

**Submission to House of Representatives Standing Committee on
Agriculture,
Resources, Fisheries and Forestry**

Australia's forestry industry

George Harris

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Part 1

Available for public display and publication

My submission deals with issues of particular concern in Tasmania, both for the present, and the future of this significant industry sector.

My submission is in two parts, Part 1 of which I make publicly available, and Part 2, which contains specific proposals for a possible business opportunity, which I reserve to be submitted in confidence.

Background:

I, George Harris, am a self-employed designer and manufacturer of furniture and handcrafted timber products, based around Tasmania's unique Special Timbers. I have been self-employed in this business for the last 29 years. I have a fully equipped workshop of 240 square metres that I built on land I purchased in 1986, and which had decades earlier been farmed by my parents and grandparents. It is located 24 kilometres south of Hobart.

I feel privileged to be able to include myself among the ranks of Tasmania's artists, designers and craftspeople who work with the state's unique Special Timbers.

I seek to defend access to native timber in state forest, not just for those engaged in trade today, but for many generations of woodworkers long into the future, who will benefit from the application of good public policy, and the careful and proper management of our forests and timber resources in a truly sustainable manner.

I seek to criticise those who have attacked the timber industry over many years, and who have created deep division and conflict within the community, and to counter the dishonesty, misinformation and propaganda they distribute.

I seek to assist and encourage young people and new entrants into woodworking enterprise, and to encourage those not involved to develop a greater understanding.

Forestry in Australia

Comment on comparative advantage

A paper to the ABRES Outlook Conference¹ of early March 2011 sought to explore Australia's role in Asia Pacific forestry, and referred to Revealed Symmetric Comparative Advantage (RSCA) indices in its analysis. While these might give useful insights in some investigations of trade, great caution is needed. If a commodity is produced and consumed internally, the true nature and value of that commodity needs to be understood, and RSCA indices can disguise and understate this.

This paper pointed out that Australia's value of trade of forest products, exports plus imports, was \$6.5 billion in 2009–10, with a trade deficit in forest products of \$2 billion. It also noted that the nominal trade deficit of \$2 billion in forest products has not changed over the past decade.

While this paper identified scope for future export opportunities, and noted that imported sawn timber is almost totally softwood, I believe it misunderstands the significance of the sawn hardwood industry in the Australian economy, and to the Australian community. It is correct in identifying the impact that a reduction in native forest available for harvesting of timber can have on economic performance and trade relativities. However, there is a consequence in abandoning something of value in the local community in the tunnel vision of examining Australia's present trade specialisation through its revealed comparative advantage in various forest products within the Asian–Pacific region, even if it is with a view to framing its current and future positions in wood products trade in the region.

While this is a useful and important topic to explore, a more telling inquiry would be one that considers what the impact would be if there were no sawn hardwood sourced from Australia's native forests, as some are advocating. I assert there are significant aspects of the Australian domestic sawn timber market that need to be recognised and held in high value, and there are aspects of the propaganda from the anti forestry lobby that need to be understood for the damage they could do if taken seriously.

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Sawn Hardwood

The Australian market for sawn timber is a fussy market, where the standards of strength appearance and durability could not be easily abandoned at the premium end. At the budget end of the market, value for money still drives standards.

The anti-forestry movement likes to insist that the world has moved on, that international markets will only accept timber with FSC certification, and that the recent downturn in timber sales and company profitability domestically has something in common with this. It is not the case. Very few involved in the marketing of timber within Australia report any insistence on FSC certification.

Some people insist that all our timber needs can be met by timber sourced from plantations, and even that this can occur from within the existing plantation estate. This is so wrong it is laughable. This is based on the assumption that all timber is the same, and it does not matter what you use, and most timbers can be used for any purpose.

Plantation softwood is ideal for packing crates and many utilitarian functions, but it has fallen out of favour for appearance grade uses in domestic situations, such as furniture, wall panelling and joinery. It does not have the structural strength to make quality furniture that lasts, and with the accessibility of furniture imports, there is no longer a business case for manufacturing budget furniture in Australia.

Sawn timber from hardwood plantations in Australia is still in its infancy, and some efforts to brand and market such timber have been a complete failure.

