

# Public submission

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Organisation:	<i>Visy Pulp and Paper</i>
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## **NSW Forest Industry Action Plan – Submission to the Independent Forestry Panel**

Dear Panel members,

This submission from Visy Pulp and Paper (Visy) is in response to the NSW Government's call for stakeholder feedback on *"the best options to achieve the balance between sustainable supplies of timber and NSW's environmental commitments, ahead of the NSW Government developing its Forestry Industry Action Plan."*

Visy operates a state of art pulp and paper manufacturing facility that was established in the year 2000 and is located at Tumut, NSW. The mill represents an investment in excess of 1.2 billion dollars, employs 330 direct employees and produces 690,000 tonnes per annum of high-quality Kraft paper used in the packaging industry. The mill utilises 1.9 million green tonnes of plantation softwood timber per annum sourced from the Murray region and other regions throughout NSW and Victoria. This timber supply is used as vital feedstock for value-adding at our mill to produce the highest quality, industrial grade Kraft paper supplying domestic markets and making a significant contribution to Australia's manufactured product exports.

The site of Visy's pulp and paper facility was strategically selected for the availability of wood fibre and water. Since the plant commenced manufacturing in 2001, the timber industry in the South West Slopes has faced and overcome numerous challenges. Fires, the reduction in the size of the planted softwood estate within NSW, supply chain efficiency and challenges with acquiring skilled labour, are hurdles that have confronted industry and potentially threaten ongoing viability and limit the ability to continue to invest and grow.

To maintain a strong softwood timber manufacturing industry, encouraging ongoing investment and growth, the Forest Industry Action Plan (FIAP) will need to address:

1. Growth and protection of the softwood plantation estate
2. Supply chain efficiency
3. Access and training of a skilled workforce

### **Growth and Protection of the Softwood Plantation Estate**

Since the year 2000, the forest estate in the Murray region has experienced 3 significant unplanned, catastrophic fires:

- Bondo north of Tumut in 2006 - 9,000 Ha
- Minimbah west of Tumbarumba in 2014 - 5,000 Ha
- Dunns Road (Green Hills, Bago, Burra, Maragle and Northern Vic forests) in 2020 – 50,000 Ha

These fires, particularly the 2020 Dunns Road fire, have resulted in major losses to the Murray region plantation estate and are still placing enormous pressure on the levels of local wood fibre supply to the Visy plant and other regional processors. The 2010 Global Financial Crisis brought an abrupt end to any significant investment in softwood plantation expansion. A lack of investment confidence has since led to a decline in the nett planted area of the NSW estate, exacerbating Visy's inability to source sufficient economically viable wood fibre to maintain the plant intended production capacity.

The FIAP urgently needs to identify and promote policy settings that:

- Protect forest assets through adequate funding and the recognition that forests are a valuable community asset
- Ensure a continuing "right to harvest" through the *Plantations and Reafforestation Act* and Code
- Encourage investment in the sustainable *expansion* of the NSW timber plantation estate
- Prioritise land use for the best and most appropriate use of land with a focus on areas that support the establishment of plantations ("the right trees in the right place")
- Recognise the strategic, low-cost opportunity that active timber plantations offer the State to deliver on its climate change policies and practically support the nation's low emissions future

## Supply Chain Efficiency

The current processing capacity of facilities located within the South West Slopes region, is 3.2 million green tonnes of softwood timber per annum. This usage level is for the *existing* facilities, some of which are operating currently at significantly below their installed capacity.

Putting this in historical context: Prior to the 2020 Dunns Road Fire, 2.2 million green tonnes or 69% was supplied locally from softwood plantations within 100kms of the manufacturing plants, with the remaining 1 million green tonnes or 31% transported from other regions up to 450kms away.

After the Dunns Road fire, the loss of resource has resulted in the annual consumption of softwood reducing to approximately 2.7 million green tonnes, with 1.4 million tonnes or 52% supplied from local plantations and 1.3 million tonnes or 48% transported from other regions up to 850kms away.

Transportation of wood fibre long distances increases the delivered cost considerably. To maintain viable manufacturing facilities, wood fibre needs to be delivered to plants safely, efficiently and cost effectively.

In framing the FIAP priorities, therefore, it's important to recognise that:

- The sub-optimal fibre availability level outlined above, with an over-reliance on high-cost inter-regional fibre sourcing, does not provide the impetus or opportunity for any additional processing investment that might expand the region's output
- In our experience, this state of affairs has not presented itself at any prior time in the ~100-year history of the region's plantation timber industry; therefore
- There needs to be a double-pronged effort for the urgent provision of modern inter-regional fibre transport infrastructure, and a major investment attraction for within-region plantation expansion.
- To facilitate efficient transportation of wood fibre, the FIAP needs to include the *specific* infrastructure needs of the forest industry – particularly for higher-productivity heavy vehicles from the forest to mill, matched by a collaborative approach across all governments and transport agencies to streamline the regulatory requirements for efficient transport solutions

## Access and Training of a Skilled Workforce

The very nature of the forest industry dictates that it operates in *regional* communities. Within these communities the forest industry is a large employer and major contributor to regional economies.

Forestry and the associated timber processing industries offer a wide range of careers from semi-skilled to highly skilled employment in high paying jobs. Attracting and retaining skilled workers remains a challenge for the industry. The FIAP can support regional communities and the forest industry by:

- Developing a forest industry workforce strategy aimed at the attraction and retention of skilled labour
- Committing to regional skill development focusing on local labour to fulfil shortages in skilled labour
- Provide funded training of forest workers and contractors in firefighting to maximise the available firefighting resources

The FIAP needs to provide a framework and policy settings that allow the growth of our sovereign capacity and for the timber manufacturing industry to compete with imports as well as to compete on international commodity markets.

The circumstances and factors outlined above mean that Visy, like other major processors, is currently finding its ability to continue to invest in its Tumut pulp and paper facility challenging. Our facility embodies a 20+ year commitment of over \$1.2 billion of private capital that underpins thousands of direct and flow-on regional jobs. It completes the essential circular flow of the forestry supply chain through its purchase of plantation thinnings and sawmill residues.

At the same time, it depends heavily on the ongoing supply of sustainably grown, internationally certified plantation softwood, supplied within an economically viable transport distance.

It is of paramount importance for the survival of the timber manufacturing industry to protect the *existing* plantation estate, and to expand the estate in areas close to the region's timber processors.

The FIAP process offers a unique opportunity by which the NSW Government can commit to a plan which delivers triple benefits: for the community, manufacturing industry, and the environment.

Yours sincerely,

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