

Tasmania's Forest Industry COVID-19 priority recovery actions – 15 July 2020.

Background:

While the Tasmanian forestry sector has continued to maintain an active supply chain and essential service during the COVID-19 crisis, it has also experienced significant negative impacts arising from the crisis. The impacts have been felt by businesses during global lockdown restrictions and are expected to have flow on or delayed impacts for at least the next 18 months. The most significant impacts affecting forestry businesses include:

- quota reductions,
- reduction in demand for some products (eg paper for advertising, wood from private non-industrial growers)
- downturn in production (for a complex range of reasons and to varying degrees in different parts of the supply chain),
- export market volatility, shipping delays, container shortages,
- extra costs to implement safe working procedures,
- rising mental health issues from the cumulative impacts of lockdown restrictions,
- need for extra planning around volatility, geo-political tensions and increased risks of force majeure on existing contracts.

On the 5th May 2020, eighteen representatives from across the Tasmanian forestry supply chain joined Departmental and Ministerial staff in attending and providing input to Minister Barnett's COVID-19 Forest Industry Roundtable. A range of ideas were put forward by participants to assist in COVID-19 recovery planning for the forestry sector. It is understood that a high level summary of the outcomes from the roundtable have been provided to the Premier's Economic and Social Recovery Advisory Council by the Department of State Growth.

On 19 June 2020, CEOs and/or Chairs of peak industry associations and representatives of public and private forest managers (including the Tasmanian Forest Products Association, the Australian Forest Contractors Association (Tas), the Tasmanian Forests and Forest Products Network, Sustainable Timber Tasmania and Private Forests Tasmania) met to collate the ideas from the Roundtable into an industry driven, prioritised set of recovery actions for the Tasmanian forestry sector, where co-investment from Government would be welcomed.

The following priority recovery actions were initially developed from that discussion. The contents have now been updated to include relevant feedback from the Minister's Roundtable held on 15 July 2020.

Priority recovery actions

Industry would welcome additional support or co-investment from Government in the following key areas:

Immediate priorities

1. *Infrastructure and resources:*

- i. For existing and future Government infrastructure programs (eg social housing) need to see **explicit and proactive Government promotion of Tasmania's Wood Encouragement Policy** – to stimulate the domestic timber market in Tasmania but also as an example for mainland Australia. This could include:
 - o Revisiting the policy and reinvigorating its status;

- Consider installing wood pellet/wood briquette heating in new social housing builds;
- Where specified timber products are not currently available give consideration to adapting design/architectural specifications to timber products that are available domestically. Tasmanian timber processors would be happy to work with Government procurers to advise product availability.
- ii. Facilitate **more detailed business cases for priority roading infrastructure** - including those described in the 2018 Evan Rolley report for southern Tasmania (eg northern access to Hobart Port, Plenty Link Road), and revisiting the proposed Launceston eastern ring road.
- iii. **Collaborate with industry to maintain wood production access to multi-use native forests** managed by STT and private landowners.
- iv. **Implement TasRail strategic priorities** to improve efficiencies in south-north rail transport route.
- v. Facilitate rapid **adoption of TasPorts improvements to Burnie, Bell Bay and Hobart Ports** (ref TasPorts 20 Year Strategic Plan) – particularly those that improve forest product handling and loading (eg new woodchip shiploader at Bell Bay, northern access to Hobart port, improved truck unloading at Hobart Port, de-bottlenecking of Burnie truck tipping ramps and stacking conveyors).
- vi. **Collaborate with industry to retain Hobart Port as a working port** incorporating a vibrant forest products export sector.
- vii. **Defer recent 3.1% increase in TasPort port fees.** The June 2020 increase is inconsistent with Government moves to reduce or provide relief from govt fees and fee increases and will impact on already stressed supply chains and entities who have not experienced commensurate CPI increases in export prices.
- viii. **Defer recent 3.4% increase to STT hardwood sawlog prices.** This is an annual escalation in supply contracts but sawmillers believe it should be deferred for the stumpage component of the advised increase. The contractor rate component of the increase could be retained.
- ix. **Continue existing stimulus programs for 12 months**, including services support for power and water, and building and construction stimulus program. Additional support such as stamp duty concessions, abolition of payroll tax and reduced costs for planning approvals would be a significant enhancement to the building and construction stimulus program.
- x. **Maintain Launceston Airport as the principal northern Regional air transport hub.** This facility is critical for business in northern Tasmania and industry will vehemently oppose any suggestion that the airport should be downgraded or closed in a post-COVID world.

2. *Bushfire mitigation and asset protection*

Invest in expanding the use of mechanical fuel reduction contracting capacity to provide stronger boundaries for planned strategic burning and to protect sensitive locations and key investments/assets.

3. *Skills, Training and People*

- i. Fund development of a **Forestry Workforce Development Plan** facilitated by existing industry organisations such as the TFFPN and Arbre Hub. Include components assisting contractor safety training, particularly contextualised to enhance psychological safety culture as a more effective alternative to training in multitudes of procedures and policies.
- ii. Use the outcomes in conjunction with existing networks to promote the industry as an attractive place to work and build a career.
- iii. Support upskilling and competency accreditation by funding a further term of TSDS with greater industry management and oversight.
- iv. Ensure short term essential travel exemptions are promptly available to specialists required for highly technical manufacturing processes eg pulp and paper manufacturing.

- v. Leverage existing networks to develop and deliver communication and support programs to enhance mental health outcomes across the sectors negatively impacted by COVID.

4. *Supply chain efficiencies*

Investing in identified supply chain inefficiencies that currently increase product handling costs to customers. The Tasmanian Regional Forestry Hub assessment reports (due to be completed over the next three months) will identify priorities.

5. *NIFPI extension*

Extend funding the National Institute for Forest Products Innovation. Another round of National Institute for Forest Products Innovation (NIFPI) funding would further encourage innovation. Particularly need to include a focus in increased domestic manufacturing and value recovery from plantation grown logs.

6. *Strategic marketing*

Continued co-investment in strategic marketing – an extension and expansion of the Tasmanian Timber Promotions Board campaign (We are Tasmanian Timber) to include softwood and hardwood plantation sectors.

Blue sky priorities – for future proofing:

7. *Manufacturing*

Rethinking domestic manufacturing. Facilitate aspirational plans regarding manufacturing in Tasmania – linked with development of Tasmania’s Domestic (wood) Processing Plan. Eg foster projects that enable more finishing of products here - as an alternative to part finish, then export offshore for finishing, then import finished product back eg timber flooring products. Consider assistance with strategic investment in proven manufacturing sectors to directly replace dependence on Chinese manufacturers.

8. *Improving resources*

Increase native forest regrowth thinning and plantation thinning and pruning to create higher value feedstock for the future as well as short to medium term employment opportunities for contractors and their employees impacted by the COVID market downturn. These harvesting and tending operations will incur higher costs and be labour intensive therefore some form of Government stimulus support would assist industry to achieve optimal outcomes.

9. *Expand private wood basket*

Facilitate expansion of the private plantation wood resource through seed funding catchment scale demonstration sites (expand existing farm forestry demonstration sites program to achieve real **catchment scale** outcomes). The aim is to integrate commercial wood production into existing agricultural enterprises and landscapes.