The Hurford Group is a family owned, private group of companies commenced in 1932, with timber manufacturing facilities focused on the north coast of New South Wales and in south east Queensland.

We employ 280 staff plus contractors, engaged in all aspects of the hardwood forest and timber industries from growing native forest and plantation hardwood, through processing, to marketing and distribution, import and export --including wholesale outlets in all Australian mainland state capital cities, New Zealand, Europe, and the USA.

Our organisation produces high value products from our local resource; engineered and manufactured to meet our customers' needs. These are mainly appearance grade external and internal products (e.g. Joinery, flooring, cladding and decking) which can be produced to meet specific project requirements.

We are continuously developing innovative new products by travelling the world to identify new production techniques and product possibilities which can be applied to our Australian native hardwood species.

This has led to continuous investment in plant, equipment and staff training along with necessary market development.

Our submission responses are based on our own experience and observations relating to the hardwood industry in Northern NSW and SE Queensland & therefore may not be applicable to other sectors & regions of Australia. A "one size fits all answer" for the whole industry across Australia is not desirable given the diversity of the products & regions involved. Further development of "industry hub" models with an overarching national plan may be the way forward.

Vision

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

> The production of a diverse range of high quality, high value, and innovative products from sustainably managed forest resource to meet domestic and international market requirements.

Issue 1: Market trends and pressures

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

> High density, strong and durable, naturally beautiful hardwood products produced from sustainably managed forests.

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

> Australia is a first world, high cost country. With the further removal of international trade barriers we need, more than ever, to ensure that our products are cost and quality competitive with the best products from around the world. This is already creating major challenges, particularly in the engineered flooring area.

Issue 2: Emerging uses and markets

All three tiers of government should be encouraged to have timber usage policies both for their own sourcing and for all Australian building projects. This would result in reducing carbon omissions and increasing sequestered carbon in all future Australian construction. This change would, as a consequence, strengthen the demand for timber products nationally from forest growing & management through to production & distribution. It would also enhance the cultural acceptability & increased usage of timber while strengthening regional economies.

What opportunities exist to better utilise wood resources?

There is a need for reliable markets for by-products to give better utilisation of harvesting and production residues including energy and petro-chemical replacements etc.

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

Government policy has been a barrier for some time - being negative toward residue and although some of these barriers are being removed, investors would need greater positive encouragement before committing funds to the necessary R&D and further significant capital investment that would be required to develop one of these projects. It may be instructive to examine the funding & proactive policies put in place to kick start the solar energy industry as a guide to what may be required.

Issue 3: Forest resources

In our region the main barrier to future development of the industry is availability and access to quality resource due to reservation of large areas of formerly productive forest and - patchy at best – attempts to replace this with plantation resource.

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

From a North Coast NSW perspective it is unlikely that the plantation estate can ever totally replace the native forest resource for quality, specie and durability aspects.

However, the plantations on the North Coast can and do supplement native forest and play an important role in the supply mix. This is not just a recent development as eucalypt plantations have been established and managed on the North Coast for more than 80 years and the local timber industry has been creating high value products from them since research carried out in the early 1970's.

Bizarrely, many of these early plantations were included in the National Park estate during the Regional Forest Agreement process. This has led to an ingrained lack of confidence in plantation investment in the local community.

There is ongoing research into plantation establishment and management in the region. This commenced with the 1997 Plantations for Australia: The 2020 Vision (Plantations for Australia 2002) and was further advanced by the Northern Rivers Plantation Development Committee whose members were committed to producing information potentially required to encourage investors in plantations in the region, including relatively small holdings close to existing timber manufacturing hubs. Since public funds for this purpose have largely dried up records have been maintained where possible existing growers in the region with the support from time to time of Southern Cross University.

There is a requirement to encourage commitment from farmers and their recognition of the value of areas of plantation within their farm management plan.

This will require a viable market for plantation pruning, thinning, etc. to provide timely cash flow to fund management in the growth of high value logs. Field extension work and advice will be needed.

To better meet future demand for forest products there is a need for plantation growers to better match species to site and market requirements.

If a proportion of Landcare's 20 Million Trees programme was used to establish woodlots on private land, then in addition to the worthy aims of Landcare it could also provide a viable & renewable timber resource.

