Vision and objectives

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

This should be the Federal Government's vision for the sector. It should be high level and challenging with clear, measurable objectives under it that cover economic, social and environmental goals. Refer recent examples in US, Canada, New Zealand and Europe.

The vision itself should be as concise as possible rather than a wordy statement that seeks to be all things to all people. The vision needs to be different from the past with a clear purpose and not just motherhood statements. It must be new. It should refresh the debate and commit to transformational actions and behaviours.

Previous vision statements for the forest products sector have tended to focus on how to manage the forests, but this vision statement should focus on the potential value / employment creation from forest products and their environmental credentials and set a clear national goal. State or regional goals / targets would then flow from the overarching Federal vision statement.

For example, the Federal Government's vision could be for "***The Australian forest products sector to sustainably contribute 2% of Australia's Gross Domestic Product by 2030***". (Currently it is only 0.7% or ~$7bn)

Alternatively, the Federal Government's vision could be to have "***A sustainably managed Australian forest products sector that is Balance of Trade positive by 2030***". (Currently the annual Balance of Trade in forest products is a deficit of over $2 billion per annum.)

Another option would be to have "***A sustainably managed Australian forest products sector that provides over 120,000 jobs, largely across regional Australia, by 2030***". (Currently the sector provides just over 70,000 jobs.)

The common theme in each of the above options is that they all present an exciting future for the forest products sector and would help drive Government Policy which would in turn drive business investment, innovation, employment plus skills and training. Transformation will continue to evolve as the economy and technology advance.

The suggested approach is similar to New Zealand Government's Primary Industry vision to "double exports by 2030" and the Wood Council of NZ vision to "double export earnings by 2022".

Under each of the above options (or other similarly "bold" alternative visions) there would be clear, measureable objectives covering economic, social and environmental goals. The challenge for Government is to set the initial vision that will help transform the sector and how it views itself and how it is viewed within Government.

2. What specific objectives should underpin this vision?

- The aim must be to seek to extract value from the whole tree. Woody biomass should be fully endorsed as a renewable energy fuel source, with new installations contributing an additional 5,000GWh of either heat energy or electrical energy to Australia's renewable energy profile

- There should be a priority and a focus on developing new products and markets, (say 10 commercialised new products within the next 10 years) generating an additional $Bn per annum in economic activity from new innovations and new markets

- There should be an objective of increasing the volume of Local Engineered Wood Products to 2 million m3 pa. This would transform the construction industry building methods through the availability and promotion of new timber products for both detached housing and urban medium density apartment style and public buildings

- Platform bio chemical production should generate $1bn in new economic activity. Niche bio chemical production is a transformational technology which should be prioritised under the Government's new vision and targeted for global export markets. Lower volume, higher value product's is where Australia can best compete and locally add value to forestry activities

- Australia should be a net exporter of forest products

- Government's priorities need to emphasise local value adding not unprocessed export of fibre resources

- Forest and Forest Products employment should increase by 50,000 FTE jobs, largely in regional areas

- There should be a collaborative partnership between Government, Industry (including end users such as the construction sector) and Research Institutes which is fully aligned behind a national transformation framework that is regionally focussed and has majority community and consumer endorsement (ie. market demand side "pull" to determine research priorities)

- Traditional forest products manufacturing should be encouraged to reinvested where necessary to be globally competitive and sustainable

- Government's public policy should support "sustainable working forests" rather than unmanaged, "locked up", at risk, degrading forests (ie. Unprotected in the event of fire)

- Plantation and native forest estates should be managed sustainably and recognised globally for their biodiversity and growing (ie.locked in) carbon stocks whilst producing the required sustained yields for timber, fibre and energy for the nation's expanding forest products industries

Issue 1: Market trends and pressures

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

- Australia can be competitive across a number of areas but Government policy needs to allow and encourage industry to use the whole resource from approved areas in a productive way

- Primary sawn timber is the cornerstone of a vibrant forest products industry. Without this most other sectors could not obtain the resource / residues they require at an economic price

- Manufacturing efficiency investments and globally competitive energy, transport and infrastructure are the key for globally competitive domestic production of paper and other products

- There are significant opportunities to increase wood supply from private property. There is a large native forest estate on private property that is currently not being utilised. There is major potential for farm land (in conjunction with agriculture pursuits) to be available for the expansion of the plantation estate. Incentives should be developed to encourage commercial trees to be established on farms in conjunction with overall agricultural objectives

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

- While some forest products have declined in total value over recent years others have grown and there are significant opportunities to expand into a whole raft of new areas including making better use of all material currently harvested (eg biomass based opportunities, stranded timber etc)

- Engineered wood products have the potential to grow strongly from the current low base

- Global markets are rapidly developing for biofuels and bio chemicals

- The forest products sector needs to communicate more with end users, such as the construction industry, to ensure we meet their changing requirements

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

- As suggested under Question 1, the Federal Government needs to set a forward thinking vision that paints an exciting future for the forest products sector. This will help drive Government Policy which in turn will drive business investment, innovation, employment etc.

