

The background of the entire page is a photograph of stacks of wood planks. The planks are arranged in neat piles, with some showing the natural wood grain and others appearing darker, possibly due to staining or weathering. The lighting is warm, creating a golden-brown hue across the scene.

EXPANDING PLANTATIONS AND GROWING DOMESTIC MANUFACTURING

Recommendations from the Forest Industry
Advisory Council of South Australia

March 2020

***Expanding plantations and growing domestic manufacturing:
Recommendations from the Forest Industry Advisory Council of South Australia***

Information current as of March 2020

© Government of South Australia 2020

Disclaimer

PIRSA and its employees do not warrant or make any representation regarding the use, or results of the use, of the information contained herein as regards to its correctness, accuracy, reliability and currency or otherwise. PIRSA and its employees expressly disclaim all liability or responsibility to any person using the information or advice.

All enquiries

*PIRSA Forestry – FIACSA Secretariat
Primary Industries and Regions SA (PIRSA)
Level 14, 25 Grenfell Street
GPO Box 1671, Adelaide SA 5001
Email: PIRSA.forestry@sa.gov.au*

Forest Industry Advisory Council of South Australia

Wendy Fennell (Chair)

Members

*Tammy Auld
Peter Badenoch
Martin Crevatin
Mark Rogers
Emma Daly
Laurie Hein
Ian McDonnell
Linda Sewell
Jillian Stone
Ian Tyson*

Foreword

On behalf of the Forest Industry Advisory Council of South Australia, I am pleased to present this paper and our recommendations to the South Australian Government.

The South Australian forest and wood products industry is working to make the most of recent international competitiveness and strong domestic demand. This includes significant investment in major processing facilities in the south east of the state and a proposal for a new wharf in Kangaroo Island.

The industry is ready for growth, and it is important that government and all levels of industry embark on this growth agenda together. Even with the long term positive outlook for the industry, there are still challenges to overcome. Increasing the availability of log will be essential to the ongoing investment in, and competitiveness of, timber processing. It increases economies of scale, which flows through to efficiencies in other parts of the value chain such as biomass, harvesting and haulage.

Weathering against other cost pressures will require collaboration and cooperation within the industry, as well as action from government to lower costs and avoid unnecessary regulation and licensing.

The advice contained within this report is intended to complement the works already underway by industry and governments of all levels. It is hoped the recommendations will assist the South Australian Government identify priorities, provide funding, and make regulatory changes to enable industry to continue to grow regional and renewable jobs. The recommendations show how government and industry can work together to double the economic value of the South Australian domestic manufacturing industry by 2050.



Wendy Fennell
Chair
Forest Industry Advisory Council of South Australia

Contents

Foreword	3
The forest industry in South Australia	5
Our state and its plantations from then to now	5
The future of our plantations and timber manufacturing	5
FIACSA recommendations at a glance	7
FIACSA recommendations to Government	8
Promotion	8
Fairer water arrangements	8
Minimise red tape and policy changes	9
Cross-border issues	10
Biosecurity	10
Fire	11
Improve infrastructure, including information technology	12
Reduce transport costs	12
Training	13
Workforce attraction	13
Agriculture and forestry forums	14
Research and development	14
Procurement	15
Increase rate of return of establishing plantations	15
Provide tools to encourage Farm Forestry	16
Considerations for industry	17
Opportunities for industry growth	17
Growing community understanding	17
Adoption of innovation	18
About the Forest Industry Advisory Council of SA	19

The forest industry in South Australia

Our state and its plantations from then to now

South Australia's forest and wood products industry is an important economic contributor to the state, particularly in regional areas. Entirely plantation-based, the forest industry here represents a renewable resource that supports a variety of products in two National Plantation Inventory regions: the Mount Lofty Ranges and Kangaroo Island (including the Mid North), and most significantly the Green Triangle in the state's South East and into western Victoria.

Plantations across these regions are a significant part of the national estate. According to figures from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), South Australia's plantation estate is around 172,000 hectares, representing about 12% of softwood (*Pinus radiata*) and 5% of hardwood (mainly *Eucalyptus globulus*) plantations in Australia. In line with national trends, the estate has slightly reduced over the past ten years, driven by the conversion of some hardwood plantations to agriculture after harvest. The softwood estate has remained comparatively steady over the same period.

Broadly, the forest industry in South Australia includes tree growing, harvesting and haulage, manufacture of various wood and paper products, and associated research and development. Major South Australian products include sawn timber, engineered wood products and panels, woodchips, paper products, landscaping materials, fencing, bioenergy, and biofuels.

