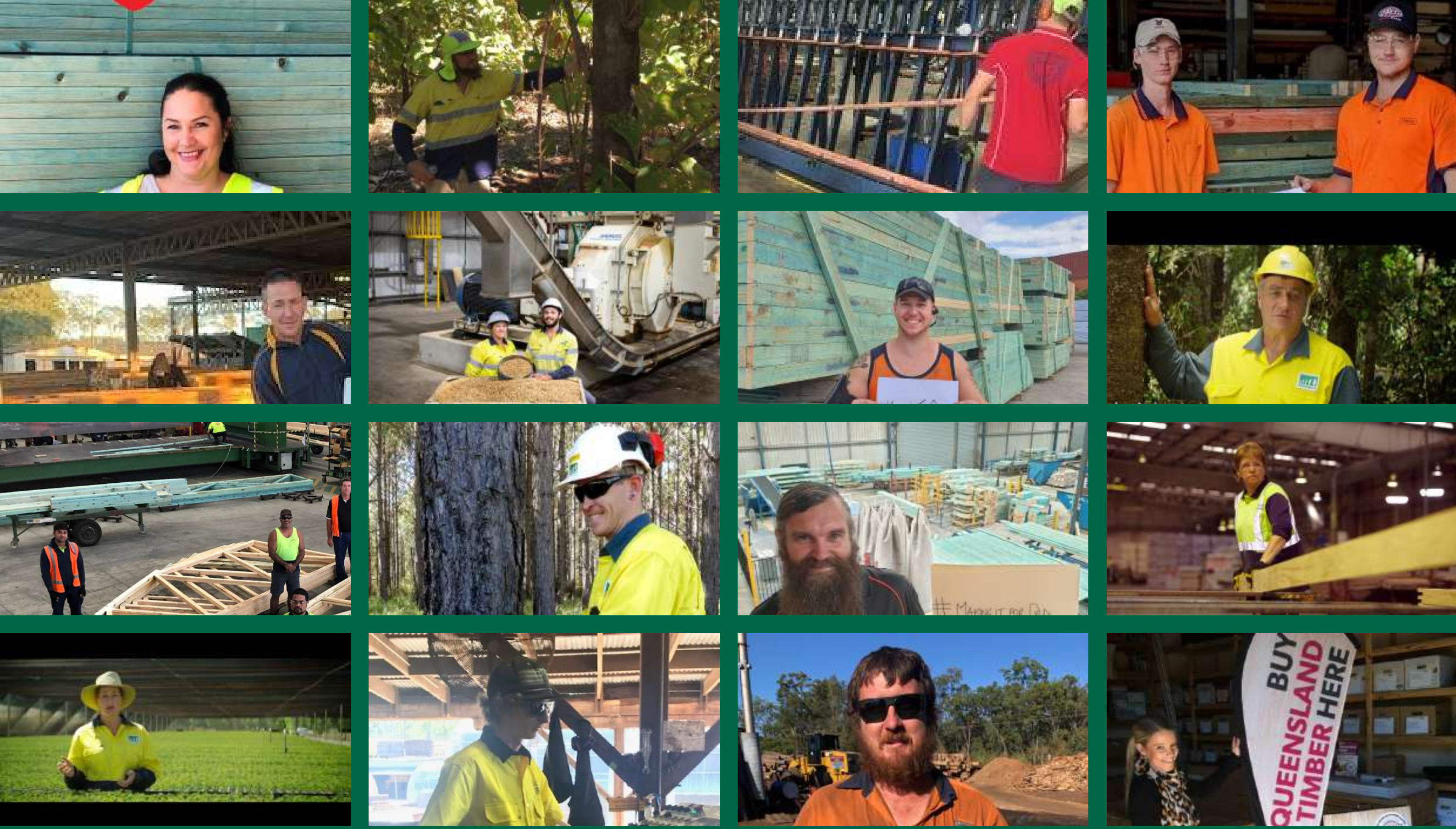


TIMBER QUEENSLAND
We build Queensland

STATE ELECTION POLICY

BUILDING A STRONGER QUEENSLAND FOREST AND TIMBER INDUSTRY

2020

Building a stronger Queensland forest and timber industry

Timber Queensland is the peak state body representing the interests of the Queensland forest and timber industries supply chain; from forest growers and harvesters and haulers through to processers and sawmillers, manufacturers and fabricators, timber wholesalers and traders.

