



VISY PULP AND PAPER PTY LTD

Submission to Strategic Directions Issues Paper

MEETING FUTURE DEMAND – AUSTRALIA’S FOREST PRODUCTS AND FOREST INDUSTRY

4 June 2015

Introduction

Visy Pulp and Paper Pty Ltd (VPP) operates an integrated kraft pulp and paper mill in Tumut, NSW and utilises softwood plantation resources in the form of woodchips derived from pulplogs and sawmill residues. As a member of Australian Forest Products Association (AFPA), VPP supports AFPA’s submission to the Forest Industry Advisory Council (FIAC) strategic direction issues paper.

VPP shares AFPA’s view that forestry, wood and paper product industries have many common issues with the broader agricultural sector. Being a regionally based land user, our plantation based industry sees significant opportunities to enhance the sustainability of regional communities. This should be a priority for the Government of Australia, which must show strong leadership, ongoing commitment and a cooperative approach with industry and regional communities.

Objective – FIAC National Forestry and Fibre Plan

VPP also concurs with AFPA’s recommendation that a key FIAC objective must be to develop a ***National Forestry and Fibre Plan***. This plan can form the basis of a collaborative vision and strategy which engages all levels of government. An effective plan will:

- Consult all fibre supply chain stakeholders;
- Understand the dynamics of the issues facing stakeholders;
- Develop strategies to address those issues;
- Propose initiatives for action;
- Identify and develop funding and investment commitments from all levels of government;
- Outline implementation plans which require periodic reviews; and
- Identify metrics to measure progress and plan outcomes.

VPP’s following commentary corresponds with the “Questions for consideration” contained in the FIAC document entitled “Meeting Future Market Demand”. Our responses are typically specific to the softwood plantation sector but some are broad and can be applied to the forest products and forest industry generally.

Finally, VPP commends FIAC and the authors of the strategic directions issues paper for its clear outline of the issues and relevancy of the questions for consideration. We think this approach is very helpful and appropriate. As a result, submissions should provide valuable assistance to FIAC in providing the right advice to the Australian Government about developing or refreshing the policy settings required to support our industry into the future.

Vision and objectives

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

A vision for the forest products is essential, although it must be necessarily broad. Our future is dependent on expansion of plantation resources and development of existing and new products to meet domestic demands and displace imports while meeting the highest global environmental standards and sequestering carbon.

This is not to say that the native forest sector should be overlooked but from VPP's perspective, the priority should be in planted forest estates.

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

Specific objectives should relate to target hectares of appropriate species, something like *Plantations for Australia: the 2020 Vision*, which had good intentions but poor execution. Objectives must be able to be tweaked and altered over time to remain relevant and sustainable.

Issue 1: Market trends and pressures

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

Australia's ability to position itself to meet forest products demand is clearly to grow the right fibre for future demand. This likely precludes the current short rotation, pulpwood only approach to most hardwood plantations, unless lumber/plywood/LVL products can be developed from what is currently a pulp focused resource. A more intensive research and development effort on such resources could yield results in the shorter term

A good example of this is the research effort in Radiata Pine during the 1950s, where what was perceived as a low quality, non structural timber was developed into what is now the standard construction timber in Australia.

Issue 2: Emerging uses and markets

9. *What opportunities exist to better utilise wood resources?*

To repeat, more extensive research and development efforts are required to better utilise pulp-grade hardwood plantations for higher value products.

For example, acoustic wave testing of trees on-stump will aid in determining wood density, leading to improved optimisation and best use of each tree.

Issue 3: Forest resources

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

Expansion of the plantation estate will not occur without some form of government assistance or incentives. This is needed to support "the vision" and should include a carbon sequestration element.

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

Farm forestry could be a strong component of plantations expansion but there needs to be reasonable scale (eg. 40 hectare minimum). A combination of government incentives and industry partnerships could be a catalyst for investment.

An example of this is the recently revived Afforestation Grant Scheme in New Zealand.

Issue 4: Innovation, research and development

13. *What are the future research and development needs for Australia's forest development, and which of these needs are specific to strengths and opportunities in the Australian context?*

As noted above, research and development of hardwood plantations for higher value products may be appropriate. More effort in harvesting technology would benefit product determination at the stump (eg. acoustic wave testing) while remote controlled harvesting equipment may be the next step-change in supply chain cost reduction.

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?*

In the absence of a national, government funded body (eg. CSIRO) taking the lead, VPP believes that Forest & Wood Products Australia is an appropriate body for research and development coordination based on the current levy system for funding.

Issue 5: Consumer and community engagement

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

As now observed in the food sector, a "buy Australian" forest products campaign should be encouraged. This should be a urgent priority for Australian government departments. A "lead by example" approach could then be set for State and local governments, perhaps with appropriate incentives.

Issue 6: Strengthened regional approaches

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?*

If the Murray Valley (NSW-VIC) or Green Triangle (SA-VIC) models could be considered "forestry hubs", it is evident that plantation scale, diverse industries and proximity to efficient road transport are critical. Other factors such as available utilities, stable population centres and inter-modal transport options enhance prospects for development.

VPP believes the Australian Government's role is to: (1) incentivise plantation expansion in target regions; and (2) de-centralise both government and private sector businesses to those regions. State governments need appropriate support to implement this.

Issue 7: Infrastructure

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

The industry needs a significant boost to rural road funding, revitalisation of country rail networks and a stronger commitment to efficiently implement innovative heavy vehicle configurations that override State and/or local council boundaries.

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?*

As well as genuine foresters (not just so-called "environmental scientists"), the industry faces a skills shortage in harvesting and haulage as well as processing of forest products. Emerging technology could address both operating costs and labour recruitment by attracting new interest in the industry.

Technical foresters managing practical, operational forestry tasks could fill the current gap between vocational and university degree level positions.

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

There are some great examples of vocational training (eg. Tumut TAFE) which fit nicely into the regional forestry hub concept and are attracting national (and potentially international) attention.

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

Selling the rural lifestyle, remuneration and career prospects of a vibrant, regional forest economy is something that forest-based enterprises need help with.

Summary

In VPP's opinion, future challenges for Australia's forest products sector will best be met by a vigorous expansion of plantations. Native forests will continue to be mired in community debate, with productive areas steadily alienated to parks and conservation tenures. Australia's trade balance will be impacted by rising imports, particularly of structural timber and innovative timber products.

Targeted plantation investment will address future demand for timber products, the need for sound greenhouse gas avoidance and carbon sequestration schemes while, at the same time, will shore up the foundation of regional growth and prosperity.

A ***National Forestry and Fibre Plan*** will be an effective starting point for the Government of Australia and the nation's forest products and forest industry to face the timber, environment and regional community challenges of the coming decades.