



CAPITAL BATTENS

Submission on

**Inquiry into timber
supply chain constraints
in the Australian
plantation sector**


August 2020

Capital Battens Pty Ltd

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CAPITAL BATTENS

18 August 2020

Committee Secretariat
PO Box 6021
Parliament House
CANBERRA ACT 2600

SUBMISSION ON

INQUIRY INTO TIMBER SUPPLY CHAIN CONSTRAINTS IN THE AUSTRALIAN PLANTATION SECTOR

Capital Battens Pty Ltd (Capital Battens) (a subsidiary of Brickworks Limited) processes 80,000 tonnes of small sawlog per annum into roof tile battens. Capital Battens uses a grade of log which is superior to pulpwood and not quite to the high specifications of high grade sawlogs. Due to the Tumut fires of 2008, the “Black Summer” fires of 2020 and significant and sustained log exports from the southern tablelands over the last decade, Capital Battens will potentially have a shortfall of 30,000 tonnes of logs from 2022 onwards. This shortfall will seriously impact the viability of the sawmill.

Capital Battens has been manufacturing in Fyshwick, Australian Capital Territory, since the 1960's. As the largest softwood tile batten producer on the east coast and the largest dedicated batten sawmill in Australia, Capital Battens is a vital supporter of the building industry on the eastern seaboard. If the sawmill were forced to close, the east coast tile batten industry would suffer severely and would see softwood tile battens replaced with higher priced, higher carbon intensive, non-renewable, steel battens.

Capital Battens constantly competes with exporters for access to softwood plantations both state and private. In the past decade, state owned forests have exported significant volumes of logs to Asia. Australia is not well endowed with plantation resources and this practice makes no sense - when the catastrophic bushfires are factored in it is even more implausible.

[REDACTED] Capital Battens is confident that it can hold its own in the free market due to its value adding of low grade logs, however if large volumes of logs are exported and we are precluded from access to this timber this will not be the case.

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Capital Battens makes the following recommendations to the inquiry:

Timber supply opportunities

- Domestic timber processors should get first right of refusal to purchase softwood logs/fibre from state owned forests before logs go to export. There should be no price protection. It is inconceivable that a country with a strategic shortage of timber is exporting vast quantities of timber abroad. Australia will be forced to import timber, much of which comes from questionable sources that use practices that are not environmentally sound and are far less socially responsible
- Government support is needed to subsidise haulage of timber from outside the usual sourcing area to keep processors and sawmills running and minimise timber going to export. It is much cheaper (in terms of supporting jobs and industry, communities, mental health, welfare) to subsidise haulage and process timber locally than to import timber from overseas
- The Australian Defence Force has a valuable plantation resource (Tamrik Planation) in the Majura Training Area, ACT. With timely management, some of this timber could be released to fill the shortfall. The plantation is overdue for thinning and silvicultural management

Plantation establishment opportunities and barriers

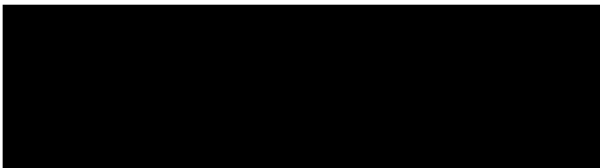
- Utilisation of state government land (eg land purchased by Sydney Water for the Welcome Reef Dam around Braidwood, NSW) and the promotion of plantation establishment. Primary Securities and Hume Forests already have large estates in the area which creates an economy of scale for this region
- Stimulus and incentives to encourage small land holders to plant plantation forests within haulage distance to mills. Capital Battens and other mills received a huge volume from small privately-owned forests established with tax incentives in the 1970's – 1990's, however the vast majority of these plantations have not been replanted due to the lack of industry and government support
- Review the Managed Investment Scheme to promote forests. Industry professionals are of the view that this mechanism was instrumental in successfully establishing vast tracts of forests in Australia. There are easy fixes to the scheme to address historic shortcomings:
 - the abolishment of the receipt of all funds up front in favour of annual fees over the lifetime of the scheme, thereby ensuring sustained cash flows
 - The role of the independent forester should also be reviewed. The forester should not report to the promoter but rather to an independent authority such as ASIC or another independent body
- Inclusion of plantation forestry in the Emission Reduction Fund (ERF) will hopefully encourage more plantation establishment on large and small scales



CAPITAL BATTENS

In summary, Capital Battens is very concerned that large volumes of log exports will significantly harm the domestic industry, exacerbated by the effects of catastrophic bush fires that have depleted the national plantation resource. We do request that government urgently review the export of softwood sawlog from state owned plantations at the significant expense of the domestic industry.

Yours sincerely,
CAPITAL BATTENS PTY LTD



Vince Erasmus
General Manager