The Queensland forest and timber industry makes a significant economic contribution to the State, supporting around 25,000 direct and indirect jobs, as well as contributing $3.8 billion to the state economy. Many of these jobs are located in rural and regional areas across the State.

Furthermore, around 70 per cent of direct industry jobs are in sawmilling and wood and paper product manufacturing with significant economic benefits for the state.

After the meat and sugar processing industries, timber processing is the third highest valued primary industry worth $472 million annually at the first point of processing.

This does not include further downstream and ancillary industries such as timber building fabrication and bioenergy. Overall, the timber industry makes a significant contribution to the state's building and construction sector, which employs over 230,000 Queenslanders and contributes $30 billion to State economic activity.

Presently, the industry harvests 3 million cubic metres of wood per year which is used for both local processing and domestic markets and exported in the form of round wood, woodchips and some processed product. The Queensland timber industry has installed capacity to produce over 1.0 million cubic metres of sawn timber each year. In addition to the almost 100 sawmillers and processors, there are around a half a dozen engineered wood product plants, along with numerous timber truss and frame manufacturers and timber building prefabrication plants.

The government can help promote the economic opportunities to further grow the value of the industry. This can be done through removing regulatory uncertainty and facilitating internationally competitive investment to fully utilise the available resource.

The timber industry is renewable and is carbon friendly. Trees use the sun's energy to produce timber, rather than rely on fossil fuel inputs, and remove carbon emissions from the atmosphere in the same process. This makes timber a very environmentally friendly building material with very low carbon emissions.

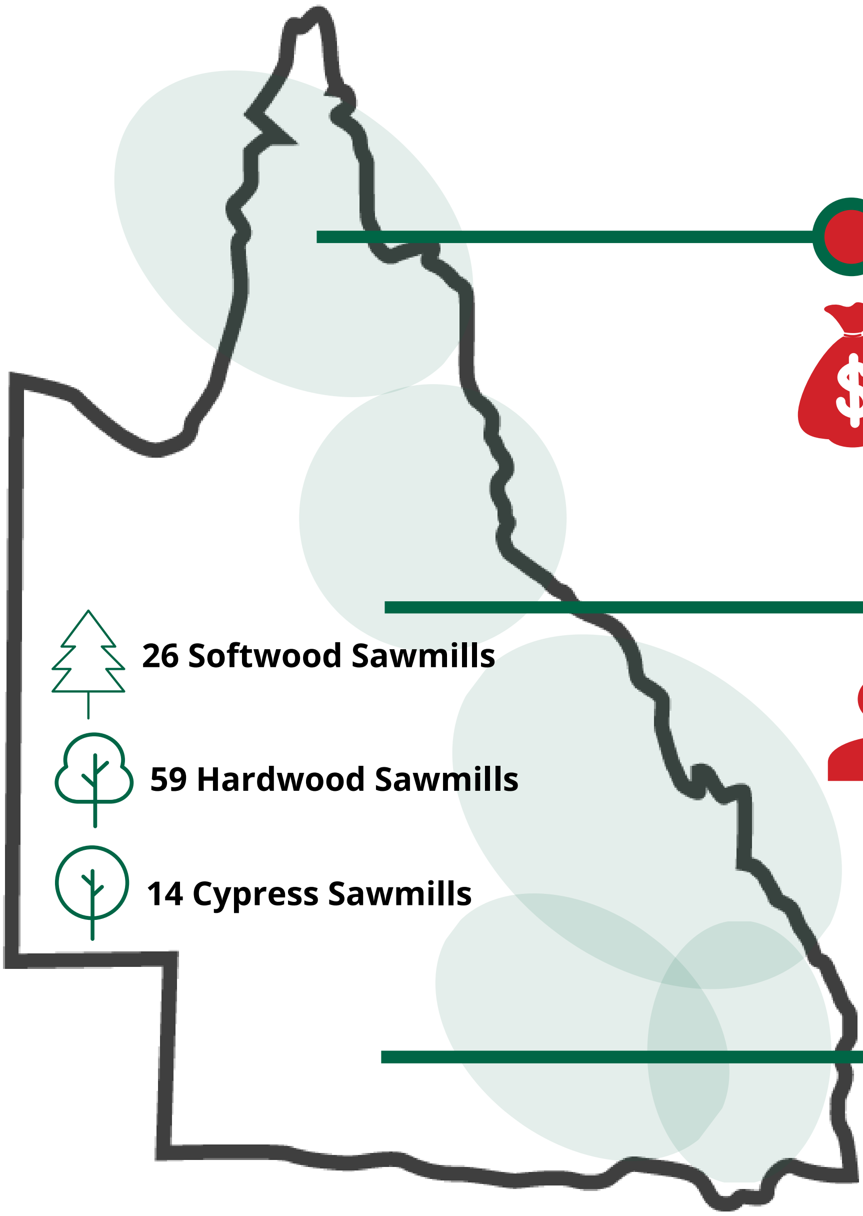
The state's diverse forests provide a unique range of species and products, sourced from high-quality plantation grown softwoods, and from well-managed native hardwood and cypress forests.