Eucalypt is the ubiquitous Australian hardwood. There are many species across the continent, and many that are not suitable for conversion into sawn timber. Compared with many hardwoods from other continents, it is a difficult timber to mill, to season, and to work with, but when good timber is sawn from the better species, it is very durable and gives good service.

Speaking from a Tasmanian perspective, good quality sawn timber from *Eucalyptus Regnans*, *Obliqua* and *Delegatensis* deserves respect as among the best available. However, it is best grown as native forest timber, and while foresters have developed comprehensive knowledge over many years on how to regenerate native forest, these species are less successful as a plantation species.

While new saw mill technology has made the milling of smaller diameter eucalypt logs more profitable, there are age limits below which it is not worth bothering, in my opinion. I suggest anything under 50 years is a waste of time for logs grown in native forest conditions. At least 90 years is best for premium logs for quarter-slicing veneer for decorative purposes. Logs from 80 years up to 200 years and older can produce the best sawn timber, with greater stability, density and close grain pattern. Logs of greater age, and larger than two meters in diameter can start to present with defects, including heart rot, and can give handling difficulties. Some of the new equipment has a log size limit that is smaller than in a lot of the older mills. One mill in southern Tasmania built in the 1960's was specifically developed to handle logs of 1.2 meters and greater. It has recently been shut down, but it is widely regarded as having delivered the best sawn timber the local market has seen.

Eucalypt that is sawn while too young often has growth stresses and too much tension in it, and is not stable. In some applications, such as doors, window frame components, and some furniture and joinery components, timber that cannot hold its shape or alignment is a nightmare. Some Eucalypt is so strong that if it wants to go in a certain direction, nothing will stop it, and structural or function failure can result. Doors that will not close, or which are jammed shut, or glazed doors with cracked glass are examples.

To be a successful plantation species for sawn timber, the requirements are to grow quickly to a useful size, and to present good stability and use characteristics. The requirement for intensive management, such as thinning and pruning at regular intervals, can make some species less desirable and less profitable. Many northern hemisphere species are better than anything endemic to Australia for growing in plantations.

Plantations are a more capital intensive source of timber, especially if they are established in place of a redundant agricultural use, or on private land where the availability involves a capital cost or a transfer payment. Plantation establishment on private land involving the harvesting and conversion of native forest where permitted is more economically viable, but the opportunities for this are rapidly diminishing. The financing cost of plantations can ensure that such crops can easily be in the ground too long, and can result in a loss in real terms. This is compounded if the resulting timber performs poorly in the market place. I understand this has been the case so far with plantation hardwood in Australia.

Judging from my experience of exploring the characteristics of plantation grown Eucalyptus Nitens as a woodworker, I can say there are few applications for which it is suitable, and many for which it is not. Suitable applications include

flooring, wall panelling, some structural applications, and some types of manufactured board. Applications for which it is not suitable would include most furniture, joinery and cabinet making.

Fast growing plantation E. Nitens often presents with internal and surface checking, which is a characteristic that rules it out for many applications, no matter how carefully it is handled. Internal checking can be revealed on the surface in machining operations, such as moulding. Any such surface defects are unacceptable in timber that has a requirement for a high finish, or which might be physically handled by an end user. The possibility of an injury from a splinter is unacceptable in many applications, and a highly finished surface that has surface checks which can be an entry point for moisture will deteriorate rapidly.

A dining table with surface checks that could snag a polishing cloth would be completely unacceptable to consumers and retailers alike.

A recently published paper from the CRC for Forestry on sawn timber from native forests and plantations in Tasmania provided some valuable information, and can be seen here: ²

Social aspects of current saw milling

The hardwood saw milling sector in Tasmania is widely distributed around the state, and throughout rural communities in timber growing areas in other states, and provides a substantial addition to rural economies. Australia is a large continent with a relatively small population in a high level of urban concentration. In this setting the presence of the timber harvesting and processing activities in rural communities often makes the difference between the survival and extinction of locally based services, such as schools, bank branches, doctors' surgeries and pharmacies.

