Submission to FIAC Meeting Future Demand - Australia's Forest and Forest Products Industry from Clarence Valley Council

The forest industry has had a long history in the Clarence Valley in Northern NSW and it was the industry that pioneered original white settlement which followed the cedar cutters along the Clarence River. Since then the largely hardwood native timber industry has been one of the main stay industries in the valley.

The Clarence Valley Council documented its forest resources in a document called *Investing in the Timber Heartland Clarence Valley (2011)* *http://www.clarence.nsw.gov.au/cp_themes/metro/page.asp?p=DOC-BNS-01-21-63.* This document supports most of the issues raised in the FIAC issues paper and it is from this endorsed Council publication that the comments below are based.
The valley in 2009 had over 102,000 hectares of publically owned hardwood native forest and 167,000 hectares of privately owned native forest. In addition there is around 20,000 hectares of hardwood plantation (although much of this is now redundant due to the demise of the MIS companies) and 1,000 hectares of softwood plantation. This forest resource supports over 20 sawmills in the valley and one pole plant in the valley. Five mills support over 40 employees and one mill over 100. Most of the other mills are smaller supporting around 10 to 20 staff. There is also a large timber transport logistics that also depends on the forestry industry employing over 100 people. In addition there are a number of small value adding industries in handles manufacturing and now parquetry. There is also a research facility at Harwood who is looking to make wood cellulose into ethanol and interest by a number of value adders for waste timber product.

It would be fair to say though although there is still the basis of a strong timber industry in the valley it faces a number of weakness's and threats, these are:-

(a) No unity of purpose and lacks a united strategic plan for growth and value adding
With corporatisation of State Forest to a business entity in NSW, there is now no organisation who takes on a coordinating role for the whole industry that State Forest did in the past. There appears to be no extension forestry organisation in NSW at present responsible for forestry.

(b) Continuous supply uncertainty
The North East forest agreements dramatically reduced native forest supply from public forests in North East NSW and led to a downsizing and restructuring of the industry. The Government's answer to replace this supply was to be a major investment in plantation replacement timber. However, this investment has failed to materialise with probably only the 8,000 hectares of public forest investment leading to potential plantation resources (although it is argued these are not being managed). The considerable investment by the now bankrupted MIS companies (eg Forest Enterprises Australia, Great Southern) although leading to around an 11,000 hectare investment largely planted the wrong trees, which has been accentuated by no maintenance resulting in huge areas now being bulldozed and the land put back to pasture. Hence there is now real supply shortage of hardwood timber occurring, which will put further downsizing pressure on the industry in the valley.

Towards a Positive Forestry Future
Forestry is one of the great renewable resources, but is seems to have lost its way in Northern NSW. The last 30 years has seen the industry in many areas marginalised around the debates over the native forestry industry agreements along the East Coast of NSW and in Tasmania. There does not appear

to be any national plan for the Forestry Industry in Australia, hence FIAC's aim to produce a new coherent strategic direction is a step in the right direction.

Comments on FIAC's issues are:-

Vision and Objectives

The vision needs to be a strong statement supported by all levels of Government, that a strong viable forestry industry done responsibly is a key industry to the economic prosperity of the nation and importantly reduces our future reliance on imports.

One of the key objectives should be to develop regionally specific (eg North Coast of NSW) forestry industry strategic plans which inform the national plan. A second objective should be to look at the future skill and training needs coming out of the regional strategic plan.

Issue 1: Market trends and pressures

The North Coast definitely has the ability to reduce the trade deficit in hardwoods and hardboard.

Issue 2: Emerging uses and markets

Besides encouraging appropriate investment in plantation and private native forestry as mentioned in issue 3 below, **the biggest opportunity that is to value add to timber milling waste through bio-fuels, carbon and side energy product,** which makes local milling industries more viable. Already in the Clarence Council area at Harwood we have a research project through a company called Ethanol Technologies - Ethtec which is working turning lignocellulose into ethanol, this research is now going into advanced pilot plant production. There is also some other exciting project potential in the area of carbon, bio-diesels and bio-energy, which have been proposed in the area over recent years. These types of industries when combined with the traditional timber milling operations form the backbone of a hub, which the Clarence Valley is well positioned to play a future part in.

Issue 3: Forest resources

As stated in the introduction, the Clarence Valley and the North Coast has a reduced public forest resource, a potential very large private native forestry resource and a limited hardwood plantation resource.

The reality for the plantations is the MIS investment of around 11,000 hectares in the Clarence Valley, and other investment in much of the rest of the North Coast has yielded very little milling timber, little of the resource will ever be milled. Most of this originates from inappropriate species selection and no ongoing maintenance. At present large areas of the MIS resource is currently being cleared through receiving companies to go back to pasture production. **This shows an industry plantation investment without a strategic plan linked to a wider forest policy/strategy is fraught with danger.**

While the private native forest resource is a significant supplier of logs on the North Coast (up to 50% of the resource) again there is a lack of a unified strategy to maximise production from this industry. It's very much a supplement to beef cattle production and not seen as a potential main stream income by many landholders. There is a lack of qualified foresters advising this sector.

The private native forest needs an agency which can work with farmers to improve their forestry skills.

Issue 4: Innovation, research and development

Research and development is essential in the industry and we have seen a decline in this investment locally as the State Government has withdrawn from research in the sector. It appears that Australia should concentrate on tree growing and productivity and adding value like the Ethtec investment mentioned earlier in bio-fuels, which has benefited from Federal Government R&D money.

Issue 5: Consumer and community engagement

It is agreed the certification system based around the known environmental regulations that govern the industry already could be a real strength, if then backed by a national marketing scheme.

Issue 6: Strengthened regional approaches

It is agreed that development of forestry hubs can build on the forest resource and wood processing capability in a region and could improve the productivity, competitiveness and profitability of the sector.

We are starting to see a natural hub emerge in the Clarence Valley, besides the over 20 mills (which creates its own self supporting skill set), we have seen research groups like Ethtec establish at Harwood to be near the wood cellulose source, a hardwood handle manufacturer move from Ipswich to be close to the timber source, and recently the tentative restart of a parquetry manufacturing plant. In addition Council has had promising inquiry around activated carbon manufacture, bio-diesel and energy generation. Many of these industries complement each other or can be in the one plant and have implications for other waste streams.

Such a hub in the Clarence Valley is supported by good access through rail (a hub would be possible), along the Pacific Highway to the Brisbane Port and our own local Port at Yamba exports some timber. The issue raised in issue 7 are agreed.

It is agreed for all these industries to thrive, a supportive regulatory environment is needed. A forestry plan for each region is supported as mentioned earlier and should be a key objective of any national framework.

Issue 8: Industry skills and training

All the issues raised in the discussion by FIAC in this section are relevant in the Clarence Valley and the declines in worker skills, ageing and university qualified foresters is real and worrying.

For further information on this submission please contact the author Des Schroder.

Yours faithfully

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