Every 5 minutes in Queensland the plantation softwood industry grows enough wood to build another timber framed home.

WOOD The Ultimate Renewable™

Front cover: Myriad of images of Timber Queensland members and supporters as part of the industry social media campaign in May 2020. The campaign promoted local timber manufacturing and the need for building stimulus in light of COVID-19.

Queensland Timber Industry Snapshot



$3.8 BILLION
economic contribution

23, 200 JOBS
11 600 direct jobs with every direct job creating another indirect job

70% REGIONAL
The majority of jobs are located in shaded regional areas (outside of Brisbane)

Jobs | Regional | Renewable | Carbon friendly| Innovative | Value added

BOX A

Timber demand is rising

The good news for the timber industry, regional communities and the Queensland economy is that the demand for timber is rising and projected to steadily grow into the future. Key economic, social and environmental drivers generating greater demand and interest in timber and forest products include:

- rising domestic and global demand for building and construction materials to support a growing world population:
- the low embodied energy and carbon sequestration benefits of timber compared with other building materials, with greater recognition of these benefits in public and private policies as part of carbon emissions reduction strategies;
- advances in wood processing technologies with engineered wood products and new applications in commercial and multi-rise construction, and cost-advantages in timber prefabrication systems;
- potential for forest biomass to be utilised for biochemical and bioenergy markets, adding value to waste streams or as a primary product in large global markets; and
- increasing recognition of the biophilic (i.e. nature connected design) aspects of natural materials such as timber used in buildings for health and community well-being benefits (e.g. reduced stress, improved learning outcomes).

Did you know?

Queensland represents the largest forested area in Australia, with 51 million hectares of native forest representing 30 per cent of total land in the state.

