



**Frame & Truss Manufacturers
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FIAC Secretariat
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Dear FIAC Secretariat

FTMA AUSTRALIA'S SUBMISSION TO THE MEETING FUTURE MARKET DEMAND – AUSTRALIA'S FOREST PRODUCTS & FOREST INDUSTRY – A STRATEGIC DIRECTIONS ISSUES PAPER

The Frame & Truss Manufacturers Association of Australia (FTMA Australia) would like to submit the following feedback on the future market demand for Australia's Forest Products and Forest Industry from the Forest Industry Advisory Council's Strategic Directions Issues Paper.

As a way of background FTMA Australia is an independent, national organisation representing fabricators of and suppliers to the timber prefabricated timber truss and wall frame industry in all Australian States.

FTMA will not be responding to all the questions proposed in the Issues Paper, however, before we do provide feedback we would like to officially put on the record our disappointment at the formation of FIAC, the way it was done and the fact that those of us who had given so much of our time to the previous FWPC over many years were not even consulted before being dumped, from what I consider, an important forum for our industry.

I am sure that FIAC is releasing the discussion paper as their way of allowing industry feedback but this is the first opportunity the national frame and truss industry has had to have input in to policies affecting the timber products sector with the current Government, unlike in the past where our voice was heard loud and clear by various Forestry Ministers.

VISION & OBJECTIVE

1. *What should the vision be for the forest products sector in the coming decades?*

At a recent forum it was proposed that if the 19th Century was about steel, and the 20th Century was about reinforced Concrete then the 21st Century should definitely be about wood. Not just everyday wood but engineered wood products, products that would change the way we look at construction in both an innovative and sustainable sense.

The future of the forest products sector should continue to develop new ways to use our timber resources to replace old construction styles that are safer and also reduces our country's environmental footprint.

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2. *What specific objections should underpin the vision?*

The frame and truss manufacturers directly compete against carbon intensive building materials such as steel and concrete, which have been given explicit Government support at the Federal level; for example, the Department of Innovation, Industry, Science Research has in the past funded and possibly still may a “Steel Supplier Advocate.” Where is the support for a funded “Timber Supplier Advocate”?

Compared to other forward-thinking jurisdictions, it would appear that the timber industry in Australia is disadvantaged to non-renewable, carbon intensive building materials.

Studies have been conducted on several countries and/or provinces in the world that have recognised the need to Introduce Wood Procurement Policies or Wood First policies as a sensible and effective way in addressing climate change. Countries such as France, French Guiana and Canada and Provinces including British Columbia, Oregon & Washington have either introduced laws or are in the process of developing laws to address wood procurement policies.

The French Government introduced Decree No. 2010-273, a construction regulatory system on the 15th March, 2010 on the use of wood in construction as a way of tackling climate change.

In the construction sector timber is more than biomass, it is a renewable material with many different applications that also reduces the carbon footprint of buildings. In its Climate Action Plan, France is promoting timber as a way towards a more sustainable and climate-friendly construction sector. Since 2010, all public and private constructions have had to contain at least 10 percent timber with an increase of 12.5 percent.

France plans to reach this goal by increasing its overall forest area, allowing the harvested timber to be used for construction as well as energy production with the aim of reducing France’s overall CO2 emissions.

In Australia the Latrobe Valley Council is the only forward thinking jurisdiction that has tackled this important issue with a Wood Procurement Policy. Sure this is because forestry is a key economic and social driver within their Council area but the time has come for State & Federal Government’s to step up and introduce either a Wood Procurement Policy, Wood First Policy or even take it as far as the French and legislate for the use of timber in construction for its environmental benefits.

On top of this the industry needs resource security and investment in expanding the plantation resources.

ISSUE 1: MARKET TRENDS AND PRESSURES

3. *What forest products does Australia have a local and/or international competitive advantage in producing?*

FTMA Australia’s focus for this question is purely on the hundreds of small to medium enterprises that make up the Australian Frame and Truss Industry. An industry that manufactures timber prefabricated walls, floors and trusses, products that cannot be imported and are made locally.

