NTCA Submission to the Forest Industry Advisory Council

4/06/2015

The National Timber Councils Association is an incorporated local government association representing the interests of member municipal regional councils in relation to forestry on both public and private land. The Association's primary function is to provide a forum for local government to address the management of forests and forest industries and their impact on local communities.

Introduction:

The National Timber Councils Association (NTCA) would like to thank the Federal Government for establishing the Forest Industry Advisory Council, supporting a process that enables organisations such as ours to be heard at the National level. Our Association welcomes the submission process and is glad to make a submission.

The NTCA represents councils who host the forest industry from four states, New South Wales, South Australia, Tasmania and Victoria, with informal connections to councils across the remainder of Australia. Information was collected from our members to inform this submission, in conjunction with content derived from the association's strategic direction, with the submission then endorsed by National Executive Committee.

The National Timber Councils Association on behalf of its members has responded to several of the questions posed for consideration in which the association is well placed to provide direction on, and these are listed below:

- Vision and objectives for the sector
- Issue 5: Consumer and community engagement
- Issue 7: Infrastructure

Vision and objectives for the sector

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

   An efficient and internationally competitive industry which supplies a diverse range of products into a range of domestic and international markets, which in turn supports resilient rural and regional communities who host the forest industry in Australia.

   A reduction in the import deficit of forest and wood products in Australia.

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

   An articulated and strategic blueprint for the forest and wood products industry that builds on the strengths of the different forestry regions around Australia with respect to the current and future manufacturing and export capacities of these areas. This blueprint is created in consultation with the industry and other forestry stakeholders, creating capacity for strategic innovation across the sector.

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?*

    There are several areas in which domestic and international consumers can be better engaged on the environmental, economic and social credentials of Australian forest products.

    NTCA supports the Regional Forest Agreement (RFA) review process, as these agreements assist in providing certainty for jobs in regional Australia. This issue is of pressing concern to regional communities who depend on the forest industry as they face a lack of certainty after the current agreements expire. Being able to communicate both domestically and internationally that the Australian forest industry supports economically viable, resilient rural communities will assist in gaining social license for the industry.

    The certification process in Australia is designed to give a "tick of approval" to the environmental, economic and social credentials of Australian forest products, and the NTCA supports the certification processes in Australia, however currently these certifications are not currently recognised by the majority of the public in Australia. Furthermore, anti-forestry groups attempt to use certification processes for political means, threatening strategic withdrawal of support from such processes. It is important to more effectively communicate the buy-in that these certification processes have with a range of forest stakeholders through the creation of such processes, and make it harder for organisations to credibly withdraw their support.

    Continued education of the public is also required, with great examples such as the Make it Wood campaign showing benefits through increased understanding of the relationship between wood materials used in built form, and the capacity for wood to act as a carbon storage mechanism.

    Other activities being executed at a local level can have a big impact in increasing knowledge of the potential of the social, economic and environmental benefit of Australia's forest and wood products industry as well. Many local governments undertake activities in this educational space; Latrobe City Council has implemented a Wood Encouragement Policy, which has the power to initiate discussions about the uses of wood, which in turn educates the community about the many benefits of using wood in the built environment. Pyrenees Shire Council and Mount Gambier council (amongst others) have implemented bioenergy projects which help educate while explaining the social, economic and

environmental benefits of bioenergy and it's potential in Australia. Local projects can be used as case studies have great educational benefits for the local communities, and can propagate positive stories for the Australian forest industry.

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

Consumer awareness programs are particularly important to the future prosperity of the sector, as they assist in access to market. There is a large array of information material developed by anti-forestry groups which capitalise on emotional arguments and fallacies; it is important to counter-act these market-restricting activities through positive and accurate awareness programs aimed at both domestic and international consumers.

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

Visibility of certification brands needs to be improved to assist with this issue. Forest certification is currently most effective as a market promoting force in the relationship between most links of the supply chain, and decreases in effectiveness as a brand recognised by customer consumers at the retail level. Increased recognition of the certification brands, along with a greater understanding of the public relating to the certification process can assist in certified products demanding better prices for Australian forest products.

Issue 7: Infrastructure

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

Local governments across who host the forest industry across Australia play a large role in providing the forest industry with the infrastructure required to transport forest and wood products across the first and last portion of the journey, and the timber heads from the forest to the market.

Transporting forest and wood products is one of the most expensive parts of doing business in the sector, and better roads will benefit the efficiency and safety of the entire industry. Bad roads damage trucks, create inefficiency and make the industry less competitive internationally.

Local communities who in forestry regions are generally more supportive of the forest and wood products industry, with local benefits such as employment being felt in these regions along with an increased understanding of the industry as well. Poor quality and damaged roads as a consequence of the industries activities can create tension in the place that most supports the industry in Australia.