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

A holistic approach to the management of native forests is required. The current tenure based system in NSW has led to serious imbalances, offering no broad oversight and accountability.

Management should focus on social, economic and environmental values.

For long term planning and investment the industry requires that Regional Forest Agreements be "evergreen". By that we mean: rather than be allowed to run down to only being reviewed near the end of their life, with the industry facing uncertainty beyond the review period, we would propose a model with rolling 20 year commitments with reviews every 5 years. These could lead to State Long Term Wood Supply Agreements being aligned with the RFA timeframes, where currently they are not, compromising the value of currently held State LTWSAs beyond the term of the current RFA.

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

This supply is already an important part of the mix in northern New South Wales but could certainly be increased with the correct regulation and encouragement.

There are challenges from Local Government in some areas trying to create a third layer of regulation which can frustrate landholders' confidence to manage and harvest their timber.

To increase the wood supply from existing woodlots on private land will require extension services, field days etc including a recognised point of contact for those seeking advice.

The Aboriginal Land Council is the largest landholder of private forested land in the Northern Rivers Region. There is a strong employment & economic opportunity which could flow from better engagement with these councils by providing education & guidance on silvicultural management of their timber assets.

Issue 5: Consumer and community engagement

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

Consumer and community awareness programs are essential.

The Wood Naturally Better program is an excellent example of this and needs to be expanded.

All three tiers of government should be encouraged to have timber usage policies.

Nationally, the inclusion of timber woodlots on private property must be supported culturally & economically to encourage famers to readily consider timber as a viable part of their product mix as is standard practice in many European & American countries. This is not only an economic but great environmental outcome. This single policy would greatly shift the uninformed culture we have of locking up forests.

Issue 6: Strengthened regional approaches

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?

The Northern Rivers Region between Grafton and the Queensland border already operates loosely as an established forestry hub.

Research has identified forests and timber as traditional and future economic drivers in the NSW North Coast regions. E.g. Northern Rivers Regional Plan – RDA Northern Rivers.

While processors in the region compete at the margins for resource, there are diverse manufacturing processes & all operate in specific market specialties.

Products include:

High value kiln dried appearance grade products

Engineered wood e.g. plywood and flooring

Piles, poles and girders

Structural and specialty sawn timber
Landscaping and fencing timbers

Speciality pallets and packaging

Renewable energy feed stock (3 established Co-generation plants in the region)

Organic products to the agricultural and landscaping industries

Research and Educational Facilities include:

Southern Cross University (only remaining 4 year undergraduate forestry course in Australia).
Research on biodiesel from local eucalypt species

Tafe - Local campuses are available to provide skills based training to industry

Department of Agriculture at Wollongbar – has conducted research into bio-ethanol utilising eucalypt feed stock.

Forestry Tree Improvement Centre (Forest Corp) at Trenayr, via Grafton

Ethtec have established a production scale pilot ethanol plant adjacent to the Harwood Sugar Mill utilising feed stock from local forest and sugar industries.

Barriers to the expansion of the hub include:

Lack of a funded co-ordinator or point of contact within the region

The lack of confidence in resource security at every level in the community

Many landholders regard trees on their property as a liability due to onerous government regulation

Hardwood processing should be viewed differently to the softwood sector where processors need to be very large scale to be viable. It is arguable that in hardwood production a larger number of smaller niche processors, close to the resource is more desirable. In a recent trip to France it was learned that there are over 3,000 sawmills in France processing French oak products. These are generally at village scale, processing 8-16,000 cubic metres of sawlog per year, supporting local employment and producing highly valued sawn timber along with by-product utilised for local heating and energy requirements. At the same time reducing log haulage distances.

Hardwood processors tend to concentrate on niche products and trade logs between themselves to obtain the resource best suited to their own niche.

Issue 7: Infrastructure

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

On the North coast there are issues with roads and bridges (the last few miles to the farm gate), and poor east west road linkages to the major highways

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

These needs have been well documented. They are well understood but poorly funded with most of the responsibility pushed onto Local Government who don't have the resources to deal with it.

Thankyou for the opportunity to respond to this issues paper. I will be available to respond further to any of the issues if required.

Lexie Hurford, Community Liaison, Hurford Hardwood Pty Ltd