TASMANIAN FORESTS & FOREST PRODUCTS NETWORK

North-North West Tasmania Regional Forestry Hub Industry/Community Consultation Forum

The Grange, Campbell Town, 27 May 2019

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Context

The National Forest Industries Plan

In September 2018, the Australian Government launched the National Forest Industries Plan: *Growing a Better Australia – A Billion Trees for Jobs and Growth*.

The Plan outlines the Australian Government's strategy to underpin growth in the renewable timber and wood-fibre industry.

It provides the vision and certainty needed for Australia's forestry industry and supports the sustainable forest industries as long-term growth engines for regional Australia.

The Plan ambitiously aims to deliver a billion new trees over the next decade (including 400,000 new hectares of plantations nationally) to meet a projected quadrupling of global demand for timber products by 2050, planting the right trees, at the right scale, in the right places.

The Australian Government supported the Plan in the 2018-2019 Federal Budget with a $20 million commitment over four years to help implement actions identified in the Plan.

Regional Forestry Hubs

In February 2019, the Prime Minister, the Hon. Scott Morrison MP, and Senator the Hon. Richard Colbeck, Assistant Minister for Agriculture and Water Resources, jointly announced nine sites around Australia to become Regional Forestry Hubs under the Plan. Four pilot hubs locations were announced including North/North-West Tasmania.

The Federal Government is contributing $12.5 million to the creation of the initial nine hubs with the aim of further growing Australia's forest industries and setting the industry up for the future.

The pilot hubs are an important first step and will help ensure the 'right trees are planted in the right places'. The Government's plan particularly calls out farm forestry which will play a significant role in achieving the goals of growing one billion new trees.

The Tasmanian Forests and Forest Products Network

The Tasmanian Forests and Forest Products Network (TFFPN) was established to represent the shared view, aspirations and expectations of all those people who have a stake in the future of a sustainable Tasmanian forests, fine timber and wood-fibre industry.

The Network does not seek to replace or diminish the role of other organisations, which represent the interests of individual industry sectors.

North/North-West Tasmania Regional Forestry Hub Forum

Background

In May 2019, the TFFPN invited interested parties to attend an industry/community consultation forum ("The Forum") with the Steering Committee established to oversee the establishment of the Hub. The aim of the Forum was to obtain a high-level strategic assessment of the factors impacting the forest growing and processing sectors in

North/North-West Tasmania and to identify the issues and priorities that will form the basis of the North/North-West Regional Forestry Hub ("the Hub") Workplan.

Format of the Forum

At the start of the Forum, Therese Taylor, Network Convenor, provided background information on the Hub, and Penny Wells from Private Forests Tasmania and Steering Committee member gave a presentation on forest data, including boundaries, mapping and forest grouping. A copy of Penny's presentation is attached as Appendix A.

The Forum was facilitated by Alicia Leis, Partner at WLF Accounting and Advisory. Alicia explained that it was the initial step in hearing from the industry and the community about what the Hub might look like and how it might operate.

During the Forum, Alicia provided table groups with a series of questions and activities designed to explore some of the issues that will inform the Hub Workplan, including the key influences most likely to impact the future of forestry over the next 20 – 50 years, the benefits and outcomes that could be achieved by the Hub, and issues around the geographic boundary.

Purpose of this Document

The purpose of this document is to provide a summary of the issues that were discussed and explored during the Forum to inform further discussion.

Forum Activities

Activity One – Questions for the Steering Committee

Members of the Steering Committee were invited to answer the following questions from the floor:

Do we also plan for a hub in the South, or focus on the North/North-West region for now?

- It was noted that the initial task is to define a geographic boundary for the North/North-West region
- There is good potential for a Southern hub, so we need to leave space for that possibility but re-evaluate scope in the future if that doesn't happen

We have been given a timeframe of 3 years – what are the measures of success at the end of that timeframe and the expected deliverables? More jobs? More plantations? Report to Government?

- What's driving this is the existing and projected deficit between trees in the ground and the demand for renewable timber and wood fibre
- It's about getting more trees into production to meet growing demand, so we need to be open-minded about the timeframe
- A measure of success will be established pathways for getting more trees in the ground and overcoming barriers to that happening

- The Grant Deed is about assessments and a report – the Commonwealth's expectation is that each Hub will have different issues to focus on, but progress doesn't need to take 3 years
- It's too early to state objectives and when they are to be achieved by – there is a reasonable amount of money on the table for the industry to do its work and that's what we are here for today – to decide the outcomes that the industry wants. In order to get more trees in the ground, there are certain things that need to happen, but we need the right people doing the work
- The Steering Committee has some ideas about how progress can be made but we want your skills and knowledge and for you to be engaged in the working groups so that we can get moving

The Plan talks about 1 billion trees to be planted in 400,000 new hectares but don't we need to look at more like 1 million hectares over the next 10 years?

- It's an aspirational task. The general recognition is that there is a need for the right trees in the right place
- Don't focus on the figure of 400,000 hectares for now – it was a figure the industry put forward as a starting point to address the deficit
- 1 billion trees and 400,000 hectares are nice neat numbers to discuss, but the better approach is to ask what can Tasmania's contribution be to achieving these types of goals?