These products create significant value. It is estimated that about \$2.6 billion worth of wood and paper products are produced within South Australia each year (ABARES and the Australian Bureau of Statistics figures).

While the industry has continued to develop over recent decades, it has endured significant changes. Government owned forests in the South East and Mid North are now under private management. Export markets, particularly for woodchip and pulp quality log, have seen significant growth as the international demand for pulp expands and hardwood plantations mature. South Australia's forest industry is now mainly privately owned and a part of the global timber market. These changes represent both a challenge and an opportunity for the industry to develop.

The future of our plantations and timber manufacturing

The forest industry has a target of doubling domestic manufacturing in the wood products sector by 2050. Given the limited growth of plantation estate area in recent years, and concerns from domestic processors about future log supplies, the time is right to consider future actions that will set up the industry and our state for success. The recommendations in this report seek to ensure this target is met.

The report builds on recent work by the Australian Government, namely the National Forest Industries Plan released in 2018. The plan seeks to grow the Australian plantation estate by about 400,000 hectares, with an aim to ensure resource security to encourage investment.

The forest industry in South Australia has also expressed a desire for expansion and an intention for cooperation through the release of the Green Triangle Forest Industries Hub (GTFIH) Industry Action Agenda, which includes a target to grow the plantation estate by about 150,000 hectares across south east South Australia and south west Victoria. The ongoing work of the GTFIH, a collection of the largest growers and processors in the Green Triangle region, will be a continuing consideration for the South Australian Government as it addresses the recommendations outlined in this report.

The major focus of this report is to provide advice to the Government. FIACSA have determined a suite of recommendations designed to facilitate the growth of the forest and wood products sector in South Australia. These cover some of the opportunities and impediments for industry growth, and how Government can help develop this sustainable industry.

In discussing the state of the industry, FIACSA has also identified some key considerations for industry moving forward. These are issues industry are best placed to consider, and recognises the role industry will need to play in growing the sector in South Australia. In many areas, the forest industry is already taking significant action to improve its future.

FIACSA recommendations at a glance

Recommendation 1: That the South Australian Government promotes the forest industry on a fair and equitable basis as other industries to raise its profile.

Recommendation 2: That the South Australian Government investigates ways to avoid water waste for the benefit of all water users.

Recommendation 3: That the South Australian Government considers evidence-based proposals from industry to reform water licencing in the Limestone Coast.

Recommendation 4: That the South Australian Government works with all levels of Government to implement a bipartisan strategy that stabilises policy settings over the longer term.

Recommendation 5: That the South Australian Government establishes an agreement with the Victorian Government to address harmonisation of cross-border issues in consultation with industry.

Recommendation 6: That the South Australian Government commits to the National Forest Biosecurity Surveillance Strategy.

Recommendation 7a: That the South Australian Government commits to increasing effective fire prevention, suppression and community based fire services to outer metropolitan, regional and rural South Australia, and consults industry before using new fire related technology.

Recommendation 7b: That the South Australian Government undertakes a state-wide audit of the structural integrity of its fire tower network and fund any upgrade required to maintain current fire services.

Recommendation 8: That the South Australian Government commits to funding and progressing a staged industry plan for preferred infrastructure works including roading and internet connectivity, recognising works of national importance.

Recommendation 9: That the South Australian Government establishes ways to reduce licensing and regulatory costs associated with High Productivity Vehicles and Multi-Combinations.

Recommendation 10: That the South Australian Government provides resources for industry to develop a long-term industry training proposal for the whole state.

Recommendation 11 That the South Australian Government and industry investigate ways to attract and retain more skilled people to forestry regions, through new visa arrangements, school facilities, more suitable childcare arrangements, and changes to working hours.

Recommendation 12: That the South Australian Government facilitates forums for agriculture and forestry to discuss areas of mutual interest.

Recommendation 13a: That the South Australian Government provides continued funding support for the National Institute for Forest Products Innovation in Mount Gambier beyond the \$2 million in funding due to expire in 2021.

Recommendation 13b: That the South Australian Government collaborate with industry on proposals to ensure more hardwood resources are value-added in South Australia.

Recommendation 14: That the South Australian Government develops and adopts a wood encouragement policy to increase the use of sustainably sourced wood products within Government procurement activities, and promotes adoption of wood encouragement policies by local governments across the state.

Recommendation 15: That the South Australian Government works with industry to help facilitate access to the carbon market.

Recommendation 16: That the South Australian Government provides and promotes a range of the latest growing, establishment, management and marketing information and research for landholders to undertake a farm forestry cost benefit analysis.

