these skills and providing traineeships, apprenticeships and skills acquisition programs that more closely meet the needs of workers and the industry. It will be important to consider the options for introducing flexibility into the training programs and in the career options for workers, including:
 - Shorter trade apprenticeships (to accelerate skills level accreditation)
 - Specialised skills courses (below the normal trade level)
 - Normal trades skilling for the industry and ancillary service industries
 - Provision of top-up skills (for those with basic skills from other industries or skilled and semi-skilled migrants), and
 - High-level skills with intensive training.
- Provide a better mapping of industry career paths;
- Consider options for industry pre-skilling to be incorporated into school teaching programs and school-based new apprenticeships, as part of achieving school-leaving qualifications;
- Identify the approach to improve industry support for the transition from school to work to further education and training;
- Consider the options for improving Indigenous people's involvement in the industry (which could be delivered through more effectively-designed and applicable training programs as part of a broader industry policy on Indigenous participation in the industry); and
- Set out the details of a regional pilot for delivering this new approach that takes into account:
 - Specific and common industry training and skills needs
 - Existing training delivery options
 - The role of national and local universities, TAFE and industry training bodies
 - Skills and training program delivery options
 - How to engage other relevant stakeholders (other industries, Area Consultative Committees, Job Network).

Estimated cost \$250,000

Phase 3 – Communication Project – to develop and promote career guidance information

Subject to the conclusions reached in Phase 2 of the project, it is highly likely that a communication program will be needed to inform potential employees (particularly school leavers in regional areas) about the true nature of the wood and paper products industry. The communication project would demonstrate that the industry is hi-tech, environmentally sustainable, growing and evolving and offers significant opportunities. The communication project would need to be linked with careers advice services offered to school leavers.

The communication program will need to focus on two major components:

1. Presenting the industry as an environmentally-sustainable, high-tech industry that is challenging and rewarding, and
2. The provision of vocational guidance information for school students, those within the industry and those with skills from other areas, who are interested in joining the forest, wood and paper industries.

The first component would complement the work being undertaken by industry through the National and State Associations. At the present time, NAFI is undertaking a project to identify the means for delivering the National Coordination of Forest Education and Vocational Guidance.

A communication strategy needs to be developed which takes into account:

- The materials needed to provide Vocational Guidance assistance;
- An indication of the key skills (obtained from school or TAFE) that would be required for entry into the industry;
- Developing an industry 'Careers' website and promotional materials – provide information for professional careers advisers, which could fit into their resources manual;
- Outlining the assistance/training available to support the transition from schools to further training in the industry;
- Considering the role for industry at the local level, in terms of working with schools, to provide an effective source of information on the industry, by:
 - Adopting local schools (to increase student's awareness of career paths and possible qualifications available)
 - Providing structured workplace training positions for school students
 - Prepare a package of resources and information for the forestry, timber and paper companies to use when working with the schools
 - Help students to understand what they might be good at in our industry;

Estimated cost \$200,000