What types of contributions are farmers being asked to make? Will there be any financial benefit for farmers?

- We need to look at all opportunities for planting trees including incentives for private landowners
- We need to look at what the reasons are that stop farmers planting trees
- There has been a loss of confidence in the sector, which we are starting to rebuild now. Private land is where growth is going to come from, so how do we make sure we have some wins along the way that rebuild confidence rather than waiting for a final report in three years' time?

Activity Two – Key Factors Influencing the Industry over the next 20 – 50 years

Table groups were asked to consider the key factors influencing the forestry industry over the next 20 – 50 years and to contribute one idea per table.

Key factors influencing the industry over next 20 – 50 years?

- Availability of land, but a solution is creating a value proposition with agriculture
- Finding a policy balance between agriculture and forestry – no resource, no industry – how do we get more trees in the ground?
- There is no use in having land and trees without skilled labour and more young people coming into the industry, which is also related to rewriting the public opinion narrative

- Climate change and its effects – what species should we be planting? What growth rates might we expect to get as it dries out or gets wetter? – general impact on eco systems and having due consideration to the impact of fire – we need to make sure we don't lose large components of resource
- Global demand across the supply chain from low to high grade
- Community attitude and industry culture
- Much greater recovery out of the forest – much greater array of products made from wood
- Technology changes – greater automation, artificial intelligence

Activity Three – Possible Benefits of North/North-West Regional Forestry Hub

Table groups were asked to highlight the possible benefits to flow from the North/North-West Regional Forestry Hub if it is successful.

What benefits and outcomes could be achieved by the Hub for the Tasmanian Community?

- Education and training
- Removal of barriers, rather than having to work around them
- Cooperative approach that fosters greater understanding of issues across sectors – community expectations, skills etc
- Diversified regional economy that doesn't rely primarily on tourism
- Increased information for decision-makers, including government forest managers, leading to less government intervention
- Coordinated industry voice and an enabler of public policy change
- Strategic coordination – reset the strategic plan and get all stakeholders on board, not just industry
- Unified vision, where the whole is greater than the sum of its parts
- Bargaining power for decision-makers

Activity Four – Current State Analysis

Table groups were asked to consider the current state of the forest industry in North/North-West Tasmania in terms of the forest; harvesting; products and processing; and the end user.

Forest:

- Various components – public land, private land, large industrial landowners – bringing those together and making them more integrated
- There are a lot of opportunities – to invest and to provide an income to smaller growers but when they need it not at the end of the process
- Declining area of planation in Tasmania and nationally
- Native forest – increased certification and forests are locked up so there is reduced access
- Stabilised institutional sector – that is positive

- Focus on right tree in the right place – that is coming through policy and also institutional investment in the state
- Better access to all land during emergencies – highlighted in summer 2019 fires – access was denied and this had significant cost implications
- Location of resources is disaggregated, which might be a potential issue
- No role models for replanting – some institutional investors are replanting but no independent plantations being created so skills are being lost – how do we go from a low base to a high base?
- It was observed that, relative to other states, Tasmania still does have an active smaller grower base that is energetic and interested
- Private native forests have become more important – it is unknown whether that is sustainable but there is an opportunity there to look at enhancing that

Harvesting:

- Ageing workforce and no clear career pathway through the forestry sector
- Lack of training for professional foresters – has diminished Australia wide – Tasmania could provide training – provide us with an advantage
- Very mechanised – no simple processes
- High entry cost into harvesting – machinery is technical and expensive, so productivity has to be high to make it cost effective – particularly an issue for small land holdings where there is a high cost associated with harvesting a small amount of wood
- Regulation – Forest Practices Code
- Transport – NHVR (National Heavy Vehicle Regulator) and chain of responsibility – look at how that impacts the State
- Limitations for public road network – getting onto main highway, dealing with different councils – big opportunity for development of rail
- Lack of skills funding – ABRE Training Hub is good but need more funding for skills
- Positive – well-established contractor workforce – well trained, lots of improvements in technology
- Positive – training facilitation – big improvement
- Positive – good segregation in forest for high-end product
- Opportunity to look at Tasmanian harvesting businesses growing and providing services nationally – recognition of professionalism in the Tasmanian sector

Products and Processing:

- Light on native forest products, but generally there is increased processing capacity and trend towards diversification of products – pulp and paper sector – pilot plant at Boyer looking at wood chemicals, CLT (cross laminated timber) being looked at and there are new veneer/plywood plants at Bell Bay
- Whatever expansion is occurring needs to be export-focused – Tasmanian market is saturated

- Wood is stored solar energy – no battery required – potentially an untapped area of our industry
- Energy costs in Tasmania are high by comparison – processing costs need to be more competitive

End User:

- Chasing high quality at low cost, with certification, but not prepared to pay a premium for it
- Poor balance of trade with new products – if we can't improve our wood supply, we face product substitution that leaves a bigger carbon footprint than wood

Activity Five – Key Growth Constraints

It is necessary to identify growth constraints under the terms of the Grant Deed. Based on the current state analysis, table groups were asked to share two key constraints.