FIACSA recommendations to Government

Promotion

It is important for the South Australian Government to support the forest industry, and this support should be represented through ongoing works to achieve the recommendations outlined in this report.

However, Government support needs to do more than that. It should be obvious and visible to the wider community. This is not about Government favouring the plantation industry above other primary industries, but is about ensuring forestry remains a positive part of the discussion when considering the Australian rural landscape.

There are numerous ways for Government to show their support for the forest industry, including active participation at industry events, visible stands supporting the forest industry at agricultural shows, and announcements on the successes of the industry. These avenues help the community understand the benefits of plantation forestry.

Recommendation 1: That the South Australian Government promotes the forest industry on a fair and equitable basis as other industries to raise its profile.

Fairer water arrangements

To manage groundwater resources in the Lower Limestone Coast, the Minister for Sustainability, Environment and Conservation adopted the Lower Limestone Coast Water Allocation Plan (LLCWAP) in 2013. The LLCWAP introduced a water licensing system for commercial forests in the management plan area, based on expected water use over time.

The forest industry is estimated to be only 7-10% of the area of the LLCWAP and it is deemed to use 30% of the water allocations. According to a 2019 report from the South East Natural Resources Management Board, water extractions in the LLCWAP area are below the total recharge. However, some zones within the area are nominally classed as over-allocated. This makes continuing forestry activity in these zones challenging.

Drains within the South East may be useful in this regard. These drains currently take water from farmland through to lakes and eventually to the ocean. This is to prevent flooding of farmland. The drains travel with gravity in the approximate direction of groundwater flow, taking water from the east and carrying it to the west. There may be options to use the water currently moved through drains to increase infiltration of water in to the unconfined aquifer. This would provide more water for all users and groundwater dependent ecosystems.

Government and all industries in the region should work together to find innovative ways to retain more water within the unconfined aquifer systems, increasing the recharge rate and thereby increasing the water available for all users. This will avoid water licensing being a financial burden and investment risk, and instead move to a collaborative, landscape-scale water management program which does not penalise industry nor negatively impact the environment.

Recommendation 2: That the South Australian Government investigates ways to avoid water waste for the benefit of all water users.

South Australia's locally grown timber is a renewable yet finite resource, supporting domestic processing and the associated jobs in forest growing and management, harvesting and haulage, timber, panels and paper. However, the threat of reduced water allocations is a significant impediment to plantation expansion.

Aside from broadly working with Government to increase water recharge, the forest industry will continue to engage with other stakeholders to discuss how water policy can be adjusted to ensure fair water arrangements. This includes ensuring allocation systems respond to short-term variability, and consider and negate any disproportionate impacts on the economic viability of this long term crop.

One such matter is the possibility of enforcing premature clearfall. Under the current legislation, the Minister can enforce premature clearfall. This power, however, is currently tempered by another legislative provision whereby reductions in forestry allocations are to be imposed after harvest. Removing this Ministerial power would simplify the legislation and would be consistent with a fundamental principle that if a tree is planted, it does not have to be cut down prematurely.

There is also a need to understand the reasoning for the current area restriction on farm forestry in the LLCWAP. Under the LLCWAP, farm forestry is not subject to a forest water licence. Farm forestry is defined as a commercial forest that is situated on a farm and the net planted area does not exceed 10% of the title, or 20 hectares. Understanding why the area has been restricted to these limits will be important if industry is to make recommendations to increase farm forestry area allowances.

Industry recognises that sustainability underpins its future, and seeks that the best available tools and science are used to manage our natural resources. This may require additional monitoring bores. Any changes to existing water regulations will be led by evidence and based on the best available science.

Proposals from industry would be informed by science, and cognisant of the interaction of South Australia's water licensing and national carbon funding arrangements.

Recommendation 3: That the South Australian Government considers evidence-based proposals from industry to reform water licencing in the Limestone Coast.

Minimise red tape and policy changes

Investment in forestry is a long-term commitment, with fewer options for adjusting to short term changes than many other agricultural enterprises. Such investment is made more challenging in an environment where policy settings change more frequently than the investments.

During the approximate 30 year life cycle of a Radiata pine plantation the Australian and South Australian governments are likely to experience several changes. A commitment on both sides of politics is required to stabilise the policy settings over the longer term to encourage investment through reducing risk, enabling and generating the economic benefits associated with a long-term stable policy. A particularly important area of policy stability is the planning process for plantation establishment.

