

Submission to House of Representatives Standing Committee on Primary Industries and Regional Services

Inquiry into infrastructure & the development of Australia's regional areas

by

Plantations for Australia – The 2020 Vision

Introduction

The Australian timber plantation sector has a positive and expansionary vision for its future. The expansion of the timber plantation industry has the potential to deliver significant economic, social and environmental benefits to rural and regional Australia. Plantation growing and wood processing requires an efficient transport infrastructure designed and maintained to a standard capable of supporting world-competitive transport operations for raw materials and processed products.

Plantations for Australia the 2020 Vision

Plantations for Australia - The 2020 Vision is a joint initiative of the entire Australian timber plantation sector represented by the following organisations; Australian Forest Growers, Plantations Australia, the National Association of Forest Industries and the Commonwealth and all State Governments through the Ministerial Council on Forestry, Fisheries and Aquaculture. The strategy for achieving the *2020 Vision* target of trebling Australia's timber plantation area by 2020 was launched by the Minister for Primary Industries and Energy on 2 October 1997.

There are four "Strategic Imperatives" which must be addressed if the *2020 Vision* is to be achieved.

- Boost the availability of suitable land for plantations.
- Get the commercial incentives right.
- Establish a commercial plantations culture.
- Improve information flows.

Twenty-eight specific "Actions" have been identified under these Strategic Imperatives. These actions include matters which have been raised by numerous reports and inquiries such as the National Plantations Advisory Committee (1991), the Resource Assessment Commission Forest and Timber Inquiry (1992) and the Industry Commission's report *Adding Value to Australia's Forest Products* (1993). The actions also include the commitments, in relation to plantations, made by Commonwealth and State Governments in the *National Forest Policy Statement* (1992) and by the Commonwealth in the *Wood and Paper Industry Strategy* (1995).

The twenty-eight actions are aimed at creating a regulatory, commercial and cultural environment which is conducive to plantation expansion and in which plantation growing can compete on an equal footing with alternative uses of land and capital.

Potential Benefits of Timber Plantations Expansion

There are currently more than 1.2 million hectares of timber plantations in Australia and a large number of facilities processing the timber produced into products ranging from solid timber to paper. The annual gross value of production of the existing plantation based industry in Australia has been estimated to be greater than \$3.2 billion with direct employment of more than 16,000 people.

Plantation expansion will lead to increased wood fibre production. This wood fibre can be used in many ways including the production of solid wood products, reconstituted board products, paper, solid fuel or even liquid fuel. Regardless of the end use of the wood it is hoped that the significant size of the resource will attract an expansion in Australia's domestic timber processing capacity. Substantial income will flow from this productive activity helping to convert the nation's current \$1.5 – 2.0 billion trade deficit in wood and wood products into a trade surplus.

The Centre for International Economics has estimated that a trebling of the plantation area could result in the creation of up to 40,000 jobs nationwide in forestry, logging, processing and flow-on industries such as transport. One of the key benefits of plantations is that a significant proportion of the income and employment generated by plantations will flow into rural communities that are currently suffering significant long-term decline.

Commercial tree growing also offers a range of environmental benefits including carbon sequestration to ameliorate the "Greenhouse Effect", a mechanism for managing water across the landscape and protection of soil and stock from the damaging impacts of wind and water.

Importance of Infrastructure

Infrastructure has been identified as one of the key issues affecting Australia's capacity to develop timber plantation resources and timber processing capacity. Wood has a relatively low value to weight ratio and therefore the location and quality of transport infrastructure, including roads, rail and ports can have a significant impact on the commercial viability of wood growing and processing enterprises.

One of the most pressing concerns in regard to plantation expansion is the maintenance and upgrading of local roads and bridges to a standard capable of carrying the size of log haulage vehicles required to make log haulage operations viable over the greatest possible distance.

The Commonwealth and NSW Government's have acknowledge the important contribution that regional wood processing projects can make to rural and regional areas through their support for the Visy Industries proposal to establish a pulpmill at Tumut. This mill will process logs and sawmill residues from the extensive softwood plantations in the region and will ultimately lead to an increase in the size of the plantation resource. Commitments to improve the infrastructure in the region are an essential component of ensuring the viability of this major wood processing facility and the jobs that it will bring.

Activity to Address Infrastructure Issues

Under Action 6 of the *2020 Vision* strategy the plantation sector is encouraging and assisting local governments in plantation regions to investigate expected timber flows and road, rail and port requirements to support the plantation industry.

The *North East Victorian Timber Industry Road Evaluation Study (TIRES)* and the *Timber Industry Haulage Study for the South West Slopes of NSW* are examples of how industry and local government can cooperate to gather information required to present a well argued case to State and Commonwealth Governments for additional funding for infrastructure. The *Timber*

Industry Haulage Study for the South West Slopes was first undertaken in 1990 and it has been regularly updated (1993, 1995, 1998).

As part of its Private Forestry Strategy the Victorian Government has committed \$80,000 as part funding for four regional *Timber Industry Road Evaluation Studies* and the aggregation of these studies. The four regions are North-east, South-west, Central-west and Gippsland. A Statewide steering committee chaired by the local government body, Timber Towns Victoria, is overseeing this process.

Local Government and industry in a number of other States, including South Australian and Western Australia, have taken on the “TIRES” cooperative approach to quantifying and documenting wood-flows, haulage routes, standard of roads and priorities for upgrading.

Commonwealth Assistance Required

Once local government and the timber industry have identified needs and priorities in relation to the upgrading and maintenance of rural roads this information can be used to assist in seeking a share of the funding available. The South-west Slopes and North-east Victorian studies have both been used successfully as the basis for the provision of funding for specific projects. However, it is widely acknowledge that the funding currently available for upgrading and maintaining roads, particularly local roads, is only a small proportion of what is required.

The timber plantation sector believes that there is a sound argument in favour of additional Commonwealth Government funding being provided for the upgrading of local roads. This funding should be targeted to those regions that have been identified as having potential for a major expansion in either timber plantation growing or wood processing. Funds should be allocated according to the priorities identified in the type of detailed studies mentioned above.

Conclusion

The timber plantation growing and wood processing industries have the potential to provide significant economic, social and environmental benefits to rural Australia. The Commonwealth government can assist the plantation industry and rural communities to realise this potential by providing funding for upgrading rural transport infrastructure.

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Plantations for Australia - The 2020 Vision can be viewed at –
<http://www.affa.gov.au/agfor/forests/2020/2020.html>