There is currently approximately 280 Frame and Truss Manufacturer’s in Australia and this industry has huge potential to enhance their products with the introduction of panelised housing. FTMA Australia in conjunction with FWPA and Wood Products Victoria has worked with industry in the development of prefabricated ground floor systems that are economically and environmentally competitive against concrete slabs in areas of flood zones, reactive clay regions and steep building sites.

Panelised housing has a bright future in Australia but fabricators do need assistance in upskilling their staff and upgrading equipment to handle these new innovative products.

4. *What is the potential demand for forest products in the coming decades?*

This depends on how serious the Government is about using wood as a way to tackle climate change and build more sustainable environmentally friendly buildings. The problem we face is we already do not have enough timber to meet our demands for construction and must import timber. We are fortunate that companies such as StoraEnso provide a quality product meeting Australia's high standards but many products coming in to the country do not meet these standards.

For years the industry has talked about putting more trees in the ground to meet our growing demand for softwood in construction, whereas Governments throughout the country are closing down native forestry operations due to unnecessary 'so called environmental reasons' to chase votes.

5. *How can Australia best position itself for this demand, both nationally and internationally?*

We must plant more trees plus open up our forests and allow for sustainable forestry to work hand in hand with real environmental stewardship within our native forests. Foresters care for the forests and manage them better than any Parks authority.

Politics should not determine management of forests for votes which will ensure more security in private investment.

6. *What are the other drivers or disruptions that will potentially affect supply and/or demand?*

Innovation and Collaboration are key tools to ensure the industry supply chain works together. To this date, ForestWorks is the only body that has worked with the whole supply chain, bringing them together collaboratively to focus on innovation. More work needs to be done in this field as Australia is lagging the world in collaboration and no single company or sector alone has the ability to solve the industry's most challenging problems, it will only be by working together, creating new opportunities and markets for growth and productivity that we will succeed as an industry.

Even though I work for FTMA Australia, I also live in what was once deemed a timber town, Healesville and often Government and industry talk about the importance of having a social licence however it is not something easily seen or demonstrated. State agencies, due to political pressure have changed the contract systems taking resource from one area to sustain another.

The Central Highlands region of Victoria has some of the highest quality Ash resource in Australia, yet it does not sustain the local community through jobs. It supports important jobs in Gippsland but how does this allow for a social licence to be obtained locally. People hear the lies and rubbish from those opposed to the timber industry and then see trucks going through town heading to Gippsland, ignoring local mills who have to restructure to use alternative resources.

The perfect example of this is the fact that we never had a strong 'anti-logging protest movement' in the Central Highlands. However, once Demby's mill closed in Toolangi and the trucks kept rolling through town the vultures moved in and one by one began to target people to turn their backs on an industry that had sustained their community for over 100 years.

People who know better about the management now believe we harvest old growth trees and we are losing the battle. With other mills in the area losing access to the best quality trees in Australia, I expect greater objections to the industry and doubt we will ever regain our social licence. This saddens me given my families generational involvement in the local hardwood industry with family members being foresters, harvest & haulage contractors, sawmillers, seed collectors and of course lobbyists.

ISSUE 2: EMERGING USES AND MARKETS

7. Which emerging forest products have the greatest potential for Australia?

I find this question narrow minded. Already we have seen parts of the industry begin to focus more on fibre due to the new technologies using cellulose in a range of products as mentioned in the introduction. However, FTMA strongly believes that we must focus on all seven sectors of the industry and through collaboration recognise the opportunities and markets that can be created working together, not on one front but on many.

Obviously from an FTMA point of view, we believe the panelised housing products have huge potential in Australia, both in a domestic and light commercial market, however products such as CLT have enormous potential in the higher commercial markets.

We need to look at the big picture as without each sector continuing to expand and identify future growing markets, we have will not survive as a whole of industry supply chain.

