

SUBMISSION No. 79
Inquiry into the Australian forestry industry

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21 April 2011

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

Dear Committee Secretary,

INQUIRY INTO AUSTRALIA'S FORESTRY INDUSTRY

Please accept the following submission provided by Timber Communities Australia East Coast Branch for consideration by the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry into Australia's Forestry Industry

Yours sincerely

Cheryl Arnol

PRESIDENT
TIMBER COMMUNITIES AUSTRALIA – EAST COAST BRANCH



EAST COAST Branch

Timber Communities AUSTRALIA

SUBMISSION TO THE HOUSE
OF REPRESENTATIVES
STANDING COMMITTEE ON
AGRICULTURE, RESOURCES,
FISHERIES AND FORESTRY

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SUBMISSION

This submission will mainly address the social and economic benefits of the forestry industry to a small rural community.

BACKGROUND

The small rural community of Triabunna on the East Coast of Tasmania has relied heavily on the forest industry in the form of a woodchip mill since early 1970. The use of timber in the area has been part of the landscape for more than 100 years. Whilst some would say that the town can no longer rely on forestry and should diversify to tourism and other industries the stark reality is that, with the exception of the commercial fishing fleet and agriculture, this is the only major industry that many of the town folk have ever known. Since its inception the woodchip mill (locally known as “the Mill”) has created employment and earned valuable export dollars.

The woodchip mill was built in the late 1960 and the first shipment of chips left the Triabunna wharf in early 1971. The mill was built by a consortium of sawmillers who had seen a need to better utilise their sawlog residue. They could see that the removal of waste timber from the forest floor, and the ability to chip their sawmill residue, not only provided an additional source of income but also ensured that the productivity of the forest had been increased. The mill has been owned by various companies throughout the years and is currently in the ownership of Gunns Ltd.

There is no doubt that working in the forest industry is a hard life. It is governed by long hours for little monetary return in some instances but those who are ‘timber people’ would not have it any other way!



As well as the direct jobs that are created within the industry, there is a thriving in-direct industry of suppliers. Elphinstone Engineering is one of those indirect employers and is also situated in Triabunna. Elphinstone Engineering manufacturers state of the art log transport solutions for the forest industry (Australia wide) and have been in operation for more than 30 years. The Company employs 29 people on the Triabunna site. On average the Company injects more than \$70,000 per fortnight into the local economy in the form of wages alone.

The forest industry employs one in twenty of the Tasmanian workforce and is estimated to be worth 1.3 billion dollars to the economy.¹

Unfortunately those that actively protest against the industry in every form seem to have little or no idea what the downstream effect would be if that was taken out of the economy. What's more there are times when they appear not to care what the outcome is! Comments such as "it's only 40 jobs at the mill" confirm this mentality. What does not seem to be realised is that the local service station, bakery, supermarket, engineering works and everyone else relies on the industry. During the negotiations for the Regional Forest Agreement in the 1990's a survey of local (Triabunna) business people was conducted and it soon became apparent that most of them placed at least 75% reliance on their survival in business to the forest industry. In some cases that reliance was much higher.

SKILLED WORKFORCE

With vibrant industry there is always the potential to attract and retain a skilled workforce. The attracting and retention of skilled workers and their families to rural Australia should be paramount in everyone's mind. Taking away the forestry industry in any form will create a situation where the local schools will struggle to get teachers and GP's will not want to come to our community; just to name two support areas. Without just those two, businesses like Elphinstone Engineering

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struggle to attract and retain skilled tradesmen because the school can't provide the appropriate classes and the workers and their families have limited access to medical care – it is a vicious circle.

There are many important aspects to a vibrant community² :

- Good people / citizens
- Facilities – community, houses, streets / roads, medical, legal, council, government, sports / recreation
- Industry that creates jobs and community cash flow

So what creates a job and the resultant prosperity in a community

PRIMARY JOBS:

- *A job that grows or manufactures something which we export*
- *A job that earns export income or brings money into the community*
- *A community cannot function successfully without jobs that earn external revenue*

From these dot points it can be clearly identified that the woodchip industry plays a significant role in creating primary jobs in our community.