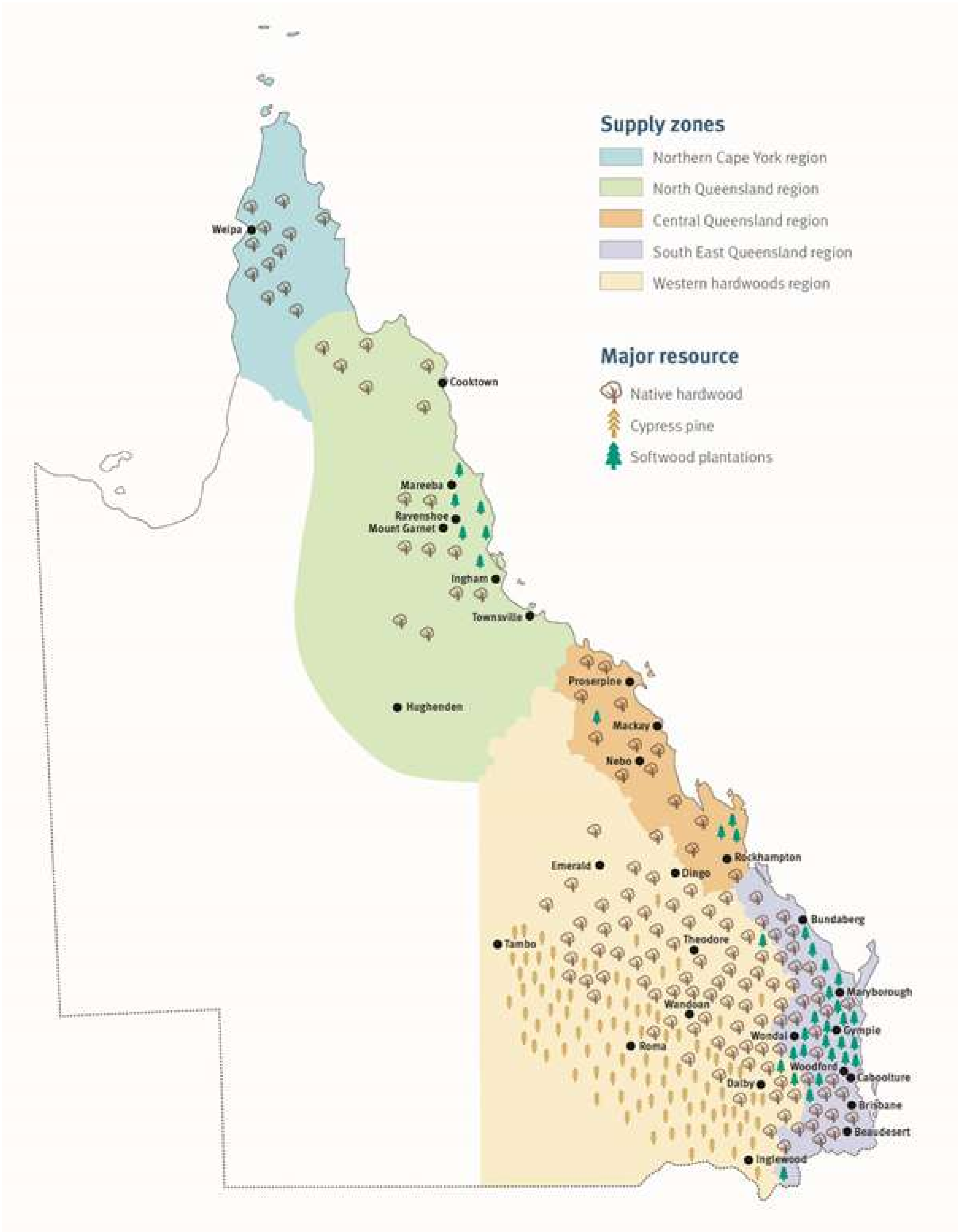
The timber industry's footprint is minimal, with selective harvesting on crown forest land representing less than 1/10th of one per cent of the total forest area (i.e. 38,000 hectares) and an approximate equal area accessed on private land. Timber production on crown land and on private forest land within permitted forest ecosystems must be undertaken in accordance with regulated codes of forestry practice.

These codes are designed to maintain environmental values through such measures as streamside buffers, retention of habitat trees, protection of threatened species, soil and water resources and maintenance of ongoing prescribed forest cover.

Timber Queensland advocates for the recognition and importance of multiple-use management of State forests, which allows for a range of compatible and economically valuable land uses such as timber production while maintaining environmental values. Well-managed timber production in State forest areas provide an important economic return to the State to help fund good forest management, including roads and infrastructure and most importantly fuel reduction activities to reduce bushfire risk, as well as forest health monitoring and maintenance of forest roads and access trails to assist with fire suppression and other values including recreation (e.g. horse riding, hiking).

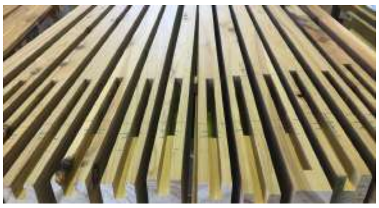
From a landscape management perspective, allowing an appropriate diversity of public land tenures such as State forests and timber reserves, together with commercial activities such as sustainable timber production and honey production, can deliver multiple environmental, economic and social benefits to the Queensland community.