In rural communities in Tasmania the security and viability of tourism ventures is enhanced by the presence of such community assets, and there are many examples of where this has diminished with the retreat of timber processing activities. In Tasmania as a whole the tourism industry would be the poorer for the loss of the traditional timber industry.

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<http://www.crcforestry.com.au/publications/downloads/Bulletin-13-Sawn-timber-properties.pdf>

In some parts of Tasmania where the native forest-based timber industry currently exists there is often little scope for the establishment of plantations, and any move to transition out of a native forest-based industry would have a significant negative economic and social impact. In many areas existing native forest cannot be converted to plantations, due either to land tenure or regulation. In many areas plantations have a lack of capacity to compete with other agricultural land use.

Special Timbers

The area of greatest concern to me personally, as a woodworker, is that of Tasmanian Special Timbers. These are the timbers that are unique and endemic to Tasmania, and are found in limited quantities in particular areas of our native forests. They are highly prized by woodworkers for their decorative qualities and their application to specific purposes, and include Blackwood, Myrtle, (especially Tiger Myrtle), Musk, Celery-top Pine, King Billy Pine, Huon Pine, Blackheart Sassafras, and numerous others.

These are the basis for the highest value-adding achievement of the entire timber industry. It is also the sector which is under the greatest level of threat. These species are the basis of a manufacturing industry that directly employs 2,000 people in FTE (full time equivalent) positions, and a further 8,500 people engage in related activities either as a hobby, or to a limited commercial extent.³ These timbers cannot be substituted by any other timber. Special Timbers occupy iconic space in our artistic, cultural and heritage landscape.

Special Timbers are an inalienable part of an industry that comprises furniture designers and manufacturers, wood turners, sculptors, musical instrument makers, wooden boat builders, and the craft shops and galleries that are an iconic element of our tourism and visitor experience. These have put locations like Strahan, Richmond, Geeveston, Stanley, and Salamanca Place on the map. They have given outlets like the Design Centre in Launceston and the Tasmanian Wood Design Collection a well deserved international reputation.

The combination of stunning materials, brilliant design, and flawless execution have raised Tasmanian made timber products to the equal of any that can be found anywhere on the planet. Special Timbers are an intrinsic part of the Tasmanian brand, and share the stage with our fine wines, full flavoured

boutique beers, superfine wool, Leatherwood honey and quality produce and foods.

The recent Australian Wooden Boat Festival in Hobart is a reminder of just how special our boat building timbers are. Huon Pine, Celery-top Pine and King Billy, which only grow in Tasmania, are recognised internationally as among the finest boat-building timbers available. This festival is not just about museum pieces, magnificent though they are, it is just as important for new work, for keeping skills alive, and for creating new opportunities.

The making of musical instruments is emerging as a significant activity in Tasmania, and many makers are using Special Timbers. It is believed there are sixty active makers, and an exhibition in Hobart in 2009 displayed the work of forty musical instrument makers, past and present.

Instruments currently being made in Tasmania include guitars, (both electric and acoustic), violins, harps, drums, recorder, clarinet, and recreations of medieval designs in string and wind instruments.

In terms of dollars per tonne, musical instruments probably bring the greatest return of any downstream processing activity in timber. For example, a violin weighs around 450 grams, and the leading Australian violin makers receive \$12,500 for their orchestra standard instruments. That equates to more than \$26 million per tonne!

There are instrument makers in Tasmania reproducing medieval designs whose entire output is being commissioned or sold in Europe over the internet. Considerable interest in Tasmanian Special Timbers is developing in America, and is resulting in sales and exporting of timber blanks for guitars as well as the work of local guitar makers.

Special Timbers under threat

The entire Special Timbers sector is currently under threat. In October 2010 a Statement of Principles document was signed by representatives of three ENGO's, (Environmental Non Government Organizations) and six timber industry peak organizations and one community group that depends on a viable industry. The Statement of Principles is designed to lead to an agreement based around a transition out of native forest logging, the protection of HCV (High Conservation Value) forest, a secure future resource for the timber industry and the construction of an export pulp mill in the north of the state. The outcome of these negotiations could result in catastrophic reduction in the area of Special Timbers available, and a significant increase in the cost of extracting any that

might remain, as well as a significant impact on the native forest-based hardwood saw milling sector.