Furthermore, the forest industry knows no local government area boundaries. Local government areas may host certain parts of the industry, but do not feel the extent of the benefits that the timber industry provides Australia as a whole. Timber may be harvested in a certain local government area and then transported on the roads of another local government area to arrive in a third local government area for manufacturing or export. The majority of the employment benefits are felt at the end location, while the councils who assist in the timber being transported on local roads have little capacity to provide adequate infrastructure to drive efficient transport. The forest industry is an industry of national significance; however local councils take on large infrastructure maintenance costs to facilitate the process. The first leg of the journey to market is on small council roads who can least afford to maintain them, while many of the benefits are felt at further on in the path to market.

An example of this is the relatively small and under resourced council in the North-East of Victoria. Towong Shire Council has many of its plantations harvested and transported to the neighbouring council of Alpine Shire Council, who hosts manufacturing facilities. Few employment benefits are felt, and the council has a large network of local government roads used to support the forest industry with a particularly small rate base to maintain the infrastructure resource to a standard that the timber industry requires of it. Alpine Shire council shares the infrastructure issues, however due to the larger work force and manufacturing industries present that relate to the forest industry, are in a better position to support the large infrastructure requirements of the industry. Strategic federal funding of local government roads that facilitate Australian forest products as they head to market would enable a more efficient industry, and provide safety for the communities that host the industry.

Another relevant case study is the situation currently in Kyogle Shire Council. This council manages 213 timber bridges and 129 concrete bridges, with one bridge for every thirty Kyogle Council residents, while the average Australia-wide is one bridge for every 800 residents. Furthermore, over 70 of the timber bridges are over 70 years old. The cost of replacement for these bridges is over $50 million dollars in this one local government area, and at the current rate of renewal this will take 25 years to replace all bridges to a standard that does not impede the timber industry and the many other industries that use this infrastructure. During this time more bridges will have load limits applied, which in some cases locks up large forest resources. The Federal Government Bridges Renewal Programme could have the capacity to have a major impact on this issue; however in the first year of the program no funding was received. More bridge closures are expected in this area. This is one local government area, however many similar councils who host the forest industry face the same problem, locking up the capacity of the forest industry's harvesting activities now and into the future.

The timber industry is a substantial contributor to Australia's regional and overall economies. The road infrastructure required for the efficient operation of the forest industries is not necessarily more extensive than that required by other primary production sectors, but it involves the use of roads in more remote areas and often in more difficult terrain.
The timber industry is in transition from timber production from public native forests to privately-owned industrial plantations, and has a maturing plantation timber resource. In an Australian Government publication by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) released in May 2012, the national log supply identified from plantation log harvest alone was 18.6 million cubic metres. This figure has been identified to increase to an annual average of 26 million cubic metres in the 2010 – 2014 period, and to an annual average of 29 million cubic metres a year in the 2015 – 2019 period. Adequate road infrastructure will be required to efficiently transport the increases in harvested timber. Adequate road infrastructure will also lead to reduced transport costs, which is a direct way of improving the domestic and international competitiveness of Australia's forest industries, which underpins job security and new investment in the sector and in regional Australia.

As many rural councils face challenges with financial viability, the infrastructure gap has continued to grow. Various collectives of councils around Australia have approached the analysis of this issue as it relates to the forest industry in different ways. An example of this is Timber Towns Victoria's Timber Industry Road Evaluation Study (TIRES). The TIRES report identifies all local government roads that actively service the industry and are of strategic importance to the industry. It then in consultation with the timber industry ranks these roads across the state with using a methodology that creates an ordered list through such inputs ad total tonnage, years to be used, whether the road is closed, whether there are other routes available, whether the road facilitates larger trucks, amongst many other factors. This creates the capacity for strategic investments in road infrastructure

in local government roads that are priorities for the timber industry. This is successfully being used as a decision making tool for man State Government departments in selecting regional infrastructure projects to undertake, providing the best value for money for the timber industry, and also the safety of local residents, farmers, tourists and school buses amongst many other road users.

A copy of the TIRES report can be provided to the FIAC upon request to the NTCA Executive Officer.

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

The NTCA believes the benefits of the TIRES paper as mentioned above should be extended to cover the entire nation to quantify the financial impact of this issue as it effects the Australian forest industry, and lead to strategic investment in the removal of blockages, and in efficiency gains in transporting timber around Australia.

Funding mechanisms implemented and supported by the Federal Government have assisted in this space, such as the Federal Bridges Renewal Programme and the Roads to Recovery Program, however the implementation of such as study would provide capacity for more strategic investment. Furthermore, State Governments who are able to apply for such grant programs are far more equipped with knowledge to provide a strong business case for funds, and have other revenue streams to fund such activities, while small rural councils do not. Local governments who host primary industries should be prioritised in the allocation of such funds.

Yours sincerely
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