8. What are some of the barriers to the development and/or uptake of these emerging forest products in Australia?

Upskilling, innovation and collaboration amongst the whole of industry. We must ensure training opportunities exist for workers to better understand the new design techniques of products as well as the installation of these new products through changed construction methods. We must ensure architects, specifiers and builders understand the real benefits of our new products and that there are incentives to build greener.

We need to ensure the SME's within the Australian prefabrication industry have access to assistance to enable machinery innovation to develop new products. Over the years Governments have pumped hundreds of millions of dollars into sawmilling and exiting people from our industry. For safety and innovation reasons fabricators from the frame and truss industry need to invest in new technology, machinery and knowledge and to do this as a small to medium family owned business is hard, especially in tough markets where they operate on minimal profit margins. Funding is needed to ensure we do not lose these businesses. We do not believe the responsibility solely falls on the shoulders of Government but a \$ for \$ options is highly needed and recommended.

9. What opportunities exist to better utilise wood resources?

Governments should change the way they release building plans for Government buildings such as schools, hospitals/health facilities and the other wide ranging buildings to ensure they specify timber. Currently too many plans go out with steel or concrete specifications not even giving timber products the chance to compete. We should at least be on a level playing field with plans showing timber options.

ISSUE 4: INNOVATION, RESEARCH AND DEVELOPMENT

13. What are the future research and development needs for Australia's forest products sector, and which of these needs specific strengths and opportunities in the Australian context?

The current research and development needs of the Australian forest products sector is dismal to say the least. Our current stock of 'timber experts' are excellent in their field but who do we have to step up and replace the likes of Alastair Woodard, Boris Iskra, Colin McKenzie or Andrew Dunn? Why would people dedicate their time and future careers to the forest products sector if Government's continually cut funding, cut resource and don't positively get out there and promote the environmental benefits of timber?

The people named above do outstanding work funded primarily through industry companies and partly funded through projects by FWPA but more needs to be done. To hear of the investment in research and technology in the forest products industry from British Columbia is mind-blowing and we could only dream of similar support.

When the car industry was in crisis Governments jumped to pump money into the sector. The forest, fibre and wood products industry as a whole employs tens of thousands of people with many rural and regional communities dependent on the future of the industry.

Government's need to join the industry in creating a secure future, not based on the election cycle but on a 20, 30 & 50 year plan which sees investment in to research, providing a more secure career for future researchers in our sector.

14. What are the current inhibitors to private sector investment in research, development and extension and what role, if any, does the Australian Government potentially have in addressing these?

As stated above, the biggest inhibitor to private sector investment in to our industry through research and development is the fact that our industry is unfairly managed according to election cycles and not to a future that has the potential to create thousands more jobs.

Too often private investments into the industry are made, only to be ruined by the Government. Plantations throughout the country have been placed in to National Parks purely for votes which is outrageous.

15. How can the framework for coordinating Australian Forestry research and development be strengthened?

The industry is fractured and unless we have a vision as a united industry, worked on collaboratively by industry than it will be difficult to find stability which will lead to future investment. Australian SME's were ranked 24th out of the 31 OECD countries in 2008-2010 for collaboration on innovation with large firms ranking 29th. If the Government wants industry's to survive they must invest more in this field.

ForestWorks is the only body within the industry trying to achieve an outcome through this approach which is achieving great outcomes but more needs to be done. Through the ForestWorks Innovation Working Groups the frame and truss industry have been able to collaboratively work with industry in an attempt to address the major issue of timber waste.

Currently it is estimated that 7% of the total timber input into a frame and truss fabricator is waste. This figure came from a study from FWPA titled "**H2F Treated Framing: Waste disposal and recycling issues**". Furthermore a recent study by the NSW Government estimates the waste from the Australian market for softwood construction timbers to be approximately 42,500 tonnes per annum. **Timber Waste is costing our industry approx. \$46,750,000pa**

This is not the total waste for the prefabrication industry, but a figure based on the Australian market for softwood construction timbers which is estimated to be approximately 4,500,000m³ pa with an estimated 42,500 tonnes/pa of wastage.