This is being driven by some incredibly selfish hard-line conservationists. The most major blunder by the industry side to date has been to allow the ENGO's to nominate what they consider to be HCV forest. The industry side did not require that any established criteria for determining HCV forest be followed. Consequently the ENGO's have made the most massive claim that would lock up an additional 572,000 hectares of public forest in Tasmania. There is a clause in the Statement of Principles document that refers to providing for the supply of Special Timbers, but if you overlay the maps from Forestry Tasmania that show the actual location of Special Timbers with that from the ENGO's HCV claim, it shows that virtually no Special Timbers would be available. The reality with Special Timbers is that you cannot harvest them where they do not grow!

The Special Timbers species are slow growing species. Myrtle and Sassafras can live to around 500 years, and a usable saw log is rarely less than 200 years. Celery-top Pine takes at least 400 years to produce a good saw log. Huon Pine and King Billy take around 800 years to produce a saw log of good size, with Huon Pine frequently found to be older than 2000 years. The oldest recorded Huon Pine that is alive and still growing is 3,300 years.

In this current debate it seems that if it is a tree standing upright, with leaves on, it is HCV forest. Negotiations are continuing, seeking support for the construction of a \$2.3 billion dollar pulp mill on the banks of the Tamar River. The pulp mill approval has been altered to specify that it will be entirely plantation fed, so it could not even take residue from the hardwood saw milling sector, if the logs they are processing have come from native forest.

The outcome of the Statement of Principles negotiations, whatever that is, carries no weight unless and until it is considered by both houses of the Tasmanian parliament. It is there, particularly in the Legislative Council, that I hope the members will find strong enough words to say what is within their power to say, and to say forcefully enough, exactly how forestry and land use activities on public land should be carried out, well into the long-term future, and to back it up with the means to give effect to it. Maybe then we can go about our business with confidence, knowing that investment and sovereign risk can be positively engaged.

Flawed reasoning behind Statement of Principles

Some in the environment and conservation movement claim that trees are worth more standing up, and for the sake of carbon sequestration, they should not be

harvested. What nonsense! The reality is that less than one percent of the biomass standing upright in the form of trees is removed from one year to the next by the timber industry in Tasmania, and all that is harvested (and then some) is replaced by regeneration and new plantation establishment. Meanwhile, the rest of the area not harvested is quietly adding bulk, and playing its part in the carbon cycle. Active transpiration makes a greater contribution to the atmospheric carbon cycle than do old trees that are standing dead, even if they are acting as a carbon bank. In reality, old trees give up more carbon than they sequester.

Products made of timber are an active carbon storage system, and the benefit is enhanced when new trees are established in the donor site. The alternative of using materials that have a far worse carbon performance than timber, such as concrete, steel, aluminium, glass, and petrochemical derivatives is not a good deal for the environment. What true conservationist would forgo the sustainable use of renewable timber, only to use a material that has a far worse environmental consequence?

The two Tasmanian Greens senators, Bob Brown and Christine Milne, have both on numerous occasions called for the end to all native forest logging in Australia, and the Wilderness Society has frequently stated similarly as their objective. For all the reasons I have outlined in this submission, this objective and the people pursuing it would be doing this country a great disservice if it were to be delivered.

These people have created and entrenched division and ill feeling in the community, and have done so over more than thirty years. They have created hardship throughout a crucial industry, and have engendered distrust of public institutions. They and their associates have sought to destroy an industry at home, and sabotage its customers abroad. I detest and despise them for it.

A sustainable future

The best future for the timber industry and the community at large would be to provide long-term direction and security for the timber industry that has an appropriate mix of carefully managed native forest together with a well managed and expanding plantation estate that has proper attention paid to economic, financial, social, industrial, environmental and infrastructure considerations, and which can meet the needs of the country as the population heads towards the projected 36 million by 2050.

The balance of my submission deals with a proposal for new opportunities in value adding and product innovation, and due to considerations of commercial security and intellectual property, I request that it be dealt with in confidence.

I thank you for the opportunity to be able to place my submission before the Standing Committee,

Yours sincerely,

George Harris