Regional Development Australia - Tasmania

RESPONSE TO

House of Representatives – Agriculture, Resources, Fisheries and Forestry Committee

Growing Australian Forestry — *New Inquiry*

Authors:	**Craig Perkins and Jen Newman**
Level of Which Submission Has Been Authorised:	**Chief Executive Officer**
Contact:	**Craig Perkins**
Position:	**Chief Executive Officer**
Return Address:	**Level 1, 29 Paterson Street, Launceston TAS 7250**
Phone Number:	**03 6334 9822**

Executive Summary

This document contains comments addressing the terms of reference of the House of Representatives Inquiry into Growing Australian Forestry.

RDA Tasmania has developed a Regional Plan that has identified a number of focus areas in which to channel resources and effort. One of these focus areas is industry transition. As such, RDA Tasmania would consider taking an active role, where appropriate, in assisting communities respond to changes and opportunities in their region affected by changes within the forestry sector.

RDA Tasmania has had initial consideration of developing plans for communities highlighted as being significantly affected, that take into account their unique comparative advantages and disadvantages. Tailored projects could result from these plans to support the long term viability and prosperity of these communities, including identifying projects and strategies for economic renewal in impacted communities.

Prior to any projects being undertaken, communication should occur between all possible stakeholders to ensure that duplication of admission of effort is avoided. Opportunities listed under the dot points below summarise a range of possible activities.

Opportunities for and constraints upon production

A major constraint on production is the likely removal of native forests as a timber resource. The current Tasmanian “round-table” discussions and the moratorium on the logging of identified high conservation value (HCV) forests will affect the availability of native forest resource. Despite the recent increase in eucalypt plantation area, total production in Tasmania (by volume) is dominated by native forests (64%), softwood (18%) and eucalypt plantation production (17%).

Outside of resource availability, infrastructure, processing capacity and access to skilled labour will affect production and productivity in the local industry. Anecdotal evidence suggests that education levels and training vary across the industry and that forestry in the main is considered a low skilled occupation.

Opportunity: To increase the skill level and professional development opportunities within the industry.

Opportunities for diversification, value adding and product innovation

Tasmania's forestry industry has a higher cost profile than other international competitors. The advantages of the local industry include being located in a stable, English speaking country; however wood products are primarily commodity products where price is a key driver of demand.

Certification through structures such as Australian Forest Stewardship (AFS), Chain of Custody (CoC) and Forest Stewardship Council (FSC) is becoming more common. Demand for certified wood products is becoming stronger particularly internationally. Tasmania has an opportunity to brand itself as a sustainable and responsible producer of quality wood products

Key players in the Tasmanian industry such as Ta Ann and Norske Skog already hold certification and have strong environmental policies in place. Gunns Ltd is in the process of applying for FSC certification. However, smaller businesses and contractors have been slower to take on the process of certification due the cost in establishing certification systems within their business and ongoing resourcing and regular auditing.

Opportunity: to consider a method to assist smaller businesses to gain and maintain certification. Possibly through an organisation set up locally to accredit and audit business and/or through assistance to set up the required systems within the business. We consider that this also provides an opportunity to align the industry with *"Brand Tasmania"*

Environmental impacts of forestry, including:

- ### Impacts of plantations upon land and water availability for agriculture.

The move from native forest harvesting to plantation wood means that the impact of plantation management is more relevant. The use of pest control methods such as 1080 poison and the use of chemical fertilisers and pesticides should be monitored and managed. Tasmania's competitive advantage as a "clean and green" producer and the potential "food-bowl" strategy could be impacted by the increased area of plantation growth.

Opportunity: To oversee plantation expansion and operation to encourage best practice and ensure the impact on agriculture and the Tasmanian brand is managed.

- ### Balancing environmental costs with economic opportunities.

This issue is at the core of much of the community division over the forestry industry and is a challenge that will most probably continue even if agreement is reached on current industry negotiations over native forest harvesting, particularly of areas defined as high conservation value forest.

Research into community attitudes regarding the Gunns proposed Tamar Valley Pulp Mill showed a strong demand for government to make clear and prompt decisions to ensure that social and economic effects such as property prices and employment issues can be resolved in the short term.

Opportunity: For prompt and transparent decisions to be made by all levels of government, and forestry stakeholders, in respect to the balance between environmental costs and economic benefit.

Creating a better business environment for forest industries, including:

- **Investment models for saw log production.**
- **New business and investment models for plantation production.**
- **Superannuation investment in plantations.**

Without detailed knowledge of the industry it is difficult for RDA Tasmania to comment on detail such as business models for sectors of the industry. Nevertheless, Tasmania's reputation for unique craft timbers such as huon pine, myrtle, blackwood and sassafras should be part of the consideration of changes to native forest harvesting.