Industry in the Green Triangle recently emphasised the importance of ensuring Government policy settings were stable and avoided unnecessary regulation, with some primary recommendations of the Green Triangle Forest Industries Hub Industry Action Agenda being to remove regulatory barriers to secure and grow the estate base and prioritise the domestic market.

To achieve this aim the South Australian Government needs to work with the Green Triangle Forest Industries Hub, and other levels of government, to implement broader programs to ensure state-wide policy stability to the greatest extent possible.

Recommendation 4: That the South Australian Government works with all levels of Government to implement a bipartisan strategy that stabilises policy settings over the longer term.

Cross-border issues

The importance of the forest industry in the Green Triangle has been recognised at national level, with the Australian Government declaring this area a key regional forestry hub. However, operating across the border poses specific challenges due to differing regulation and requirements between South Australia and Victoria.

Harmonising disparate policies across both sides of the border is essential to growth, within key areas such as infrastructure planning, transport regulation, biosecurity and plant health policy, water regulation, and training recognition across jurisdictions. An example of this last point is in training for fire response. For industry to meet both the Country Fire Authority (Victoria) and the Country Fire Service (South Australia), requirements can mean extra costs from duplicating training efforts due to a lack of mutual recognition between the agencies. For transport, it may be important to assess and fund the upgrade of critical infrastructure constraints such as bridges to allow harmonisation of vehicle weight limits across the border.

Harmonisation could occur through the creation and funding of a cross-border action plan focussing on key issues and bringing them into alignment. Where standards differ, agreements can be made to meet the more appropriate standard.

There is precedent for achieving positive outcomes through collaboration across both sides of the border, with the Green Triangle Freight Action Plan (GTFAP) a prominent example. This was primarily a joint initiative of the Victorian and South Australian governments, and informed by a collective of stakeholders from industry, Regional Development Australia, and local governments. The GTFAP provided strategic priorities for infrastructure works, and recommendations on other improvements for Green Triangle freight movement. It has helped bring about infrastructure funding on priority roads and regulatory change, with the group behind the GTFAP actively lobbying the Federal Government and developing sound, evidence-based requests. The GTFAP also provides a basis for further discussions on improving the efficiency of freight movements across the region to the benefit of all road users, and active participation by both state governments is valued by industry.

Recommendation 5: That the South Australian Government establishes an agreement with the Victorian Government to address harmonisation of cross-border issues in consultation with industry.

Biosecurity

Robust biosecurity systems are essential to detect and manage pest and disease incursions that threaten the health of trees in our landscape. Exotic pests can result in significant economic, environmental and amenity costs that affect the South Australian Government, industry and community stakeholders.

State Government support for nationally coordinated surveillance programs is needed to mitigate the risk of exotic forest pests establishing in Australia and maximise the effectiveness and efficiency of detection of exotic forest pests.

Collaboration between all Australian governments and the forest industry is critical to achieving area freedom, continued market access, and the ongoing viability of our production forests.

Plant Health Australia is pursuing the National Forest Biosecurity Surveillance Strategy, which is designed to complement and address aspects of the various national biosecurity strategies.

Recommendation 6: That the South Australian Government commits to the National Forest Biosecurity Surveillance Strategy.

Fire

The forest industry takes its responsibility for fire management seriously, as fire forms a significant risk for the plantation asset and the surrounding community. This risk is conflated by issues such as rubbish dumping, arson, adjacent land management, and dry climatic conditions.

Each year the plantation sector spends millions of dollars on fire management. It is well equipped, resourced and trained to play a large part in the control and suppression of wildfire in the plantation estate. As well as direct investment in fire equipment, the plantation industry invests heavily in firebreak construction, plantation design and fire infrastructure (e.g. fire water points) to minimise losses to both plantations and the community. Added to this is staff training to support industry's fire response.

The forest industry has always collaborated on fire protection, participating in industry specific as well as tenure-blind committees to pool resources and achieve rapid fire suppression. The Forest Owners Conference (FOC) is one such peak body. Members within FOC share information on the fire equipment they have available within the Green Triangle, a fleet with a total water carrying capacity of over 327 kilolitres. The industry also has access to contractor-operated machinery, as well as equipment from outside the immediate region for members with assets outside the Green Triangle.

On an extreme fire danger day, 250 trained personnel are required to fully utilise the industry's fire equipment - out of a total pool of over 350 personnel. The FOC also invests in fire detection with four FOC members having fire towers for rapid detection, supported by an industry sponsored spotter aircraft deployed to detect fires and provide accurate fire locations across the region on bad fire days and after lightning storms.

