



WELLINGTON
SHIRE COUNCIL
The Heart of Gippsland

5 June 2015

FIAC Secretariat, Forestry Branch
Department of Agriculture
GPO Box 858
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MEETING FUTURE MARKET DEMAND: AUSTRALIA'S FOREST PRODUCTS AND FOREST INDUSTRY – A STRATEGIC DIRECTIONS ISSUES PAPER

Thank you for the opportunity to provide a submission to the Forest Industry Advisory Council (FIAC) Strategic Directions Issues Paper.

Wellington Shire Council is located in Gippsland, Victoria, with the main town centre of Sale, 220 km east of Melbourne. Wellington Shire Council has taken an active role in the timber and forestry industry over many years as indicated by active membership of both the National Timber Councils Association (NCTA) and Timber Towns Victoria (TTV).

Councillors and Council Officers also maintain strong relationships with key industry organisations such as Australian Sustainable Hardwoods (ASH) in Heyfield; Hancock Victorian Plantations (HVP) in Gelliondale; and Carter Holt Harvey and Radial Timber in Yarram. ASH Timber operations in Heyfield, is the largest hardwood sawmill in Australia, and has over 200 employees. HVP has 100 000 hectares of private plantation, of which 52% is in Wellington Shire and 30% in neighbouring Latrobe City. This makes HVP Wellington Shire's biggest landholder.

These four companies, along with the associated logging industry, represent the main employment opportunity and economic drivers for the small regional towns of Heyfield, Yarram and Gelliondale. From REMPLAN data available March 2015, the Sawmill Product and Other Wood Product manufacturing industry sector within Wellington Shire generates \$88.597M or 1.7% of total shire output. Forestry and Logging represents \$42.676M or 0.9% of total output.

Given the importance of this sector to the Shire, Council would like to congratulate the Council and Federal government on this initiative, and the depth of work already covered since the inception of FIAC in October 2014. When Council responded to the Federal Government Agricultural Competitiveness Issues Paper in April 2014, Council noted the exclusion of forestry from that Paper, and recommended that *"consideration of a separate taskforce to investigate issues and opportunities for the timber and forestry industry would have significant potential for the economic development of regional Australian communities"*.

The strategic directions issues paper is comprehensive and reflective of the majority of issues impacting the forest products and forest industry in Wellington Shire. In forming

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the enclosed responses to the Paper's Questions for Consideration, Wellington Shire has drawn on its own stakeholder engagement with industry, including comments drawn from a Timber and Forestry Education Precinct Roundtable held on 11 June 2014.

Staff would be more than willing to provide further comment or arrange industry and community consultation sessions to more fully address the Council's terms of reference. Please feel free to contact Mrs Sharyn Bolitho, Manager Economic Development on **personal contact detailspersonal contact details** as required.

Yours sincerely

personal contact details
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Chief Executive Officer

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Questions for consideration

Vision and objectives

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

A valued and innovative industry where Research and Development, Education and Training are vital components for growth, and where resource supply is supported by strong government policy.

2. What specific objectives should underpin this vision?

Native and plantation forest management practices that provide for sustainable development and guarantee of supply.

Research and Development supported and funded to enable innovation and growth of industry.

Public awareness campaign that demonstrates the value of the timber industry to manufacturing sector and to economic development of Australia.

Established and respected career path from forest floor to manufacturing sector, for skilled and appropriately trained workforce.

Issue 1: Market trends and pressures

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

Excellent structural, durability and visual quality of our native timbers: an example is the world-wide recognition of “Tasmanian Oak”, locally known as “Victorian Ash”.

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

Timber products are now used in medical, cosmetics, clothing industries and the use of timber in construction can result in an almost carbon neutral multi story building structure. However, a far greater level of research and development will provide potential demand opportunities for use as well as process innovation.

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

Remove barriers to supply and ensure a continual resource allocation protected by State and/or Federal legislation.

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

Environmental advocacy groups; uncontrolled wild fires; lack of trained/skilled foresters; changes to forest policy that restrict supply.

Issue 2: Emerging uses and markets

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

Timber resource use for bio fuels, future renewable energy and medical products.

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

Reluctance by potential investors to develop emerging products due to lack of guarantee of supply of resource. Lack of impetus to educate the general public and construction industry, and to promote timber and timber products, as a sustainable, renewable and alternative resource.

9. What opportunities exist to better utilise wood resources?

Wellington businesses such as ASH Timber and Radial Timbers are continually improving their ability to utilise a greater proportion of the resource, through improved processes and technology.