- Government and the forest products sector must proactively communicate this vision to the community and seek their endorsement. Australia cannot afford to be stuck in the environmental / political battles of the past. All past protagonists (including ENGOs) need to move on rather than seek to address old scores

- We must adopt best practice in all that we do and meet the highest environmental and sustainability standards. Having done so then industry should be able to use all available materials from approved forest or plantation areas, including biomass from approved native forest operations

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

- Domestic and global economic conditions and market changes
- Exchange rates
- Policies adopted by other countries
- Environmental based policies and changing rules (eg. carbon pricing , RET etc)
- Inadequate measures to protect local industry from unfair competition, ie Antidumping arrangements

Issue 2: Emerging uses and markets

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

- Renewable energy from biomass, including recognition for thermal energy
- Engineered wood
- Niche bio materials, chars and activated carbon
- Platform bio chemicals

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

- Past lack of support for forestry as a vital primary industry including lack of confidence to invest due to a history of changing rules and divisive wedge politics
- Unbalanced perspectives from some minority interest groups who are highly skilled in dragging out the approvals process thereby adding significant costs and risk to industry
- Emotional/ideological debate rather than factual/balanced consideration of overall community benefits
- Lack of access to capital
- Government support is often targeted at “small to medium sized” enterprises meaning that large companies/major projects do not meet Government program guidelines

- Government programs are also sometimes targeted at highly speculative projects rather than encouraging the adoption of “new to Australia” technology. A balance needs to be achieved across both areas

- It would greatly assist if there was a new, specifically targeted Government funding scheme available to help drive the new vision for the forest products sector

9. What opportunities exist to better utilise wood resources?

- We would support the development of a national framework which identifies and coordinates regional specific opportunities

- As noted under Question 5, industry should be able to use all available materials from approved forest or plantation areas, including biomass from approved native forest operations

- Recognition of biomass as a truly renewable resource would clear the way for its inclusion under the RET

Issue 3: Forest resources

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

- A clear Government vision and appropriate policy settings and support will encourage investment/expansion in plantations in regions where there is a demand for wood from the local processing facilities

- Investors require certainty that they will be able to achieve an appropriate return on their investment. This can become problematic if Government support for end users of the resource is unclear or if only part of the material harvested is able to be used

- Impediments for investment should be removed and further options considered to stimulate new investment

- Financial resources from Government and industry must be maintained/enhanced to assist in protecting the current plantation estate from risks such as fire and bio-security

- Government support is required for R&D to help improve the productivity of existing and future forests and plantations and also to foster the development of other end uses and improve the overall utilisation of the resource

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

- Resource security/ long term access to the resource is essential

- Native forest certification is needed to meet community and customer expectations

- Government must ensure a sensible balance between production (economic) and conservation objectives

- Funds need to be provided by Government to ensure that areas set aside for conservation are still "managed" in order to reduce the risk of fire or other threats

- The full utilisation of all material from approved forests is essential and should be supported by Government, eg. Biomass as fuel

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

    - As stated under Question 3, there are significant opportunities to increase wood supply from private property. There is a large native forest estate on private property that is currently not being utilised. There is major potential for farm land (in conjunction with agriculture pursuits) to be available for the expansion of the plantation estate. Incentives should be developed to encourage commercial trees to be established on farms in conjunction with overall agricultural objectives

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?**

    - Research needs to be based upon market demand and commercial outcomes, not "research for research sake"

    - Research needs to be aligned to nationally agreed frameworks and priorities

    - Industry needs to play a more active role in communicating its priorities and helping to fund research. There needs to be more collaboration between industry and research bodies

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?**

    - There is significant commercialisation risk for industry even at the best of times. This is made more difficult during tough economic conditions when all expenditure is subject to close scrutiny

    - Government policy and incentives can play a pivotal role in encouraging industry to invest in research as it helps share the load

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

- There needs to be a shared vision and strong alignment across industry sectors. Industry has previously sought the establishment of a national plan supported by Government funding. Refer further detail in the submission by the Australian Forest Products Association

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?