Responding to fires outside plantations is undertaken by FOC members to protect not only their assets but also assist the fire authorities to reduce the impact of fire on the community and other assets in the landscape. This response from the industry benefits the wider community beyond plantation asset protection. The coordinated approach to responding to fires includes an automatic dispatch commitment for when fires are reported, resulting in forest industry brigades attending as first responders in conjunction with the rural fire authorities. For example in January 2020, the majority of industry responses in Western Victoria were not incidents within the plantations.

While the Government no longer directly manages plantation assets in the Limestone Coast and the Mid North, it still has a crucial role to support community fire prevention and suppression. The Government should maintain legislation that supports landholders upholding their fire risk mitigation responsibilities, well-managed prescribed burning programs in parks and private land, and research to advance industry and community best practice in mitigation, detection and rapid response.

Recommendation 7a: That the South Australian Government commits to increasing effective fire prevention, suppression and community based fire services to outer metropolitan, regional and rural South Australia, and consults industry before using new fire related technology.

Recommendation 7b: That the South Australian Government undertakes a state-wide audit of the structural integrity of its fire tower network and fund any upgrade required to maintain current fire services.

Improve infrastructure, including information technology

Appropriate infrastructure can facilitate easier and cheaper transport of logs, sawntimber, panels, paper and residues. Engagement with all levels of Government will assist in ensuring proper assessment of road assets, identification of infrastructure gaps that restrict the use of efficient transport vehicles, appropriate staged planning for works to limit inconvenience for freight tasks, and prioritised asset upgrades from a national perspective – particularly for assets such as bridges and culverts. Regulation applying to monopoly type assets such as ports could be reviewed in partnership with industry if they hinder industry investment.

Government support for trials of new communication technologies such as SkyMuster, along with infrastructure and grants that facilitate reliable internet connectivity would enable industry to make the most of Global Positioning System (GPS) and satellite technologies.

Recommendation 8: That the South Australian Government commits to funding and progressing a staged industry plan for preferred infrastructure works including roading and internet connectivity, recognising works of national importance.

Reduce transport costs

Forestry in South Australia is generally focussed in regional areas, with domestic processing located near the plantations. However, the costs of transporting logs from forest to processor and product to market is an ongoing challenge for the sector.

Transport costs can be particularly high for High Productivity (HPV) and Multi-Combination (MC) vehicles in aspects such as weight restrictions, permit costs, licences and training. This essentially supports lighter weight vehicles even when higher productivity vehicles may have a higher safety record and lower impact on road infrastructure. Further use of HPVs could also be facilitated through addressing first mile and infrastructure constraints.

Permit systems and licensing for transport, especially for first and last miles, would benefit from a reduction in red tape. Approvals should be made available for longer periods through a streamlined fair and open process under the control of a single body. Achieving higher levels of transport efficiency would also be supported by changing the requirement for a 12-month waiting period for granting licences from Heavy Combination (HC) to Multi-Combination (MC) vehicle to a competency based measure. Heavy vehicle registration costs are not competitive with Victoria and as a result, the South Australian Government loses revenue.

The South Australian Government also has a role in advocating for efficient assessment of infrastructure for delivering South Australian products to destinations in other states, for example, where the same bridge in Victoria is required to be assessed and re-assessed at a considerable cost to industry each time a new permit is required.

Recommendation 9: That the South Australian Government establishes ways to reduce licensing and regulatory costs associated with High Productivity Vehicles and Multi-Combinations.

Training

The forest industry currently employs about 5,500 people in South Australia and indirectly supports employment for another 12,500 people across the growing, harvesting, haulage, processing and wholesaling sectors. Across this diverse supply chain, the required skills are equally diverse.

Support for accessing local accredited training and the recognition of in-house training for upskilling staff is key to attracting and retaining the right people. Incentives to support diversity and attract skilled people to regional living are also important considerations for Government.

The promotion of forestry careers to teachers, students, potential farm foresters and others whom influence individuals making career and study decisions, along with flexible and innovative approaches to education plus visible career opportunities and pathways, will support the employment of regional youth in local forestry occupations.

Government programs that encourage collaborations between industry and universities could support upskilling and utilisation of artificial intelligence and robotics, developing both technology and people.

Regional Development Australia has investigated opportunities for regional workforce strategies and could be a skilled partner in developing an overarching forestry training proposal that identifies the short and long-term needs of the industry.

Industry in the Green Triangle have identified that they will be developing and implementing a collective industry internship program by 2021, and identifying new and emerging skills required by the industry over the next 10 years. Government can seek to build on the results of this work to help create positive outcomes for the forest industry across the State.

Recommendation 10: That the South Australian Government provides resources for industry to develop a long-term industry training proposal for the whole state.

