



# TALL TIMBER TANGLE

There's a lot at stake in the latest probe into the future of the forestry industry.

Story: Emma O'Sullivan; Photos: Ben Marden



Logging contractor Stephen Pope has been working since well before dawn, deep in tall trees sandwiched between the Tasman Sea and the Princes Highway on the New South Wales south coast.

Stephen heads up a team of men who will work all day to harvest over 200 tonnes of native forest timber near the seaside town of Eden.

Many of the trees have been growing since the 1980s but the complex machinery driven by Stephen's workers can fell a tree, strip it of its bark and cut it into sections in a matter of seconds.

"We go through and thin out the bush," Stephen says. "There might be, when we start, about 1,500 trees per hectare. Then we thin it down to about 300 for future mill logs."

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**"Without our industry here the Bega Valley and other areas would find it very hard to keep going."**

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His haul is bound for Eden's woodchip mill. The mill has been operating since the 1970s and is perched high on the edge of Eden's famous Twofold Bay, its giant mountains of woodchips overlooking the deep, shimmering waters below.

Stephen's harvested timber will also be turned into woodchips bound for Japan, where they will be made into a range of products such as copy paper, packaging materials and tissues.

Watching his men work, Stephen observes how much the forestry industry has changed since he started in the job 30 years ago when he was just 14.

"We were barking logs with crowbars down the bush so we've come a long way since then," he says.

That may be, but the big worry for many is exactly where Australia's forestry industry is going.

As the sector grapples with several huge challenges, most agree it has reached a crossroad, and some say it is in crisis.

The Construction, Forestry, Mining and Energy Union has gone so far as to describe the industry's present situation as "dire" in a submission to a parliamentary inquiry.

This worry has been generated by more than a few issues on the table. They include three decades of significant structural change, the punch packed by the global financial crisis, a soaring Australian dollar and a dramatic agreement about the future of the industry forged in Tasmania, the full ramifications of which are not yet known.

While it is hoped by some that Australia's move to a low-carbon economy will present the industry with opportunities for diversification, that prospect has opened up a new front of conflict between environmentalists and business as the debate over native forest use rages on.

With criticisms persisting that governments have long neglected national forestry policy, all sides of the debate



want strong government leadership. Amid the uncertainty, a federal parliamentary inquiry has been established to investigate the industry's future.

Chair of the House of Representatives Agriculture, Resources, Fisheries and Forestry Committee, Dick Adams (Lyons, Tas), told a recent New Zealand forestry conference that pressure on the industry is forcing it to become "harder and leaner".

"New technologies have made the industry capital intensive. Global competition has required innovation both in technology and management practices," he said. "The direction we take now will affect the industry and the nation for a generation to come."

While the states and territories have primary responsibility for their forests, it is up to the Commonwealth to coordinate a national approach of sustainable forest management. This means forests must be run in a way that balances their environmental, social and economic values.

Under this broad strategy, the states control their forests and administer 20-year regional agreements in areas like Eden, which determine how they are managed. There are



**GROWTH INDUSTRY:** *Stephen Pope (left) and Prue Acton (right) have different perspectives on the value of forests*

currently 10 in place across four states that are about halfway through their lifespan.

As loggers and environmentalists have continued their very bitter fight, successive federal governments have kept quiet on a national forest policy statement for almost 20 years.

This silence has led to industry calls for governments to declare that maintaining and strengthening the forestry industry is in the national interest.

Dr Judith Ajani, an economist at ANU's Fenner School of Environment and Society, has been following the industry's fortunes for decades, often with more than a little frustration.

She believes governments have failed to shape policy opportunities because they get a "freaked out attitude" as soon as forests are mentioned.

"It's about competitiveness and industry efficiency [but] all of those concepts when it came to forestry were just



PHOTO BY JOHN REID

**"In order for wildlife species to survive they need old trees."**

thrown out the window as the political attention went to greenies versus loggers," she says.

"So there is this whole vacuum of understanding of what the issue is really about and what the industry is."

Across Australia, activity and production from forestry turns over \$23 billion a year and is estimated to employ around 77,000 people, many of whom live in regional areas.

It also generates around \$2.3 billion worth of exports of which almost \$1 billion comes from woodchips. Virtually all of Australia's woodchips are sold to Japan where they make up a third of the Japanese market.

But Dr Ajani says even before the onset of the global financial crisis the consumption of wood around the world has only grown by 0.4 per cent annually since the 1980s.

"The whole global forestry industry is not a you-beaut, rapidly expanding industry," she says.

The Australian Forest Products Association (a new body formed by the merging of the National Association of Forest Industries and the Australian Plantation Products and Paper Industry Council) says the decision to establish a parliamentary inquiry is indeed recognition that Australian wood production is important.

Its transitional chief executive Allan Hansard says he has been calling for a new national plan for two years and believes the question of resource security is crucial.

"Do we want to be reliant on imports of timber going forward or do we want to have our own home-grown industry here?" he asks.

"We know that our population will be growing, we've heard estimates of 35 million people by 2050.

