

T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Colac – Monday 24 February 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

WITNESS

Andrew White, Chief Executive Officer, Victorian Forest Products Association.

The CHAIR: Welcome back to the public hearing. I will just run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence that you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside this hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of the evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with the committee today. You probably know that I am Juliana Addison, the Member for Wendouree.

Martin CAMERON: Martin Cameron, Member for Morwell, down in the Latrobe Valley.

Daniela DE MARTINO: Daniela De Martino, Member for Monbulk in the Dandenong Ranges.

Wayne FARNHAM: Wayne Farnham, Member for Narracan. I am in the West Gippsland area.

The CHAIR: Would you please introduce yourself and the organisation you represent, and make any opening remarks that you wish to?

Andrew WHITE: Thank you, Chair. I am Andrew White, the CEO of the Victorian Forest Products Association.

Chair and members of the committee, thank you very much for the opportunity to present today on behalf of the Victorian wood fibre industry, including our plantation timber industry, leading sawmills, processors and advanced manufacturers. As a key contributor to Victoria's housing sector, our industry plays a crucial role in ensuring the availability of sustainable, affordable, locally sourced timber and its manufacturing for home construction. As the peak industry body representing the forest products value chain in Victoria, the VFPA welcomes the opportunity to present before the committee to the inquiry into the sustainable supply of homes in regional Victoria.

With total sales and service income of over \$9 billion in 2022–23, our industry represents about 1.7 per cent of Victoria's GSP, or gross state product, especially focused in regional centres and communities such as Colac, where we are meeting today, and I note that you heard from one of our leading members, AKD, earlier this morning about the pine timber industry. Our industry employs some 17,000 Victorians in jobs, many of which are regionally located, and we have around 50,000 employed across our entire supply chain.

As you know from the hearing today, the central issue at play here is around regional Victorian housing, and there is currently a significant shortage, as you are aware. You would have heard evidence previously around the requirement for an additional 87,400 new dwellings over the next 15 years, with our population due to increase by around 1.25 million people over the next decade, at an annual growth rate of 1.7 per cent, noting that the projected growth rate will gradually slow over time. However, by 2051 Victoria's population is expected to reach 10 million people, and that will require significant new dwellings, as you are aware. And there will clearly be a need to densify our middle and regional suburbs through the delivery of mid-rise multiresidential and commercial projects, with failure to address this need resulting in an annual gross regional product loss ranging between \$200 million and \$1 billion.

In terms of context, the demand for regional housing is rising, and meeting this requires not only increasing our supply but also having a reliable, efficient, stable and sustainable supply chain for building materials. The timber industry is uniquely positioned to support this supply chain, providing high-quality, renewable materials that are essential for affordable and sustainable housing development.

New lightweight framing options are a key opportunity for housing, particularly given steel production for an average four-bedroom home releases about seven times more CO₂ compared with pine framing. Meanwhile, our new, modern methods of construction, whilst certainly not a silver bullet, offer ready-made timber solutions using new construction techniques that can supplement traditional building methods, mostly in taller buildings, as they are prefabricated offsite to achieve substantial efficiencies. For instance, the use of glue-laminated timber hardwood beams to replace mostly concrete, and also steel, is a highly desirable, cost-effective and highly efficient method of building four- to eight-storey social housing and is very suitable for regional areas. It also has a carbon footprint that sees up to 40 per cent less carbon emitted compared to a concrete building of the same proportions, and it is 10 to 30 per cent cheaper and 30 per cent quicker to build given the prefabrication opportunity.

Unfortunately, and you have heard some of these issues this morning, there are a number of challenges that our industry faces. Whilst we have a lot of advantages and a lot of timber in the ground and in our mills, there are a lot of challenges that are facing us in terms of achieving positive outcomes for the regions. You have heard about some of those this morning around trade shortages and others.

But some of the others include inadequate procurement policies, regulatory obstacles and the need for more investment in capacity and workforce development, and obviously we are being significantly impacted by trade shortages in the regions.

By addressing these issues, however, through better resource management, policy support, sensible procurement policies and innovation in timber construction, we can accelerate home building in regional areas while promoting environmentally sustainable solutions.

The reality on the ground at the moment is that we are actually experiencing a slump in the housing market, as you are aware. What that means is that we have a surplus of wood products as a result of that. That is really putting a strain on both our mills and also on our processors, and this is quite ironic given that there are long-term projections that by 2050 there will be actually a shortage of timber.