There is a 'flow on' effect from Primary Jobs

A secondary job is in an industry that supplies or supports a "Primary Job Business or Creator"

- Local manufacturers, machine shops, sub contractors etc. who supply primary job creators
- Equipment and material suppliers to the mining, construction, forestry, farming and other industries e.g. suppliers to chip mill and sawmills, contractors, steel suppliers, fuel suppliers, tyre suppliers, marine repairs, equipment repairs
- Shipping and transport companies that assist to bring in supplies or ship finished goods



A third level job is a job which is created by the disposable income of people who work in Primary and Secondary Jobs

- Supermarkets
- Coffee shops
- Butcher
- Hotels
- Leisure and Marine Suppliers
- Clothing Stores
- Service Stations
- Other suppliers to the general community

Fourth level jobs are those which are created by population growth in a community. These are created by the disposable income of people who work in Primary, Secondary, Third and Fourth Level Jobs

- Government services
- Hospitals
- Legal systems
- Accounting and law firms
- Schools
- Universities
- Post Office
- Banks
- Sporting and Recreational Activities

A Fifth Level Job is a supplier or provider of services to shops, supermarkets, clothing stores, coffee shops, government services, schools etc. These jobs are created by the disposable income of people who work in Primary, Secondary, Third Fourth and Fifth Level Jobs

- Freight services
- Suppliers of stationery
- Advertising
- Recruitment services
- Other

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As a community expands and grows it requires sub-divisions, housing, and other infrastructure and services which create downstream employment. These jobs are created by the disposable income of people who work in Primary, Secondary, Third Fourth, Fifth and Sixth Level Jobs.

..... AND THE CYCLE OF EMPLOYMENT CONTINUES;

but it only continues in some small rural communities where the base primary job creator is the forest industry and/or wood chip production.

The importance of retaining the woodchip industry in Triabunna cannot be overstated. It has been, and still is, the life blood of a proud community.

RESOURCE SECURITY

It is vitally important for the woodchip industry to have resource security which in turn provides long term contracts for those who work in the industry. It is impossible to invest in new equipment when two year harvesting/haulage contracts are offered. Investment in the industry is constrained by high capital expenditure costs and short term contracts over which to amortise those costs.

It is time that the Government, whether State or Federal, facilitated high yield contracts that provide the contractor with the opportunity to invest in the industry with little risk. At the moment, for some, the risk is too great.



The Triabunna woodchip mill needs to retain resource security and continue to operate to ensure the long term viability of Tasmania's sawmilling industry. This is what it was originally intended for and what it should be allowed to continue to do.

DIVERSIFICATION AND VALUE ADDING

Building the pulp mill on the Tamar provides an opportunity for diversification and value adding that simply cannot be missed if this State is to progress. One has to question whether Tasmania can afford **not** to build the pulp mill. No-one can question the revenue that it would generate and the subsequent jobs. It has been subjected to rigorous testing on environmental grounds and will run completely on plantation timber. Surely this is an ideal situation for the anti-forestry movement.

One can't help but wonder if the first pulp mill proposed in the 1980's had been built whether we would still have a thriving paper industry and not have two paper mills shut down with the subsequent job losses.

There is an opportunity to do just what the anti-forestry groups have espoused for decades and that is diversification and value adding of our rich forest resources. We should not let this opportunity slip through Tasmania's fingers.

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CONCLUSION

The rural community of Triabunna and the surrounding settlements need the woodchip mill for the social and economic benefits it brings.

The community at large needs the pulp mill for the social and economic benefit it would bring.

Without industry we do not have primary jobs and communities die in various ways. Our young people move away because there are no opportunities for them, our shops and stores close because of the lack of support, infrastructure suffers, and communities stagnate. Our depression and suicide rates increase placing a greater burden on an already struggling health system.

This enquiry should focus on the downstream effect of the loss of the social and economic benefits that the forestry industry brings to a community. The other items listed in the terms of reference have a major bearing on the future of the industry but it is time that governments looked at the future of communities. We cannot survive without vibrant industries and the forestry industry plays a vital role in that survival.

Thank you for the opportunity to comment to the Inquiry into the Australia's Forestry Industry.

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Bibliography

¹Forest and Forest Industry Council – Tasmania

²DB Elphinstone – Elphinstone Pty Ltd and GJ Elphinstone - Elphinstone Engineering (Aust) Pty Ltd

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