"What that will really mean is a fairly substantial increase in the amount of housing that we'll need for those people and the big question is what do we build these houses out of?"

## Burning controversy

Creating energy by burning native forest waste is an idea which outrages conservationists, but that's exactly what the woodchip mill at Eden is proposing.

It wants to use what is left over after harvesting and production to fuel a 5 megawatt biomass power plant.

A plant of that size will be able to supply enough energy for the woodchip mill as well as the entire town of Eden.

Allan Hansard from the Australian Forest Products Association says the proposal is an opportunity for the industry to diversify.

"The use of wood waste to produce bioenergy is such a great thing because otherwise we would be burning, or putting that wood waste into landfill," he says.

"But what we can actually do is turn that into green energy and that can offset fossil fuels."

But local environmental activists, such as Chipstop's Harriet Swift, want governments to ban any use of biomass for energy generation.

"It's not green power and in fact the ACCC has rapped them over the knuckles for using that terminology," she says.

Fellow campaigner Prue Acton is also astounded that such an option could be considered.

"They have a subsidised resource and they want to use it, so burning forests for electricity is the latest," she says.

"When you ask people about burning our native forests for electricity they are absolutely appalled."

The Wilderness Society says any move by governments to endorse bioenergy will be deeply unpopular with the public.

"To allow bioenergy generators to access native forests ... will only radically inflame tensions and see the Australian community move to a footing of conflict," it says.

Economist Dr Judith Ajani believes the mill, which is Japanese owned, needs to find other markets because native forest woodchip prices are dropping.

"Their interest is securing a new profitable way of using chips because obviously they want to stay in the region," she says.

Agriculture, Resources, Fisheries and Forestry Committee Chair Dick Adams has acknowledged that biomass is a controversial issue but is open to exploring the possibilities.



Over the past 20 to 30 years the industry has been moving out of native forest wood production in favour of the 2 million hectares of hardwood and softwood plantations that have been grown around the country.

But Mr Hansard says a plan needs to be put in place now to ensure there is enough wood to meet demand without relying on imports. He believes this can be done in part by expanding hardwood plantation development.

Dr Ajani agrees plantations are what the industry should be focusing on, and indeed prefers, for several reasons.

Plantations, she says, are best for industry because they are the gateway to competitiveness and job creation.

However, better management of the plantations we have now, rather than just simply growing more trees, may be the key to strengthening the industry.

"My argument is we should be having a plantation processing policy overriding all of our forestry industry policy and that's been absent in the entire debate," Dr Ajani says.

In the past, industry has taken advantage of government loan schemes to establish some softwood plantations.

Tax incentives – known as managed investment schemes – have also been on offer to attract investors who may have to wait many decades to see a return.



**“The direction we take now will affect the industry and the nation for a generation to come.”**

However, managed investment schemes have been heavily criticised as a tax rort for city investors who don't care how the land is managed or the impact a plantation may have on farmers in the local area.

“They do bring in resource allocation problems, particularly with the food growing sector,” Dr Ajani says.

The global financial crisis also saw parts of the sector thrown into disarray after the collapse of agribusinesses like Timbercorp.

“We should be encouraging the whole forestry and plantation sector to become a lot more commercially grown up about securing its wood needs – sending the right signals

#### HIGH EARNER:

*Most woodchips are sold to Japan*

to investors which is, ‘this is the price that we’re prepared to pay for wood’ and if the industry that’s growing wood can’t make that stack up well there’s some really serious economic questions here,” Dr Ajani says.

Mr Hansard agrees managed investment schemes have had some issues, but says they are still an effective way to attract investment. He disagrees with any notion the industry has been too heavily reliant on government assistance.

Mr Hansard says governments still have a role to play in facilitating investment through research and development funding, or settings which would increase superannuation investment in the industry.

And he does not believe there needs to be tensions between the plantation and agriculture sector.

“Growing trees can help the volume and quality of food that is actually produced so we see this as a very exciting prospect that we can start to grow our plantations but in such a way that we are also growing our food bowl as well,” he says.

While industry is in favour of plantation expansion that does not mean it supports a full exit from native forests across the country, despite an agreement reached last year in Tasmania to almost completely phase it out.

Mr Hansard points out that not only do consumers love native forest products like flooring and furniture, but it is also an industry that provides crucial social benefits to regional areas.

“That industry employs over 20,000 people and turns over in excess of \$7 billion a year,” he says.

“So that’s an industry that is very worthwhile and it’s an industry that is sustainable and that should be recognised in relation to its contribution to communities and also to their broader economy.”

Mr Hansard also points to recent events in Tasmania as evidence that a move out of native forest production is not as easy as it looks, with progress on implementing a staged withdrawal slow going.

“If you close down a timber industry in some of these small communities what that would mean is people would have to relocate, they’d have to change their lifestyle, they’d have to move to another area,” he says.

“And when that person moves the implications are broader than that person losing their job.”

Logging contractor Stephen Pope would readily agree. To fulfil his contract to the Eden chip mill, Stephen employs seven men including his son. Then there are the truck drivers who transport the wood to the mill where about 80 locals work.