Key Growth Constraints:

- Investment cost with long-term payback
- Access to skilled operators
- Access to productive land – there is no industry without resources
- Existing infrastructure – for example, ports need to be dredged to correct level – about improving cost competitiveness – rail integration into port
- General cost competitiveness for supply chain – need to get product to market at the lowest cost
- There is no investment business model – for farmers and small landholders in particular – there is a need for disruption – Uber Trees?
- Equal access to information – sharing of information needs to extend beyond professional forestry companies
- Ageing workforce and limited uptake from new graduates
- Lack of clarity in carbon trading markets
- Regulatory constraints and framework – unclear/difficult to navigate
- Available land at scale – covers a range of issues from knowing what land is suitable for forestry to negotiating with landowners
- Social licence – the industry wants the community to accept that it is a legitimate industry
- Confidence – across growers, investors, training
- High cost of entry – growing, processing, harvesting – direct financial costs but also approvals, red tape, green tape and difficulty in obtaining finance in what is perceived as high-risk environment
- Lack of clear pathways to education and training

The following constraints were considered to be the most relevant:

- Access to skilled operators
- Access to land

- Incentives for landowners
- Skills and labour force
- Confidence
- Lack of clarity in carbon trading
- Cost of entry to the industry
- Existing infrastructure

Activity Six – Solutions to address Growth Constraints

Table groups were asked to identify a handful of priority solutions for addressing the growth constraints addressed in the workshop.

Priority Solutions:

- Burnie Port – infrastructure review; equitable access; dredging; rail integration with port – making export easier
- Skills development – articulating clear career paths; attracting and retaining new people; skills development for those already in the industry
- Develop pathway plans to great jobs in innovative industry but also education pathway – cadet foresters, Certificate III and degree level - clear pathways on training – what are the real skills that workers need vs. what they need for a qualification
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- Access to land – provide incentives for landowners to plant – reverse mortgages; joint assistance schemes and agri-loans worked in the past – some loans for agriculture are not available for forestry
- Embrace diversity to encourage non-traditional workers into the industry
- Access to land and business models – develop more creative, cooperative shareholding models allowing all land sizes to participate – pooling of land base for independent landowners
- Not just government responsibility – industry has a role to play
- Affordability – access to low interest loans
- Land and incentives – prioritising the two – good clear communication with government – regulatory processes – promote forestry as complementary activity with agriculture – as an incentive to growers – simplifying processes where incentives are provided – appears to be a barrier to adoption for growers if there's too much paperwork
- Marrying carbon credits with 1 billion trees – upfront carbon payment to cover initial costs
- Knowledge transfer to landowners – The Farm Forestry Toolbox was a really effective tool but it's out of date now – help them get on app, simplify the information so that they can see "this is how I grow the trees" and "this is the investment I need to make"

- Change policy to avoid over-regulation – second and third rotation plots – ensure landowners don't have to do full Forest Practices Plan for smallholdings – the plans cost approximately $1000 so you are already behind financially
- Assess what land suitability mapping is available to identify if particular properties are suitable to grow particular species and proactively approach them with incentives
- Carbon credits – having consistency in eligibility and making a replant a reset for eligibility
- Saleable under RET – valued as grower
- Understanding what best practice in terms of …. is – some places in world doing it well – European and west coast US – good opportunities to learn from that in terms of what good public policy is to enhance industry and grow it

The top priority solutions were considered to be:

- Cooperative shareholding models
- Sort out carbon credits
- Portability of plantation investment
- Marry carbon ERF with 1 billion trees – upfront carbon payment to cover establishment
- Oversight and strategy
- Boundaries

Activity Seven – Identify Operations and Governance Structure

There was a general discussion in the room about the structure, which might include –

Board – established

Steering Committee – established

Together the Board and Steering Committee will provide oversight and strategy

Project Manager – there is funding for this kind of role

There was general discussion about where this person should work – in a standalone office or hosted by, for example, Cradle Coast Council

Working Groups – possibility to work on the themes and priorities discussed at the Forum

There was general discussion about the process for appointing working groups

Purchased Services – there is the capacity to purchase services from experts in the field such as PFT (Private Forests Tasmania)

Stakeholder Engagement – this is an important aspect and key stakeholders need to be identified

Activity Eight – Identify Geographic Boundary for the Hub

There was general discussion in the room about possible geographical boundaries – if we draw a line, where should it be and on what basis? – electoral boundaries, local government boundaries, some other form of boundary?

- Nine Cradle Coast councils – if West Coast is in the mix, that would be good
- Debate about including the islands – Cradle Coast Authority strongly supports islands being included as they are member councils

Wrap Up

- Alicia Leis summarised the Forum activities and asked for feedback and reflections
- Private Forests Tasmania had done a quick straw poll across 20 landowners asking similar questions and that feedback should also be considered in this context (Attached as Appendix B)
- Therese Taylor thanked everyone for their participation, emphasising that the development of the Hub is an industry-led process

Next steps

- Notes will be distributed to assist in discussions about operationalising the Hub
- A separate communication plan will be developed to ensure that all relevant stakeholders are kept informed of developments