

Thursday 18 March 2021

The Hon. Peter Gutwein MP
Premier of Tasmania
Parliament of Tasmania
Hobart TAS 7000

Via Email: communityconsultation@treasury.tas.gov.au

Dear Premier,

Thank you for the opportunity to provide comment to the 2021-22 Budget Community Consultation Process.

The Tasmanian Forest Products Association represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp, paper and bioproducts.

Please find attached our submission 'Growing Our Future Strategy' that details our key priorities to benefit and grow the forest and wood products industry.

Please contact me if you require any further information.

Yours sincerely,



Nick Steel
Chief Executive Officer

The forest industry is one of Tasmania's earliest and most longstanding industries, making significant environmental, economic and social contributions to the State.

There is a clear case for maintaining and growing a strong domestic forest and timber industry. The social, environmental and economic benefits the sector delivers from internationally certified and sound forest management practices are essential for Tasmania's growth. In addition, the industry provides the domestic market with a stable supply of wood and forest products which help to cushion it from the impacts of variable international demand and fluctuating exchange rates. Underpinning the Tasmanian industry are the forest resources that deliver many of the environmental benefits and supply the raw materials for the processing sector. They include privately owned and/or managed plantations and native forests, as well as the Government-owned native forests. Enhancing the wood supply to meet future demand is a critical element of this strategy.

Our industry provides a wide variety of direct and indirect jobs for approximately 5,700 Tasmanians and is a key economic driver in many rural economies. It generates approximately \$1.2 billion of sales each year across its value chain, of which approximately \$700 million can be attributed to the primary processed products. It also indirectly influences many parts of the Tasmanian economy. Maintaining and enhancing this contribution to the community is a key challenge.

Key strategies to benefit and grow the forestry industry are:

- Delivering resource certainty and long-term wood supply agreements
- Promoting the benefits of using Tasmanian wood
- Growing our processing and manufacturing capabilities
- Addressing infrastructure efficiency improvements
- Providing increased health and safety for our workforce

A. Resource Security

Tasmania's productive forest estate comprises a mix of softwood and hardwood plantations and native forests on both private and public land.

Long-term security of resource supply is essential to underpin investment in processing and value adding into the future.

The native forest sector will remain an important part of the industry going forward.

While there is an opportunity to improve the productive capacity of the public production forests, the industry needs the public forest manager to improve its communication on their long-term sustainable plan, so that decision-making can be aligned to assist in their future investment plans.

New plantation development has stalled in recent years due to relatively high upfront land and establishment costs and a long period until harvest returns, and regulatory impediments to accessing carbon markets.

Whilst the opportunities for plantation expansion will be dependent on effectively integrating smaller scale forestry plantations into the broader agricultural landscape, to maintain or even increase our supply, the private plantation grower resource base will be an important priority for our future.

There are several key factors that need to be considered to assist with private growers looking at growing trees on farms:

- the availability of a carbon price for smaller growers which could be a mechanism for offsetting early rotation costs and therefore improving the investment economics for green field plantations;
- changing how regulatory fees for forested land impose costs – instead of applying these on the basis of area established and early in the rotation, apply these costs at the point of harvest;
- reviewing the Protection of Agricultural Land Policy to consider supporting establishment of trees as part of a whole farm planning approach to integrated production, and to recognise the broader value of trees on farms in supporting general agricultural productivity.

TFPA calls on Government to:

- i. Work with industry to resolve native hardwood resource security issues on state land arising from recent bushfires and the Tasmanian Forest Agreement, to deliver long-term certainty for investment and jobs.**
- ii. Investigate options to enhance the productivity of state-owned native forests and increased wood supply.**
- iii. Work with industry to develop necessary changes or incentives that will assist with private growers planting more trees on farms.**

B. Promoting the Benefits of Using Tasmanian Wood

The timber industry is an important supplier into the Tasmanian housing market and broader residential and commercial building sector. Therefore, the general economic status of these sectors has a direct flow-on effect on the timber industry and the many regions and communities it supports.

TFPA supports direct stimulus measures such as:

- Incentives to assist new building projects under the Tasmanian Home Builder Grant; and
- Increasing State Government capital expenditure through their Affordable Housing Action Plan that includes grants for community housing.

Both these stimulus measures go hand in hand with the governments Wood Encouragement Policy that ensures sustainably sourced wood is fully considered, where feasible, in Tasmanian Government procurement, particularly for new buildings and refurbishment projects.

There is an opportunity to do more and promote the policy further for State-led and supported building and construction projects, to encourage Tasmanian timber manufacturing supply chains that can maximise jobs for Tasmanians and the economic benefits to the State.

Additionally, TFPA supports the continuation of funding towards the Tasmanian Timber Promotion Board (TTPB) to continue its purpose of promoting the use of Tasmanian wood.

The TTPB has played a key role in serving Tasmania's sawn timber sector for some 50 years and we believe maintaining government support will assist in its role to promote the Tasmanian timber industry to increase economic returns from existing markets and to facilitate the development of new markets for the industry.

TFPA calls on the government to:

- i. Employ a full-time Wood Encouragement Policy Officer to promote the benefits of using Tasmanian wood, including to the building and construction sectors.**
- ii. Confirm its ongoing funding of the Tasmanian Timber Promotion Board.**

C. Growing Our Processing and Manufacturing On-island

Most of the industry employment and income is generated from the primary and secondary processing sectors. Therefore, we need to ensure that conditions in Tasmania can support an internationally competitive processing sector. The ever-growing investment and innovation required to sustain or enhance international competitiveness means that infrastructure and business conditions need to support the future industry as the industry restructures over time. Also, we need to consider as a State the opportunities to consider new and innovative downstream processing of our wood into higher value products.