“Without our industry here the Bega Valley and other areas would find it very hard to keep going,” he says.

Stephen’s contract with the Eden mill makes up part of the 900,000 tonnes of native forest wood sourced by the mill each year from forests nearby and from the Gippsland region in Victoria.

In contrast, only 100,000 tonnes a year come from plantations.

Its continued reliance on native forest wood production means it is a big target for local activists who are committed to shutting it down.



The Eden chip mill has also placed itself front and centre in the debate over whether Australia should allow native forests to be used for energy production (see ‘Burning controversy’).

Environmentalists say logging has a huge impact on biodiversity and habitat loss and simply growing the wood back does not equal forest regeneration.

Well-known fashion icon Prue Acton lives in the Eden region and does not buy the argument that thinning native forests – a practice where some trees are selectively cut down – is a sustainable way of managing them.

“In order for wildlife species to survive they need old trees. It’s an entire ecosystem that is inter-dependent and without that wildlife, without the fungi, without the soil carbon, without those microbes, those forests are not healthy,” she says.

Environmental campaigners argue native forests should be left alone to do what they do best, which is provide for biodiversity, healthy waterways and carbon storage. They also say evidence shows old-growth native forests are able to store more carbon than plantations or regrown native forests.

But the mill’s corporate affairs officer, Vince Phillips, says he is sick of hearing the arguments of environmentalists, especially when industry access to native forests is decreasing.

“The native forest estate cannot be preserved. Some people think it can, nature says it never will be,” he says. “There are basically no trees in these coastal forests here that were here when Captain Cook turned up. Some green groups just hate the idea of cutting down a tree but at the end of the day if you’re going to resource 6 billion people around the globe a lot of trees are going to get cut down.”

“Do we want to be reliant on imports of timber going forward or do we want to have our own home-grown industry here?”

AFPA’s Allan Hansard is keen to dismiss the argument that the industry is not interested in looking after native forests.

“They are our future. So if we don’t manage them properly they won’t be there. Unfortunately we’ve seen a lot of native forests being neglected in relation to managing the threat of fire, pests and diseases. For our industry we’re very disappointed about that because a lot of these forests were production forests.”

Intense disagreement also persists over whether forestry helps to mitigate carbon emissions or contributes to them.

Ms Acton claims native forest logging accounts for 10 per cent of the country’s carbon emissions, and 4 per cent in the Eden area alone.

The industry rejects these numbers and points out that the forest regrowth it plants absorbs carbon emissions. It also wants recognition that wood products are carbon stores and



**CUTTING THROUGH:**  
*Forestry's future can be good news*

a better substitute for emissions intensive materials such as steel and concrete.

And it believes potential power generation from native forest materials is a chance to create green energy.

High hopes are riding on the parliamentary inquiry to deliver a win-win situation for all stakeholders, but even if it does, it remains to be seen what action the federal government will take.

Dr Ajani believes the future of the industry is actually a good news story, but only if governments take the opportunity to reframe the debate and formulate some good policy.

“We’re in a remarkably good position because we do have those choices open about native forests and we still can have and we do have a world competitive plantation-based industry that can move into much more serious plantation processing,” she says. “It’s basically sitting there in our laps.” •

**FOR MORE INFORMATION** on the inquiry into the Australian forestry industry visit [www.aph.gov.au/arff](http://www.aph.gov.au/arff) or email [arff.reps@aph.gov.au](mailto:arff.reps@aph.gov.au) or phone (02) 6277 4500.

## Finding forestry's future

While much of the public debate about the forestry industry is focused on the battle over native forest use, a parliamentary inquiry is looking further afield into several issues as it considers the industry's future viability.

The House of Representatives Agriculture, Resources, Fisheries and Forestry Committee has received more than 100 submissions from a wide range of interested parties on all sides of the debate including environmental groups, scientists, farmers, industry bodies and state governments.

Several public hearings have been held in Canberra and the committee has also travelled to New Norfolk in Tasmania to take evidence.

There may be much to disagree about, but the one thing that is not disputed is that the industry is at a major turning point as short-term and long-term challenges collide.

Most parties also agree now is the time to fix the industry's problems and end environmental conflict, especially in the wake of the signing of the principles of agreement in Tasmania.

Ascertaining the exact environmental impact of logging is just one of the many issues in the mix as the inquiry gathers information.

With major changes in the industry's traditional markets already well underway, the inquiry will look at where there are opportunities for the industry to meet new product demands through diversification and innovation.

As loggers continue to face pressure to get out of native forests and increase their plantation use, this throws up another set of issues for the inquiry, including competition between forestry and farmers for the use of land, options available in farm forestry and whether plantation wood is good enough for certain products.

All of these considerations have put the spotlight on research and development issues and whether more funding and expertise is needed.

Concerns have already been raised about a decline in the area and a lack of Australian-trained professionals.

Future uncertainty for sawmills, especially in Tasmania, is also an issue on the table for consideration.

The inquiry is expected to report at the end of this year.