Workforce attraction

Regional areas, where most forestry takes place, do not have the same population pool as major cities, which makes attracting and retaining skilled staff difficult. As a result, both industry and Government need to work together towards a more flexible and innovative approach. The approach should seek to retain skilled youth in forestry regions, and generate greater awareness of the many career opportunities within the forest industry. Creating more visible career pathways could assist in bringing skilled workers to the region, and encourage new workers to enter the forestry workforce. Ensuring regional access to better services will also be important, including considerations for regional childcare arrangements.

In the case of forestry, skilled graduates can come from overseas. Retaining these graduates can be difficult given the short-term nature of their visas. Government could seek to address these and other issues to ensure overseas working migrants are given the opportunity to help grow the sector.

There are also practices within the industry which could assist in attracting and retaining skilled workers, such as changing working hours. Although this can be limited somewhat by the needs of the customer or employer, particularly in the harvesting and haulage sector, this could be investigated.

Existing Government programs, including those of Regional Development Australia, will be an integral part of assisting with promoting forestry regions. The Government can also leverage existing programs, such as a proposed Green Triangle website which the industry has sought to initiate, to share positive stories, raise awareness for job opportunities, and promote upcoming regional events.

Recommendation 11: That the South Australian Government and industry investigate ways to attract and retain more skilled people to forestry regions, through new visa arrangements, school facilities, more suitable childcare arrangements, and changes to working hours.

Agriculture and forestry forums

Growth in any industry works best if there is community support. For land-based industries, this support is also needed from landholders.

To engender this support, it is suggested there be regional agriculture and forestry forums, mediated positively, on how the sectors can work together collaboratively to improve outcomes for both as well as the regions overall. Deliberations could focus on better understanding of each sector and an improved allocation of scarce resources.

Recommendation 12: That the South Australian Government facilitates forums for agriculture and forestry to discuss areas of mutual interest.

Research and development

The industry across South Australia has a long history of research and development, from the initial selection of *Pinus radiata* during the colony's development, to the recent advances in sawmilling technology and data acquisition from the forest.

Such research not only contributes to increases in efficiency, productivity and safety, it also provides independent scientific data to support evidence-based Government policy.

South Australia has developed strong collaborations for industry driven research, and the role of Government in this space has been demonstrated by the successful National Institute for Forest Products Innovation model. Continued funding towards this model will ensure the industry remains at the cutting edge.

There is also an opportunity, particularly for hardwood domestic processing, for research to develop and assess the viability of a new or improved product or open up new markets. Working with all levels of industry towards more processing would provide more options for growers and additional employment for all the industry sectors involved.

While the National Institute for Forest Products Innovation will remain the premier forest research initiative of the South Australian Government, it is important for the Government to facilitate relevant industry parties to further develop innovative ideas, including the domestic processing.

Recommendation 13a: That the South Australian Government provides continued funding support for the National Institute for Forest Products Innovation in Mount Gambier beyond the \$2 million in funding due to expire in 2021.

Recommendation 13b: That the South Australian Government collaborate with industry on proposals to ensure more hardwood resources are value-added in South Australia.

Procurement

To help lower the carbon footprint of public infrastructure and procurement, governments at all levels can choose to create policies to encourage timber use in government contracts. This can help increase the use of sustainably sourced wood products.

A wood encouragement policy provides reasons for governments to consider sustainable sources of wood in new builds and refurbishments, thereby supporting environmental and climate change targets, as well as local industries.

Several wood encouragement policies now exist. Two exist at the state level in Australia: in Tasmania since 2017, and in Western Australia since 2019. Local governments also adopt such policies, and there are two examples in South Australia. The Wattle Range Council adopted a wood encouragement policy in August 2015 to stimulate economic development within the council area, and the District Council of Grant followed suit shortly after in November 2015. Both these councils are in the Green Triangle region, meaning they have a strong interest in the strength of the industry.

The Industry Advocate in South Australia can recommend reforms to procurement and contracting practices to ensure local businesses are not disadvantaged. For example when the steel works at Whyalla were facing difficult times, the Industry Advocate's South Australian Industry Participation Policy was revised to incorporate strategic procurement policies for steel and regional development.

The adoption of similar encouragement mechanisms for wood would send a clear message of support for the industry from the South Australian Government. The South Australian Government should work with industry to not only develop appropriate wood encouragement policies at the state level, but also to encourage the adoption of wood encouragement policies in local government across the state – including in areas without strong forestry connections. These policies should work to ensure a transparent procurement process which recognises the benefits of wood products.