The ForestWorks program has not only provided experts to assist but have taught fabricator skills to work collaboratively and as a result we have a few SME fabricators already saving money which can be invested in to new trainees or equipment. FTMA is working with the NSW Government and the whole supply chain of the industry in an attempt to reduce these waste costs, including the development of clusters, recovering waste to reprocess in other sectors of timber industry and examine how they can reduce their waste.

ISSUE 5: CONSUMER AND COMMUNITY ENGAGEMENT

16. How can domestic and international consumers be better engaged on the environment, economic and social credentials of Australian forest products?

It was refreshing to hear a timber designer/architect talk at a recent forum about his understanding of timber in construction which resulted from a WoodSolutions educational tour. He mentioned the things he learnt he could not have learnt from computers or books but by seeing firsthand the quality resources and innovative products the timber industry can produce he has changed his designing to build with more timber. It is important that programs such as WoodSolutions, Wood Naturally Better and the work FWPA does with Planet Ark through TV advertisements continues as consumers need to understand the importance of building with timber.

The education of future builders also needs to change with 'prefabricated trusses, floor trusses and walls' hardly rating a mention during carpentry apprenticeships at TAFE's. 95% of all roofs are prefabricated roof trusses but this isn't taught in school for apprentices. The frame and truss industry, especially the nail plate businesses and various frame and truss manufacturers have worked with TAFE's and universities to try and change this but it needs to come from higher up to be included in to future education curricula.

Native forest management in Australia is something to crow about from the tallest mountain but Governments are too frightened it may affect them in the polls. The RFA's, a world first looking at all values of social, economic and environmental benefits for the industry demonstrated how well our forests were managed. As soon as the RFA's were completed everything seemed to stop. Our reservations are some of the best in the world, surely the Government can sell this message better than it does, rather than bend under pressure and lock up forests in a weak attempt for votes.

17. How important are consumer awareness programs to the future prosperity of the sector?

If consumers understand that timber is an acceptable environmentally friendly building material and the biggest difference they can contribute to the environment is building with timber frames then people will listen. Consumers want to feel like they are doing the right thing for the environment, for example the plastic shopping bag farce which has resulted in a levy on plastic shopping bags, people either use alternative re-usable recycled heavier plastic shopping bags or paying a bag levy because it makes them feel good.

The Victorian Government used to run advertisements on TV which graphically showed black balloons (carbon) escaping into the atmosphere from electrical appliances. Imagine a campaign that showed a timber house, full of black balloons (carbon) as a timber house stores carbon for life, whilst a steel framed house was actually being lifted off the ground by the black balloons (carbon) as its manufacturing process is toxic to the environment and furthermore never stores carbon!

We understand this isn't something the Government should have to do, industry should promote these type of campaigns but it highlights the importance of consumer awareness programs and how they can affect the prosperity of the sector.

The Government however, can lead by example constructing Government buildings in timber, not only for the aesthetic values but also for the environmental benefits of wood storing carbon for life and by introducing a Wood First or Wood Procurement Policy to ensure consumers understand that wood is the best choice for the future of our environment.

ISSUE 7: INFRASTRUCTURE

22. What infrastructure will be required to respond to future demand for Australian forest products?

Better regional road networks for transportation of logs from forest to mills, from mills to timberyards, from fabricators to customers. As mentioned earlier if industry is to innovate and change our manufacturing processes then it is essential they upgrade equipment which means assistance for SME frame & truss fabricators to access \$ for \$ funding to upgrade necessary machinery infrastructure to manufacture new innovative products, deliver new products and install new products.

23. What can be done to ensure better recognition and understanding of the sector's infrastructure needs?

There is no doubt FIAC's Strategic Directions Issues Paper will receive many submissions, however nothing beats the Government hearing directly from all of the sectors of the industry. The former FWPC format resulted in collaboration through the whole supply chain and allowed the various sectors to have the ear of the Minister and his department. FTMA Australia is actively involved in achieving tangible outcomes for our members, focusing on issues that can assist them on a day to day business level and we find it difficult to find the time to lobby the Government and unfortunately since the new Government dumped the FWPC, we have not had the opportunity to raise our issues directly with decision makers who can make a difference to the hundreds of small to medium family businesses.