Major wood supply regions



Source: QDAF 2020

Planning for the future



A committed plan is needed to capitalise on the significant growth potential of the forest and timber industry.

In order to build on the industry's strengths and maximise opportunities for growth, a committed and strategic plan for the Queensland timber industry is needed. The Queensland Government of the day needs to consult strategically with the industry on a dedicated plan, including regular liaison with relevant Ministers and Departments to facilitate actions from a whole of government perspective.

Timber Queensland (TQ) advocates a five-point plan that can address the fundamental investment needs of the industry and the role Government can take in unlocking this potential. The five key points include:

- resource security
- regional industry development
- building and construction sector procurement
- environmental recognition
- research and innovation

1. Resource Security

The timber industry is used to planning for the future. Timber plantations usually produce a final crop of wood from 30 to 50 years after planting. Similarly, investment in sawmilling and downstream processing requires a long-time frame given the high capital cost required.

Long-term security of resource supply is essential to underpin investment in timber processing and value adding into the future. For several decades new plantation investment has stalled given relatively high upfront land and establishment costs and a long period until timber harvest returns, and regulatory impediments to accessing carbon markets.

The native forests of Queensland also provide an important resource from both state-owned and privately managed forests. For many private forests, there is a shortage of knowledge and expertise on how best to lift productivity and returns from native forestry management. To provide greater resource security for investment, new thinking is required around state forest access and the promotion of new tree planting and improved private native forest management. Private forestry extension can greatly enhance the profitability of farms and generate additional long-term wood supply for industry.

Resource security is essential for investment and financing requirements in the south-east hardwood timber industry. This security is needed to avert an industry crisis, given uncertainty over future hardwood resources.

TQ calls on government to:

- work with industry to resolve native hardwood resource security issues on state land arising from the South-East Queensland Forest Agreement (SEQFA), to deliver long-term certainty for investment and jobs (refer Box B)
- **commit $6 million over four years** for a farm forestry program, to promote private native forest wood production and commercial tree planting on farms through education and awareness including demonstration sites, field days and other extension activities. For example, there are significant opportunities for improving farm profitability through jointly producing beef and timber across extensive areas of Queensland. Well managed native forests and commercial tree planting can generate supplementary income for landholders and beneficial environmental outcomes compared to grazing only systems
- reduce regulatory uncertainty and sovereign risk around vegetation management that is impeding long-term management of privately owned land for wood resource and environmental outcomes (e.g. establish a Category F designation to allow permanent access for selective harvest subject to appropriate codes of practice)
- maintain the private forestry native code as a practical and cost-effective means for promoting good forest management with landholders

BOX B

South-East Queensland Forest Agreement

Background

In 1999, the State Government committed to the South-East Queensland Forest Agreement (SEQFA), to promote long-term supply of hardwood resources from plantations and sustainably managed native forests in the region. Under the SEQFA, the supply of state-owned native sawlogs was to cease from 2024, assuming an adequate resource from plantations and private native forests.

In November 2019, the Queensland Government acknowledged the plantation hardwood program was unsuccessful. There has also been inadequate development of the private native forest resource. As a consequence, the Queensland Government announced a new 'timber action plan' to:

- extend the continuation of hardwood timber harvesting in Wide Bay Burnett for an additional 2 years, guaranteeing access up to 2026;
- establish a timber advisory panel responsible for overseeing and making plans with the industry for the future;
- conduct a comprehensive two-year study to identify sustainable future options for timber supply, including on private land, to be completed in 2021.

A way forward

There is a way forward to provide the resource certainty needed to grow this important regional industry into the future and avert this crisis. Timber Queensland is advocating three key actions:

1. Extend state-owned supply arrangements on a long-term basis in consultation with industry. This State supply is necessary to guarantee investment confidence and financing security in new mill plant and associated value adding and job creation.
2. Accelerate Government support for private native forestry management incentives and extension activities, to develop a more financially secure and long-term private timber resource.
3. Ensure the 'Managing a Native Forest Practice' regulatory code remains a practical and cost-effective tool for landowners to implement good forest management. This code should also be broadened to ensure the full suite of relevant commercial forest types is included.