Recommendation 14: That the South Australian Government develops and adopts a wood encouragement policy to increase the use of sustainably sourced wood products within Government procurement activities, and promotes adoption of wood encouragement policies by local governments across the state.

Increase rate of return of establishing plantations

The return on plantation investment has to be competitive against other land-based activities to attract investors. A range of mechanisms can increase the rate of return on establishing plantations. These include carbon pricing arrangements applicable to growers in South Australia, mechanisms to reduce unnecessary land costs, and for published local log price information.

Carbon arrangements were a strong focus of recommendations from the Green Triangle Forest Industries Hub, which included that industry:

- Develop a unified position and policy setting regarding the sustainability and carbon sequestration benefits of the forest industry and the Green Triangle; and,
- Develop an industry wide carbon model.

Commercialising the carbon sequestration potential of plantations, in collaboration with the Federal Government, will be an important step in encouraging plantation investment. Currently, the industry seeks to invest \$1 billion in the Green Triangle region in plantation development.

Recommendation 15: That the South Australian Government works with industry to help facilitate access to the carbon market.

Provide tools to encourage Farm Forestry

Encouraging additional farm forestry plantings near existing processing facilities would assist in expanding plantation resources and diversifying farm incomes. This requires skilled land advisers, whether natural resource management officers or accredited farm forestry consultants, and readily available decision-making information. Changed practices to increase farm forestry viability should also be explored, such as clustering plantings over 10 hectares in size to reduce harvesting and transport costs.

Specifically, more extensive farm forestry information should be made readily available from Government in print and on-line media including: financial and non-financial benefits; the water licensing exemption for farm forestry; who to consult for more information; and potential buyers. Government may need resources and expertise to take on the role, preferably aided by the forest industry. Government may also provide this service as a transitional measure, until the farm forest industry grows and industry support for such a service becomes more viable.

Governments across Australia have previously introduced a range of online programs to increase knowledge and practical skills in farm forestry over a number of years. This includes existing free programs such as the Farm Forestry Toolbox, and key basic information on Federal and interstate websites.

While the combined online government and private resources across Australia provide general information and practical tools for farm foresters, a dedicated site which provides up-to-date growing, management, and market information relevant to the South Australian market will go further to assist landholders in conducting their own informed analysis.

The information the South Australian Government provides and promotes should help enable farmers to conduct their own analysis about what is right for their circumstances. For farmers to feel comfortable in making these decisions, Government will need to provide basic advice on the work involved with managing a plantation, such as how to thin on time, and information on how to work within the market and identify a reasonable deal. This could include Government publishing regular updates on market statistics to ensure farmers feel they are entering a transparent market.

Recommendation 16: That the South Australian Government provides and promotes a range of the latest growing, establishment, management and marketing information and research for landholders to undertake a farm forestry cost benefit analysis.



Considerations for industry

FIACSA is providing the advice in this report for consideration of the South Australian Government. Members note that there are critical areas that may be progressed in collaboration, and yet others are largely considerations for the forest industry. A number of these other areas have been discussed by FIACSA, and are captured here to stimulate discussion within the forest industry of South Australia and its stakeholders.

FIACSA acknowledges a number of other key industry initiatives that outline industry commitments and progress on shared priorities. Examples include the Mount Gambier Centre of the National Institute of Forest Products Innovation, with Federal and State Government working with industry to deliver regional research priorities. The Green Triangle Forest Industries Hub, a consortium of nine of the Limestone Coast's major forest companies, who have released a report that commits its members to achievement in specific areas of regional industry interest. *The Blueprint for the Future South Australian Forest and Wood Products Industry 2014 – 2040*, developed by the Forest Industry Advisory Board with extensive consultation, includes considerations for both Government and industry.

Opportunities for industry growth

The industry in the Green Triangle has stated in the Green Triangle Forest Industries Hub's *Industry Action Agenda* the need to commit \$240 million in additional capital investment in processing and manufacturing.

To double the value of domestic processing, the current processing industry will need to evolve to produce higher value products, and add greater value to the existing fibre. This can include increasing the use of waste and residues in technologies such as bioenergy, bio-char and other biomass opportunities. Importantly, the South Australian forest and wood products industry in the Green Triangle has also committed to aim for 100% utilisation of every part of every tree, resulting in more products and less waste. Opportunities may also be explored to provide for domestic processing of hardwood plantation resources.

It is recognised Government will need to remain supportive of the opportunities arising from this aim and from other value added or innovative products. However, this requires a well-justified business case that does not distort the existing market, before provision of any Government financial assistance or initial seeding capital.

