heartwood plantations
Beautiful Trees, Valuable Timber

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To the FIAC Secretariat

Please find my response to some of the questions for consideration as per the FIAC Issues Paper, March 2015.

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

We need leadership desperately and the vision should be based on our strengths, which are eucalypts. At the moment we are very poorly placed internationally, trying to compete with other countries (growing the same products) who have lower costs and we have an unhealthy reliance on China.

2. *What specific objectives should underpin this vision?*

The vision needs to be underpinned by a strong goal of producing higher value timber and products such as durable eucalyptus species and value-added products from lower value wood (pine and blue gum). I don't think we can compete in the pine and hardwood chip markets long term. Australia is home of the eucalypts but we are miles behind. We need to produce the best to make the numbers stack up. We should be price setters not price takers all the time.

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

Eucalyptus species is the obvious answer to this question. Almost every eucalyptus species in the world is found in Australia. However we way behind the rest of the world when it comes to growing them in plantations. We have the genetics, the land and the skills to become leaders in eucalyptus forestry.

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

I would think that the demand is set to rise significantly with population growth, carbon targets and the development in countries like China and India. However, we should not get lost in trying to achieve large areas and volumes as we have in the past. Our industry is struggling for profitability and this will get worse. We need to focus on quality and improved profitability to move forward.

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

Develop a reputation for producing the best quality hardwood (and hardwood products) in the world.

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

Investment is a huge issue. MIS has killed off any public involvement that the industry had. Pension funds seem more interested in assets than forestry. Future investment models are needed to win back public confidence in the industry. Without these we would have to look to a return to public funded forestry, which is very unlikely.

The cost of regulations, certification, OHS and environmental are weighing heavily on many forestry organisations. These things are a high cost to all forestry organisations.

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

I'm not across all of the value-added and reconstituted products that we now have the technology to create. However, from a timber perspective I see that naturally durable (class 1 & 2) hardwood timber provides a significant opportunity.

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

There seems to be a blockage in the system. Many forestry people don't want to know that durable hardwood eucalyptus species can be produced from plantations otherwise the Green Groups will have an argument to end forestry in our public forests. Therefore this sector gets ignored. There is little if any R&D and/or support.

9. *What opportunities exist to better utilise wood resources?*

Better utilisation of minor products is a major issue for the profitability of eucalyptus plantations grown for sawlogs. The pulpwood prices are terribly low and make thinning very difficult. The need to utilise wood waste for bio-fuel is the missing link. There is an opportunity there to utilise wood waste for energy but it is a complex problem with the coal industry.

There is also a significant opportunity to better utilise and value private native forests but the state government and local government hurdles are almost impossible to jump through.

10. *What is required to ensure the plantation estate is able to meet future demand for forest products?*

I would ask does it have to meet the future demand in its current form? Do we really need to increase domestic pine and hardwood chip when we can buy it cheaper from overseas? Are we better to focus on the things that others cannot produce (high value sawlogs) which will demand a much higher price so that we make inroads into our trade deficit that way?

11. *What is required to ensure the native forest estate is able to meet future demand for forest products?*

I have already mentioned the need to look at assisting with private native forest management. I would also add that the public need to have better education on forestry in our native forests. Green Groups would not have the success they have if the public were better informed.

12. *What opportunities are there to increase wood supply from farm forestry, private native forestry and Indigenous owned and managed lands?*

There is excellent potential to increase wood supply from private native forests and farm forestry with some changes to policy and approach (I don't know about indigenous lands). The effort that is required to undertake forestry on private native resources is excessive. Farm forestry has been tried at so many levels but the same mistakes are made - farmers are not capable of forestry which will make any significant contribution to our timber resources. I have had 20 years experience in this area and would be happy to discuss further.

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

There are many needs in both research and development. The production of sawlogs from eucalyptus plantations is the key area of neglect from our area. It has been a very difficult battle doing it all almost entirely on your own.

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?*

The issue relates back to the fact that there is so little money in the industry that there is very little potential for private sector R&D. When funds are tight the first thing to go is R&D funds. Once that happens the industry is in trouble as it cannot keep ahead. Australia needs to be in front with forestry for it to be profitable because our costs are so high. We could take a good look at countries like Sweden and Finland, who also have high costs but have made the most of significantly more difficult situations in their forest industries - given that their average plantation size is about 2-5 hectares and the rotations are 60-80 years.

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

The current system is very cyclic. Levy payers naturally want to re-invest funds into areas that assist them. There seems to be very little scope to go outside of the pine, blue gum and native forest sectors.

The R&D tax concessions have been helpful. However, we need some scope and incentives to support groups that are trying to move into high value timber and products.

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

I think that the Wood Naturally Better campaign is a very good start but it needs to be extended and supported at all levels of government. People need to feel good about forestry as well as timber.

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

These are very important not only to consumers buying Australian products but also to accepting forestry as a part of the process and supporting its expansion and development.

18. *Can forest certification be better leveraged to achieve stronger demand and better prices for Australian forest products and, if so, how?*

I think this is possible but, again, it will need an overhaul and education. The current FSC system is plagued with problems.

19. How could forestry hubs better utilise resources and promote greater efficiencies and innovation?

Collaboration is the key. Clearly this has not been a strong point in our industry. There are way too many industry bodies and it is very confusing as to who is doing what. After 20 years in the industry I'm still not sure what role some of them play.

Perhaps some innovative ways (financial incentives) to coerce groups to work together more effectively. The Green Triangle is a good case in point. Transport could have been far better organised with the use of trains but government and industry couldn't work it out.

20. What have been the barriers to the establishment and efficient operation of forestry hubs to date, and what might be the role of the Australian Government in addressing these?

Taking the time to come and talk with groups like ours would be a good start. Our forestry business is 20 years old this year and I have never once been approached to discuss issues and opportunities in my region.

21. If additional forestry hubs are to be established, where would they best be located?

We are based in Gippsland so that would be our obvious suggestion.

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

Better transport will be a huge need for the forest industry. The costs of road transport is large. Rail opportunities should be looked at again.

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

Communication in the regions with all members rather than just the major players.

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

There is a problem with finding lower end skills such as pruning, planting, sawmill hands, etc. This sector is struggling because of the low wages and hard work factor. In the future, a shortage of foresters will also become a major problem. This skill is being lost from our sector as many of the current forest owners are practicing very little genuine forestry - the blue gum sector is a point in case.

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

I would say that they are not, however, if we continue to focus on simply growing blue gum then perhaps we don't need many foresters any more.

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

Again, I think that the money is so tight in our industry because of the small margins. Professional foresters get paid very little compared to other industries (IT industry a case in point). Therefore it is very difficult to draw people into it or to retain people in it. It is the same for people working in sawmills or harvesting and transport. I think that if we can move to a model that focuses on the vision of higher value timber and higher value products then the recruitment and retention will look after itself.

Kind Regards

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