Understanding the impacts

With the implementation of these actions, the industry would have the confidence to further invest and grow. Timber Queensland estimates the industry could **double in mill door value to over $410 million** by 2034, and **generate an additional 1000 direct jobs in regional areas.**

OR

Without implementation of these actions, there is a significant risk of industry collapse, mill closures and job losses across the region.

2. Regional Industry Development

The Queensland timber industry supply chain includes forest growing and harvest through to transport logistics, log processing, advanced timber and engineered wood product manufacturing and wholesale and retail trade. It extends into the building engineering and design industries and additional by-product industries such as bioenergy and further growth potential in high value biorefining.

Accordingly, the business environment for the sector needs to be globally attractive and internationally competitive.

Furthermore, the forest and timber industry is regionally based with around 70 per cent of total jobs located in areas outside the Brisbane area. The industry also contributes nearly $2 billion to regional Queensland.

It is critical that the regional supply chain needs of industry are appropriately identified and met. This includes a requirement to address forecast shortfalls in skilled and trained workers in an increasingly automated and high-technology industry across all facets of the industry.

In June 2020, the Australian Government announced two regional forestry hubs in South-East Queensland and North Queensland with initial seed funding of $2 million (excluding GST). Timber Queensland has partnered with the Australian Government to work with local industry and regional stakeholders and implement projects to improve the competitiveness and productivity of the industry in these regions. State and local government agencies will be important stakeholders in this process.

TQ calls on government to:

- **commit $2 million over four years** to support a training initiative with industry, in order to address skills needs and implement recruitment and retention pathways, particularly for the harvest and haulage sector and wood product manufacturing
- **match the federal funding of $2 million** to support the development of the South-East Queensland and North Queensland forestry hubs and create opportunities for investment and job creation
- work with industry to prioritise and implement appropriate regional infrastructure investment (e.g. roads, bridges, telecommunications), including road funding for improved network access for B-doubles and mini-doubles
- implement timely, consistent and flexible State and Local Government approvals for the National Heavy Vehicle Regulator (NHVR) permit regime for use of higher mass limits and alternate truck configurations on the state's road network
- remove regulatory red-tape that impedes timber manufacturing investment and competitiveness, including measures to reduce energy and transmission costs from State-owned utilities as a major cost input
- address the issue of rising private native log exports and impediments to greater domestic processing to support local jobs and timber manufacturing in the hardwood sector
- work in partnership with industry to develop a plan for the development of a long-term timber industry in North Queensland (refer Box C)

BOX C

A northern forest products industry plan

Presently, there is no clear State Government plan for further development of the forest and timber industry in north Queensland.

With the right plan in place, this region has considerable potential to grow and build on the established plantation softwood processing industry and native hardwood resources on leasehold land and other opportunities including indigenous forestry development.

A recent study by the Cooperative Research Centre for Northern Australia (CRCNA) found that the forest products industry could treble in value to $300 million per annum and create 600 new jobs over the next five to ten years[1].

North Queensland can contribute a large proportion of this growth through lifting the productivity of the plantation softwood resource and better utilisation of native hardwood resources for domestic processing and value adding.

Drawing on key recommendations from the CRCNA study, actions that can grow the northern industry include:

- develop secure long-term supply arrangements from crown native forest land in northern Queensland (i.e. offer leasehold timber allocations to the market)
- improve silvicultural understanding through providing expertise and training for private native forestry (particularly among traditional owners) to support expansion of indigenous forestry opportunities, and increase future productivity and sustainable wood supply
- assess silvopastoral opportunities (integrated cattle and tree production) as a vehicle for new commercial tree plantings, as a possible solution to deal with upfront land costs and low early cash flows and expand the plantation softwood resource

[1]
Stephens, M., Woods, T., Brandt, C., Bristow, M. and Annandale, M. (2020). Northern forestry and forest products industry situational analysis, Project Number - A.1.1718122 final report. Cooperative Research Centre for Northern Australia, April. Available at: https://crcna.com.au/resources/publications/northern-forestry-and-forest-products-situational-analysis

3. Building and construction sector procurement

The timber industry is an important supplier into the Queensland housing market and broader residential and commercial building sector. As a consequence, the general economic status of these sectors has a direct flow-on effect on the timber industry and the many regions and communities it supports.