ISSUE 8: INDUSTRY SKILLS & TRAINING

24. What are the skills and training needs of the sector over the coming decades, and where are the current gaps?

Skills and training is essential to changing a culture within a business. To achieve effective cultural change in a business you must focus on changing technology, the people and the resources used so in the coming decades as our industries change we need to ensure skills and training funds are provided to keep employees and businesses up to date with the latest technology.

In the Australian Frame & Truss industry we have been working collaboratively with a wide range of groups and companies in our sector to develop nationally recognised skills which of course was facilitated by ForestWorks. However, the funding to access these skills has been spasmodic and unfortunately the delivery is even harder with only two RTO's in Australia being able to deliver the skills.

It's the chicken and egg scenario, if more companies don't invest in upskilling their staff than it goes without saying that training groups will also not invest. This comes back to a better understanding of business practices for many SME's in the frame and truss industry. Do they spend large amounts of money in upskilling, changing the company culture and introducing programs such as lean to ensure a more efficient and streamlined business or do they spend that money on investing in a new saw which will hopefully increase productivity?

Both are needed but the upskilling and training needs are paramount and we must continue, meaning industry and Government to invest in the future skills of our people, especially as our industry evolves into new innovative technology.

25. Are Vocational Education and Training and university training providers well positioned to meet the future skills and training needs of the sector?

As stated above, for the Australian Frame and Truss industry this is failing. Government's need to be involved in finding the solution to increase training delivery. The training culture also needs to change. It's not just about core skills of operating machinery, driving trucks and forklifts but giving recognition of soft skills that all employees have but just don't realise their potential or ability.

In the frame and truss industry, many people who work in the plants are generally not the type of people that want to sit in school and learn. They have amazing skills and recognising those skills whilst on the job is essential, therefore Universities and TAFE's must change their training methods to work on the job where the training will be more productive.

This becomes an issue with businesses in rural and regional areas and just like regional transport is subsidised by the Government as it is an essential need for those communities, so is the training of people in rural and regional areas and more funding for training and traineeships in these areas are vital.

26. *What improvements are required at an enterprise level to support the recruitment, development and retention of the sector's current and future workforce?*

FTMA has seen firsthand the benefits of Lean Management introduced in to a business. The culture changes, safety improves, productivity improves and the overall morale and skills improve. Unfortunately again it is the chicken and egg scenario where businesses are too busy keeping up with the workload or too busy trying to stay afloat to realise that their greatest assets are their employees and that staff retention actually saves their business money.

Introducing Innovative Lean business management techniques for SME's to change company culture ensuring new technologies are embraced by staff as our industry evolves is essential.

Summary

In finishing I believe the Australian Frame & Truss manufacturers have been ignored by many levels of Government when it comes to technology investment programs. Too often we hear that manufacturing is the key to our country's economy, yet the 280 frame and truss companies, who produce a product that cannot be imported (in its current format) are the forgotten industry.

So many of these businesses are innovative and are continuously looking at ways to innovate, streamline and save money with the introduction of solar panels, job management software and as mentioned earlier in the submission addressing their waste issues.

It would be nice if the Government learnt more about these businesses and recognised the importance from a safety and innovative point of view that upgrading of equipment is essential in the pursuit of manufacturing more innovative products.

Finally White Papers, Strategic Directions Issues Papers and other Government Papers always receive input, but to gain a true insight in to an industry across the whole supply chain Government's must listen to the whole supply chain and not individuals who do not represent the voices of all sectors, thus the reason for the format of the previous FWPC, but by now I'm sure your know the thoughts of FTMA on this subject.

If you require any further information please contact me on 0418 226 242 or email me via kersten@ftmaustralia.com.au.

Yours truly

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