- Government and industry both have a responsibility to factually explain and promote the forest products sector and its best practice performance and adherence to international standards

- Activities to better engage with overseas customers could include Government visits direct to major customers

- The credentials of the forest products sector will be enhanced by regular reporting against the Government's overarching vision for the sector and the key social, economic and environmental objectives

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

- Consumer awareness programs are essential to ensure that industry's position is understood in a balanced way. These programs must be factually based and seek to address possible issues of concern to consumers

- Key messages might include the following –

    - At all consumer product levels, wood fibre it is a renewable alternative to fossil fuel and exhaustible construction materials such as steel and concrete

    - Timber products require a low energy footprint to manufacture

    - Forests sequester CO2 and timber either stores carbon or is emission neutral when used as an energy fuel source (most often directly replacing fossil fuel alternatives)

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

- The benefit of certification depends very much on the end user. In many situations certification is "just a ticket to the game". It enables business to participate in the market, but does not ensure a sale or any price premium

- As noted in the Issues Paper, certification is not well understood or supported by most consumers in their purchasing decisions

- Certification should not be used unfairly by minority interest groups

- Perhaps certification bodies should be subject to greater government oversight and those seeking certification should have access to an independent appeals process

Issue 6: Strengthened regional approaches

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

- Forestry hubs and forest manufacturing hubs are positive suggestions. As noted in the Issues Paper, the hub approach would require a plan for each region based on a detailed understanding of the region's forest industry including future supply forecasts, processing facilities, markets and infrastructure

- We would support the formation of forestry hubs and Forest manufacturing hubs as an important regional / State activity under the national vision

- Infrastructure support is essential in transporting material from forestry hubs to processing facilities and also between these facilities and domestic and international customers

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?

- Individual companies have perhaps been focussed on their own operations rather than looking for broad industry synergies. This initiative would be best be fostered at a regional or State Government level but consistent with the overall Federal Government vision

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

- We do not have any suggestions for new forestry hubs other than they need to be within an economic distance of relevant processing facilities

- Likewise, forest manufacturing hubs need to be close to the forest resource. In our case this would mean the Derwent Valley in Tasmania and at Albury in NSW

Issue 7: Infrastructure

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

- As noted in the Issues Paper, the costs of access to and availability of infrastructure are significant influences on the sector's viability. In particular we would highlight the significant cost of delivering wood from the forest (in our case plantations) to the mill and then the cost of delivering finished product from the mill to domestic and overseas customers

- Freight costs are a significant issue for both of our Australian paper mills, which are located at Albury NSW and Boyer in Southern Tasmania

- We would congratulate the Federal Government for its recent decision to extend the Tasmanian Freight Equalisation Scheme to include goods transhipped through the Port of Melbourne destined for export and for their efforts to address the high cost of coastal shipping. We note with concern however suggestions that the Port of Melbourne is seeking cost increases on stevedores in the order of 700%. If such increases were applied it would seriously impact on all shippers from Tasmania including those involved in the forest products sector. Such action would seriously erode industry confidence and increase risk

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

- All spheres of Government (Federal, State and Local) need to proactively consult with industry and forest growers to better understand our infrastructure needs. Likewise industry and forest growers need to clearly communicate any issues and concerns to Government

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?

- A critical issue for the forest products sector, as identified in the Issues Paper, is to attract and retain high calibre candidates. One of the key drivers for seeking a clear Government vision for the forest products sector is to show that the sector does have a strong future. A strong Government vision supported by appropriate Government policies will go a long way towards invigorating the sector

- We need to remove the "grey clouds" that unfairly hang over the environmental credentials of the forest products sector. As noted under Question 16, the credentials of the forest products sector will be enhanced by regular reporting against the Government's overarching vision for the sector and the key social, economic and environmental objectives

- An invigorated and publicly supported forest products sector will attract good people and have the critical mass to encourage good training programs

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

- Refer answer to Question 24. Prospective participants in the sector and education service providers need confidence in the sector's future potential and this is closely linked to how the sector is portrayed by Government

- There needs to be better alignment and more collaboration between industry and training providers

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

- As a company we have a comprehensive Strategic Plan to ensure the future viability of our business and the significant employment that we provide in regional Australia. This plan requires us to rapidly adjust to changing market conditions for particular products and to seek new opportunities in emerging areas

- This plan has helped guide significant business decisions and capital expenditure over recent years, including a range of research projects into new emerging technologies. This work is ongoing and will help build a strong future for our business, our employees, contractors and service providers