2015 FOREST INDUSTRY ADVISORY COUNCIL DIRECTIONS ISSUES PAPER
HQPLANTATIONS RESPONSE

ABOUT HQPLANTATIONS

HQPlantations manages approximately 212,000 ha of plantation land in Queensland for softwood and hardwood production. The majority of these lands are managed under a 99-year Plantation Licence (PL) with the Queensland government. Each year these lands produce some two million tonnes of wood for sawn timber, plywood, reconstituted panels and woodchip products for domestic and international markets.

HQPLANTATION SECTORAL OVERVIEW –

It is HQPlantations view that infra-structure constraints and user charges, compliance costs (particularly State approvals), and lack of internationally competitive domestic processing capacity as major issues for the forest products sector now and into the future.

VISION AND OBJECTIVES

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

   A sustainable, efficient and effective forest management and processing sector.

2. What specific objectives should underpin this vision?
   - *Increase per capita domestic wood consumption of a preferred carbon friendly product*
   - *Strong social licence - High community regard for the industry*
   - *Unconstrained market access (e.g. no RET embargos)*
   - *A profitable and financially stable industry*
   - *Safe and sustainable production from seed to market*
   - *Environmental services recognised (financially, socially, scientifically etc)*

ISSUE 1 – MARKET TRENDS AND PRESSURES

3. What forest products does Australia have a local and/or international competitive advantage in producing?
   - *Native "appearance grade" hardwoods and "structural" softwoods*
   - *Native softwood plantations (Araucaria)*
4. What is the potential demand for forest products in the coming decades?
   - *Strong domestic demand subject to good engineering and building codes, particularly if codes acknowledge carbon lifecycle analysis*
   - *Energy potential may be constraint to smaller remote areas (away from large power stations)*
5. How can Australia best position itself for this demand, both nationally and internationally?
   - *Facilitated investment in new internationally competitive domestic processing facilities*
   - *Continuing leveraged investment in R&D*
   - *Plantation expansion in the right areas and right species*
   - *Improve product substitution opportunities*

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

    - *Export and import dynamics – particularly equitable outcomes for domestic industries in international trade agreements / continued to reform anti-dumping policies*
    - *Quality control (e.g. products not meeting standards)*
    - *FX rate*
    - *Non-tariff trade barriers*
    - *Biosecurity management of pests and disease risks / quarantine restrictions*
    - *Steel and concrete marketing initiatives*
    - *Green & red tape – Excessive State entity business use, approval and compliance charges / standardised (harmonised) national legislation consistency (OHS / transport / weights and measures)*

ISSUE 2 – EMERGING USES AND MARKETS

7. Which emerging forest products have the greatest potential for Australia?
    - *Engineered wood products (e.g. we import more than 50% of our panel products (LVL, ply, CLT etc)*
    - *Large timber structures*
8. What are some of the barriers to the development and/or uptake of these emerging forest products in Australia?
    - *Capacity to change / invest in new manufacturing (demand and market risks) and new products*
    - *Labour market constraints / costs*
    - *Energy reliance (cost and supply)*
    - *Excessive State entity business use, approval and compliance charges*
9. What opportunities exist to better utilise wood resources?
    - *Engineered wood products (e.g. we import more than 50% of our panel products (LVL, ply, CLT etc)*
    - *Large timber structures*
    - *Residues into cogeneration and biofuels*

ISSUE 3 – FOREST RESOURCES

10. What is required to ensure the plantation estate is able to meet future demand for forest products?
    - *No unidentified extreme climate change impacts*
    - *Appropriate regional infrastructure*
    - *Education*
    - *Access to land that is not arbitrarily constrained by land use type or planning provisions (plantation forestry)*
    - *A focus on existing key plantation nodes that recognise the long term capital investment*

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

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

ISSUE 4 – INNOVATION, RESEARCH AND DEVELOPMENT

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

    Core principle – R&D are complementary activities.

    Specific
    - *Genetics*
    - *Engineering/Building standards and design*
    - *Processing and manufacturing*
    - *Harvest and haul technology*
    - *GIS/LiDAR and associated information technology*

    Generic
    - *Fire management*
    - *Climate*
    - *Landscape environment management*

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?

    Australian government (Federal, State and Local) should deal with generic research and support specific research (e.g. as per FWPA system).

    Federal Government should support private sector investment through the 'voluntary c-funding" model by completing necessary regulatory arrangements.

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

    FIX these issues:

    - *Too many Universities providing little bits with expensive overheads*
    - *CSIRO model caters for large community / ecosystem programmes and smaller opportunities (over a long term) wither.*
    - *Industry requires support to undertake broad - scale eco-system research in areas such as water, bushfire and climate change.*
    - *Manufacturers and developers prefer not to share IP and/or protect market share.*
    - *Government needs to support a CRC model which provides a training ground for PhD students etc.*
    - *Shoehorn forestry education back into 1 or 2 tertiary institutions*

ISSUE 5 – CONSUMER AND COMMUNITY ENGAGEMENT

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

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

    INCREDIBLY

18. Can forest certification be better leveraged to achieve stronger demand and better prices for Australian forest products and, if so, how?
    Not in the plantation sector, as forestry is possibly way ahead of other industries.

ISSUE 6 – STRENGTHENED REGIONAL APPROACHES

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

    The idea is good except that it would require much capital to collocate existing or future opportunities.

    Obvious advantages are in infrastructure, sharing wood streams such that all fibre components are utilised to the optimum value. It also provides for innovation leading to industry diversity and differentiation

    Requires RET acceptance for heat etc produced from residues.

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 Australia Government in addressing these?
    - *Existing locations of industries.*
    - *Lack of volume to satisfy the necessary underlying fibre demand.*
    - *Plantations must happen first*

21. If additional forestry hubs are to be established, where would they be best located?
    - *Gympie (based on Tuan / Toolara / Imbil plantation aggregations)*

ISSUE 7 - INFRASTRUCTURE

22. What infrastructure will be required to respond to future demand for Australian forest products?
    - *National freight standards and vehicle regulations*
    - *No*
23. What can be done to ensure better recognition and understanding of the sector's infrastructure needs?

ISSUE 8 – INDUSTRY SKILLS AND TRAINING

24. What are the skills and training needs of the sector over the coming decades, and what are the current gaps?
    - *Basic demographics in the forest industry is an older workforce with primarily low level skills (physical labour, plant operators etc).*
    - *Future and current needs are for greater technical skills in environmental management, business management and IT etc.*
    - *But still need core on ground skills in fire fighting, engineering, basic silviculture etc.*
25. Are Vocational Education and Training and university training providers well positioned to meet the future skills and training needs of the sector?
    - *No*
    - *Science, engineering etc are not favoured courses. Potential uni students need to be encouraged in this area but that is hard when no one uni is offering a suitable forestry course or it is in a remote location.*
26. What improvements are required at an enterprise level to support the recruitment, development and retention of the sector's current and future workforce?
    - *Most are pretty small companies with low turnover rates.*