Consideration for industry – Pursue collaborations that support innovation in ways to process higher value products and add value to the existing fibre including waste and residues, such as bioenergy, biochar and other biomass opportunities.

Growing community understanding

South Australia's commercial forests are entirely plantation-based and support a sustainable and renewable industry, which generates jobs in regional areas, creates significant economic activity, and assists in climate change mitigation. However, that story is not always clearly delivered to the public, who may retain misconceptions about the industry.

This has multiple potential consequences: less people seeking to join the industry, a reluctance to develop farm forestry plantations, community reticence for industry expansion, and customers choosing other products.

This is why it is vital for industry to tell the true story to a wide audience, and Government can provide support in getting this message across. This can include simple changes, such as Government and the forest and wood products industry using the same messaging, which should focus on the positive future of the industry, and its potential to provide solutions to global problems, such as replacing plastics and capturing carbon. Our industry plays a key role toward the positive impact on our environment. This is a message that can relate to a new environmentally and sustainably focussed generation. Climate variability will also change the scope for establishment and management of forestry in some areas of South Australia, which adds a new urgency to this message.

There is a range of existing programs seeking to build awareness of the works of the forest industry. These include marketing programs through the Australian Government, industry funded Forest and Wood Products Australia, which also includes messaging, and resources focussed to educators. WoodSolutions, one of Forest and Wood Products Australia's flagship programs, is the world's leading resource for designing and building with wood. In addition, the Make it Wood campaign is run by environmental organisation Planet Ark in partnership with Forest and Wood Products Australia.

More recently, the Green Triangle Forest Industries Hub has revealed their intentions to develop a stakeholder engagement strategy based on a unified message, and a suite of engagement tools including the Green Triangle Forest Industries Hub website (<http://gtfih.com.au>).

Government should note the messaging arising from these promotional materials, and ensure a broadly cohesive message is delivered to the wider community.

Consideration for industry – Raise awareness of industry activities within communities with a view to maintaining social licence.

Consideration for industry – Develop a state and region specific education and marketing plan.

Adoption of innovation

All aspects of the forest industry will need to innovate and adapt new technologies in order to grow. This could include hardwood as well as softwood plantation domestic processing opportunities.

Government may have a role in developing or facilitating programs that encourage collaboration with South Australian universities and assisting industry in jointly developing technology and people. There is an inherent risk in innovation, and Government could assist in reducing this risk to help industry achieve innovative outcomes.

Government can also assist in ensuring priority regional areas have reliable connectivity to use the latest technologies such as GPS and satellite.

However, without industry involvement and guidance, innovation may not be targeted correctly.

Consideration for industry – Articulate to Government how best to encourage innovation in the industry.

About the Forest Industry Advisory Council of SA

The Forest Industry Advisory Council of South Australia (FIACSA), established in December 2018, brings together key industry stakeholders to provide advice to the State Government on further developing the forestry sector.

FIACSA aims to strengthen communication between government and industry, allowing stakeholders to discuss strategic policy issues and work towards common objectives.

The Council comprises eleven captains of industry who each bring a very high level of industry knowledge and commercial responsibility.

The establishment of FIACSA is an important step in achieving the industry target of doubling the economic value of the forest manufacturing industry by 2050.

Objectives of the advisory council

Key objectives of FIACSA include:

- playing an important role in identifying how industry and government can create the right environment for business to thrive
- maintaining a strong working relationship with other industry stakeholders
- advising on other industry initiatives including the opportunities and impediments for expansion of the State's plantation estate, and a sustainable and safe forestry and forest products industry sector.

Forest Industry Advisory Council of SA members

Wendy Fennell (Chair), Managing Director, Fennell Forestry

Tammy Auld, Woodflow Manager, Timberlands Pacific

Peter Badenoch, Managing Director, Plantation Treated Timber

Martin Crevatin, National Operations Manager, PF Olsen Australia

Emma Daly, Executive Manager, Van Schaiks Bio Gro

Laurie Hein, Managing Director, Green Triangle Forest Products

Mark Rogers, Managing Director, New Forests

Ian McDonnell, Managing Director, NF McDonnell and Sons

Linda Sewell, Chief Executive Officer, OneFortyOne Plantations Pty Ltd

Jill Stone, Three Streams Farm and Farm Forestry expert

Ian Tyson, Chief Executive Officer, Timberlink Australia Ltd

Contact

FIACSA Secretariat: PIRSA Forestry
E-mail: PIRSA.forestry@sa.gov.au
Postal address: GPO Box 1671
ADELAIDE SA 5001