Use of bio fuels/bio energy to power and heat government buildings as a viable and sustainable alternative to fossil fuels.

Issue 3: Forest resources

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

Public awareness campaign and promotion of the life cycle of plantation forests to provide a viable and sustainable, carbon neutral/positive resource.

Industry, State and Federal governments to develop a framework for future and sustainable growth, to provide certainty for industry to stimulate long term investment.

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

Education that trees are a resource that have a life cycle/life span that allows for harvesting, utilisation and regeneration.

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

Within Wellington Shire there are vast areas for potential farm forestry but significant red and green tape renders farm forestry difficult to utilise and harvest farm forestry at maturity.

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 are specific to strengths and opportunities in the Australian context?

Value add of timber products including timber bi-products such as wood pellets and wood briquettes for the use in domestic and industrial heating, as well as for export potential.

Within the existing industry, development activities, focussed on process innovation, improvements and implementation of new technologies and solutions are a priority.

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?

Lack of funds to encourage research and development

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

Dedicated timber research and development centres in regional universities, supported by a 'virtual' regional timber precinct.

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?

A timber and forestry education precinct may be able to assist the need for improved awareness and promotion of the timber and forest industries, by adapting and disseminating material produced by Forest and Wood Products Australia and others.

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

Awareness programs and education are the keys to enable social licence for the timber industry to be able to operate into the future. This will allow consumers to make informed decisions, with access to balanced arguments.

The timber industry is also being affected by a poor perception of career opportunities that are not well supported or informed at school level. In regional areas that depend on the timber industry, this has a great impact on potential employment opportunities. Education needs, linked to further and advanced education, would assist in retaining existing staff and re-establishing the recognition of the sector as a career opportunity.

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

Utilising the media and State and National exhibitions to a greater extent to promote forest certification of Australian forest products eg Sorbent ,Reflex paper , carton manufacturers.

Issue 6: Strengthened regional approaches

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

The sector in Gippsland represents a 'thin' training market with pockets of individual business need, rather than an obvious and overwhelming single need. The 2014 Wellington Shire timber education precinct roundtable recognised that the region's industry needs can largely be met through a precinct, adopting and delivering existing courses on wood principles, technology, processing etc in a collaborative manner, integrating education and training providers and support agencies with industry .

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?

A general lack of momentum and incentive, potentially due to insecurity and competition within the industry. A framework for career paths, education and research and development supported by government could address this. There appears to be a lack of coordination between the timber industry and universities or other higher education facilities.

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

Forestry hubs should be located in regional, rural areas with representation across all levels of the forestry industry, and where the community accepts timber production and manufacturing.

Issue 7: Infrastructure

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

Funding support to encourage industry to install equipment and infrastructure essential to manufacture new products including Cross Laminated Timber panels (CLT), and pellet plants to utilize timber by-products.

From a local government perspective, assistance with road and bridge upgrades in line with the evaluation of timber-impacted road works, assessed in Victoria annually through the Timber Industry Road Evaluation Study (TIRES).

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

More regional visits to timber areas by all levels and parties within Government to see first-hand the technology involved in all levels of the forest industry. Wellington Shire Council was represented at the relaunch of the Victorian Forest and Wood Products Support Group at Parliament House in April 2015. This is a group for parliamentarians who support the Victorian forest and wood products industry. This group provides a platform for members of the Victorian State Parliament, to work with industry and learn more about the importance of forest and wood products businesses to their electorates and to the Victorian economy.

Issue 8: Industry skills and training

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

Education needs to start in secondary schools in the use and understanding of the various timbers and their capabilities. This will also to promote the opportunity for a career path and assist to increase level of skilled labour that is required in the industry.

There was recognition at the 2014 Wellington Shire timber education precinct roundtable that industry's needs can largely be met within the region for operator level training and support, but that a potential growth opportunity lies in adding value to generalist under-graduate qualifications, especially those linked to career paths within the sector. This could involve, through a precinct, adopting and delivering existing courses on wood principles, technology, processing etc.

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

Education providers need to reconnect with the timber industry, and program courses encompassing other knowledge streams, including Finance, Legal, HR management, Media and Communication. By developing career path opportunities, linked to further and advanced education, this would assist in retention of existing staff and re-establishing the recognition of the sector as a career opportunity.

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

Lifting the image of the industry by informing future labour markets early at schools with an awareness of the modern technologies and processes that are utilised within the timber industry, and the potential career paths that exist.