In addition to its fundamental role in the construction sector, the timber industry is part of exciting innovation which uses timber and forest products in new ways and as a trusted custodian of our forests.

Wood-derived products such as cellophane, rayon and ethanol are well known, however the potential from new products is enormous. For example, carbon fibres derived from wood are now being used to make lightweight car parts and packaging for food and beverages.

An area that needs further work is to have a one-stop document that provides statistical information on forest and wood products in the State. A good example that could be mirrored for forest and wood products is the Tasmanian Agri-Food ScoreCard that is published annually by DPIPW and presents the most comprehensive analysis of data relating to the Tasmanian Agricultural sector and food production industries.

TFPA calls on the Government to:

- i. Work with industry to identify appropriate policy initiatives that can assist in attracting major investment in Tasmania's forest, timber processing and manufacturing sectors. This will encourage innovation, adoption of new technologies and development of new products, and thereby increase our international competitiveness of the sector.**

- ii. **Develop an annual document that presents analysis of data relating to forest and wood products that includes value of production, trade figures and job numbers.**

D. Infrastructure Efficiency Improvements

The provision of essential public infrastructure such as road, rail and wharf access are central to the continued viability of the forest industry.

As reported in the document 'North and North-West Tasmania Supply Chain and Infrastructure Assessment Report', Neagoe, Taskhiri and Turner (UTAS, 2020), for the Northern Tasmania Regional Forestry Hub, it found that a key constraint for the potential growth of forestry supply chains in the North and North-West of Tasmania (which can be applied state-wide) is the level of access and the efficiency of delivery throughput to domestic and international markets.

The forest and wood products road transport task is highly dependent on the level of forest harvesting and the level of wood products manufacturing. It is anticipated to continue to grow in the coming years. Therefore, to ensure that existing and new road infrastructure deliver the maximum benefits for the forest industry, the transport flow on effects on the infrastructure should be considered together with *pinch points (UTAS, 2020).

* Pinch points in this context represent road capacity reductions along a transport route due to regulatory, infrastructural or other restrictions (e.g. bridge weight limits, LGAs restrictions).

TasPorts' Port Master Plan guides investment in port infrastructure improvements over the medium term. At the major ports of Burnie, Devonport, Bell Bay and Hobart, the Plan provides for greater capacity and capability, thus improving trade links nationally and internationally, which the industry supports.

A couple of near-term projects highlighted that are of interest to the forest industry include:

- Burnie Export Gateway: Infrastructure upgrades at the Port of Burnie to accommodate the introduction of larger vessels, enabling exponential export growth; and
- Macquarie Wharf Redevelopment: Redevelopment of the Macquarie Wharf precinct within the Port of Hobart to maximise usage for Antarctic, cruise and export sectors. These projects will ensure a network of fit-for-purpose infrastructure to facilitate future growth and demand at Tasmania's major commercial ports.

Industry sees an opportunity to facilitate rapid adoption of TasPorts improvements to Burnie, Bell Bay and Hobart Ports, particularly those that improve forest product handling and loading that include:

- new woodchip shiploader at Bell Bay
- northern access road to Hobart port and improved truck unloading; and
- de-bottlenecking of Burnie truck tipping ramps and stacking conveyors.

Forestry relies on the State's main ports, as they are essential in receiving and sending forest and wood products.

We believe there is an opportunity to maintain the TasPorts Schedule of Port Charges for the coming financial year. The industry has been hit hard from the ongoing COVID-19 impacts and from China

reducing or stopping our wood exports, which is having flow-on consequences. We are asking that port charges are frozen across the 2021/22 year to provide the industry with some relief over this period.

TFPA calls on the Government to:

- i. Prioritise addressing road infrastructure pinch points based on expected benefit in terms of haulage efficiency and social and environmental impacts. Any assessment should also consider the cost of any alternative options.**
- ii. Investigate the potential economic, social and environmental impacts and barriers of adapting log-trailers to transport inter-modal containers as well as logs (similar to TasRail's log-trailers). Adapting log-trailers may provide an opportunity to increase the backhaul utilization of transport assets.**
- iii. Support TasPorts to adopt improvements to Burnie, Bell Bay and Hobart Ports to improve forest product handlings and loading that include:**
 - New woodchip shiploader at Bell Bay**
 - Complete the northern access road to Hobart Port and improved truck unloading; and**
 - De-bottlenecking of Burnie truck tipping ramps and stacking conveyors.**
- iv. Facilitate TasPorts to maintain its current Schedule of Port Charges across the 2021/22 financial year.**

E. Work Health and Safety

As an industry we are highly regulated and the people employed in it take safety very seriously, and as such, if we do the wrong thing on our worksites there are consequences. However, if someone enters a business without consent to disrupt their workplace current legislation seems to be lacking.

Tasmania's forest workers, their families and communities are tired of the emotional and financial stress caused by a minority who continue targeting our industry.

We are strong supporters of free speech, but it is our view that workplace invasions are a curse to our civil society, and stronger action is required to protect our industry who are lawfully going about their business.

TFPA calls on the Government to:

- i. Provide stronger protection to workers and businesses through appropriate legislative controls and increased resources to reduce workplace invasions.**
- ii. Provide specific funding for a Work, Health and Safety Officer that assists businesses to implement and maintain good workplace health and safety and is the key contact when a workplace is invaded or being impeded that is causing a health and safety risk.**