Research conducted by the CRC for Forestry suggests that demand for Tasmanian "appearance" timber is growing, while lower value structural timber is not as competitive.

Investment in plantations should be based on robust business models, which should lead to an ability to attract investment from sources such as superannuation funds.

Opportunity: To develop robust business models for investment in plantation timber.

Opportunity: For Tasmania to continue to hold an advantage in "appearance" and unique timber products.

Social and economic benefits of forestry production.

Currently, research is being done by the CRC for Forestry on the Socio-economic impacts of forestry. Further information on the future potential of communities in Tasmania that have been identified as significantly impacted by the recent changes in the forestry would be beneficial. Impacts and future opportunities will vary for each community and the way forward for each will be unique.

Public knowledge of forestry, how it works, both in regard to plantations and native harvesting is varied and often sourced from the commercial media. An educational program that is (and is seen to be) objective and neutral could be valuable in enabling people to form their own informed opinion of the sector. Misconceptions exist from most information being provided through the media by parties with a particular interest. Forestry Tasmania has had some activity in providing education resources to school and a TV series, however, they are not necessarily perceived by the community as a neutral organisation.

While Gunns Ltd is the largest timber operator in the state and is well known, the activities of other value-adding companies in Tasmania are less publicised and seem to be missing from the current debate. Both Norske Skog and Ta Ann have invested in Tasmania over the last three years (at least $64 million and $65 million respectively). Ta Ann has developed an innovative concept that has created a new market for plantation eucalypt that is otherwise used for woodchip. These trees can now be turned in into high value veneer for international markets. The Norske Skog Boyer mill used only plantation timber and invested $14 million into a biological effluent treating system that uses live bacteria to treat organic effluent. The Boyer mill has decreased water use by approximately 60% since 1985. While Gunns is the largest operator in the state, the economic, social and environmental impact of other value-adding companies should also be part of discussions regarding the forestry industry and its value to Tasmania.

Opportunity: Development of plans for each of the communities highlighted as being significantly affected by changes to the forestry industry that take into account their unique comparative advantages and disadvantages.

Opportunity: To establish a framework for a more objective and neutral process for education on forestry in Tasmania. For there to be more knowledge and information in the debate about existing and successful users of plantation and native timbers in addition to Gunns Ltd.

Potential energy production from the forestry sector, including:

- **Biofuels, Biomass, Biochar, Cogeneration and Carbon sequestration**

Gunns Ltd have indicated that they will include the production of “green energy” in their proposed pulp mill. 25% of the chip input would be converted to green energy. For the layman, it is difficult to understand how burning wood-waster is “green”, and greater understanding of issues such as biofuels and the impact carbon sequestration and policy may be necessary to help inform public opinion. Issues such as the production of green energy from forestry may have positive or negative influence on Tasmania’s brand and advantage of producing hydro-electricity in a carbon constrained economy.

Opportunity: Provide public information on new aspects of the forestry sector regarding energy production and carbon sequestration.

- **Land Use competition between the forestry and agriculture sectors**
- **Implications of competing land uses for the cost and availability of timber, food and fibre.**
- **Harmonising competing interests.**
- **Opportunities for farm forestry.**

It is the role of government to manage the use of the state’s resources in a way that is most beneficial. Currently, the Department of Infrastructure allocates resources for use in the forestry sector and Forestry Tasmania manages the state forests. Despite forestry being a significant export industry and contributor to Gross State Product and employment, the Department of Economic Development has a limited role in overseeing the industry and as at March 2011, forestry has not been included in the Tasmanian Economic Development Plan being created as “whole of government” policy for the Tasmanian Government.

The Protection of Agriculture Land (PAL) policy embed in legislation and administered though Local government seeks to manage the balance between agriculture and forestry through regional planning schemes. The Tasmanian Planning Commission also has a role in setting the planning policy in this area.

The current restructure of the industry and change in resource use creates an opportunity to review the role of the state in relation to the forestry industry. Impacts such as those on transport, infrastructure and environmental monitoring and management. Responsibility for management of state forests and parks has been historically separate; and joint management may have efficiency gains. Forestry Tasmania's role in state forests has included tourism developments and promotion, this may no longer be seen as a core role.

Opportunity: Recent changes to the forestry industry present an opportunity to review the role of government, and government bodies such as Forestry Tasmania in the light of changing needs of the industry .