Timber Queensland supported the broad suite of building stimulus measures recently announced by federal and state governments as a response to the COVID-19 health crisis and related economic impacts. These measures were considered essential to maintain housing investment and avert a drastic fall in building activity.

Timber Queensland supports direct stimulus measures such as:

- increasing State Government capital expenditure on public buildings and housing projects; and
- incentives to assist with new building projects (e.g. new home owner schemes) and measures to boost the household renovation and regional building sectors.

In light of the current limitations on migration, there is likely to be an ongoing need for stimulus measures in the second half of 2020-21 and beyond.

Furthermore, Timber Queensland believes that as part of any building stimulus program, promoting local suppliers and manufacturers should be paramount, with priority given to construction materials sourced from Queensland manufacturers for public works. The Queensland timber industry is well positioned to meet this criterion, given its substantial capacity to process and manufacture timber products from the local resource base. Procurement from local timber suppliers would also be consistent with supporting 'high value, low risk' industries to help re-boot the economy via construction, manufacturing and agriculture.

TQ calls on government to:

- promote a vibrant building and construction industry as an important driver of the state economy
- implement local procurement criteria and policies for State-led and supported building and construction projects, to encourage Queensland timber manufacturing supply chains that can maximise jobs for Queenslanders and the economic benefits to the State
- address forecast declines in new housing and building activity through ongoing incentive measures in light of the current COVID-19 situation

Five-point plan for growth

4. Environmental recognition

The timber industry is a renewable industry that is highly regulated through mandatory codes of practice and third-party independent certification schemes for environmental management. The industry provides a broad range of carbon reduction and other environmental benefits for Queensland. Trees used for timber can regulate water and soil run-off and remove carbon emissions from the atmosphere. Timber is a natural store of carbon and can substitute for other high-emission materials in building, furniture and other markets, such as using timber residues for displacing fossil fuels with bioenergy.

TQ calls on government to:

- promote greater participation and recognition of the carbon benefits and environmental co-benefits from commercial tree planting activities in state carbon trading and incentive schemes such as the Land Restoration Fund and related schemes (e.g. Emissions Reduction Fund)
- implement a State Government procurement policy that recognises the carbon benefits of using materials such as timber in state-led building and construction projects, by providing a procurement weighting for renewable and low carbon emission products
- improve environmental resilience on state-owned native forests through best-practice forest management, including fire protection and biosecurity
- address the growing issue of lack of independent third-party sustainable forest management certification on Crown leasehold lands, particularly for cypress forests on leasehold lands

5. Research and innovation

The forest and timber industry has significant potential to take advantage of new advances in timber building systems and innovative new products such as engineered wood products. Recent changes in the National Construction Code have opened up new opportunities for the increased use of timber in multi-storey buildings, along with pre-fabrication systems for timber building solutions that can be quicker and cheaper than other materials.

There is also significant potential to utilise forestry and wood processing residues for high-value markets as part of the new bio-economy, including bioenergy, biochemicals and biomaterials. The global bio-economy is expected to grow substantially into the future.

Innovation in organisational structure and the public sector sale of forest products from crown-owned land is also warranted in terms of assessing the most effective and efficient way to reduce costs and provide greater value to the taxpayer and maintain and improve long-term industry competitiveness and downstream processing.

TQ calls on government to:

- review the current public sector delivery model for the commercial sale of forest products from state-owned land, in terms of potential efficiencies and benefits from looking at alternative models (e.g. corporate forest product entities as adopted in some other States)
- maintain the strategic state research capacity in forestry and wood science technology and wood products research
- work with industry and the research community to leverage funding in the important areas of agroforestry, plantation genetics, biosecurity, bioenergy, timber building construction and wood technology
- promote greater utilisation of forestry biomass for the emerging bioeconomy, including through more attractive bioenergy feed-in tariffs and incentives as for other renewables, taking into account the additional baseload benefits from bioenergy

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