Hardwood imports into Victoria have increased by 40 per cent since 2019 when the 2030 closure of native forestry was first announced and is more likely higher now since the Victorian native hardwood industry was ceased last year. Perversely, given the current stockpiles, as I said, we are facing this major shortage of houses in regional areas.

The key issues include for us limited plantation expansion, bushfires and climate change, and the risk to our fibre security. Our sawmill capacity, as you heard this morning, is not as high as it could be, mainly due to market dynamics.

We also have transport and logistics issues. Roads and bridges, for example, all add cost to supplying and transporting wood fibre. We have bridges where we need to weigh on, and there are limits to the amount of capacity in those bridges et cetera. That all adds cost in terms of regional supply.

The skilled labour deficit has been covered significantly throughout the day, so I will not expand upon that now. But we also have issues housing our own workers. Planning and building regulations – you have heard about the challenges around risk appetite. Certainly in terms of government procurement we believe there are some solutions around the payment terms for government projects that could shift the dynamic in favour of some prefabricated solutions we have.

Imported timber is also a threat, particularly cheaper imported timber, and we have housing affordability challenges around the cost of building a house, as you know.

The good news is that we do have substantial domestic processing capacity, and as you heard this morning, we have 380,000 hectares of plantations in Victoria, the biggest in Australia. There are a range of actions we can take immediately.

One is to change the government procurement policies to enable and support the adoption of modern methods of construction, adjusting inadequate payment terms, setting mandated embodied carbon targets, protecting our plantation estate with fire surveillance cameras, investing in sawmills and workforce, improving our transport networks, streamlining regulations and consideration of other new modular forms of construction.

In concluding, while we do not have all the answers, we know that our environmentally friendly wood fibre is an essential part of the solution and wood fibre will be required for bioenergy to house our growing population, to provide packaging and hygiene products and to build our clean low-carbon future.

Thank you to the committee for your time. Happy to take any questions.

The CHAIR: Thank you, Andrew. It is terrific to have you here, and that opens up lots of questions. I will refer to my Deputy Chair.

Martin CAMERON: That is all right. We love timber. Thank you, Andrew, for coming in.

The CHAIR: Lots of friends of timber here.

Martin CAMERON: That is exactly right. The size of plantations that we have now – are we going to need to grow them into the future? Can you sustain the timber need out of the plantation availability you have now, or are we going to have to expand moving forward to keep up with supply?

Andrew WHITE: It is a tale of two stories, I suppose. In one sense at the moment we have too much wood and we cannot get enough of it into houses because of all these bottlenecks and upstream issues. The supply at the moment is good. We have enough – we have more than enough – we want to be building more houses and we have the solutions, but there are all these constraints and things that are blocking things up, and as Shane indicated this morning, with the capacity we could be doing a lot more. So there is that issue.

To your point around the longer term, yes, that is absolutely right. The projection for 2050 is for around about a 30 to 40 per cent shortage of softwood, so we do need more plantations in the ground longer term in terms of fibre security and supplying our own timber. Certainly that is a challenge and something that we need to address. Whilst we have the largest estate in Australia, we will need more, given the huge demand that is coming for houses.

Martin CAMERON: Thank you.

The CHAIR: Andrew, our last parliamentary inquiry was into securing Victoria's food supply, and we talked a lot about valuable land being impacted by housing developments and growth. What are some of the challenges in terms of space for your trees to be grown? Is that something that is impacting you?

Andrew WHITE: Yes, it absolutely is. Availability of land to grow plantations is a challenge, and we are certainly looking to work with the agricultural sector to do things like trees on farms and find other opportunities for more integrated farming approaches. But it certainly is a challenge in terms of the lack of available land for plantations. There is no obvious solution to that, unfortunately. There is competition for land amongst various groups. Yet, the immediate solution to that is unclear, but over time we are obviously going to be needing to grow our plantation estate to meet that demand.

The CHAIR: Daniela.

Daniela DE MARTINO: It is a question I posed to people previously, and I will ask it of you too, Andrew. What innovation are you seeing occurring across the industry in terms of the growth in plantations through to use, to milling or whatever? What are you seeing across the board?

Andrew WHITE: Yes, it is a hugely interesting space, actually. I came into this role six months ago, and I have spent pretty much the first five months of that out on the road visiting all of the plantations and all of the sawmills and basically listening and learning and seeing what they are doing. The innovation is happening right across the board. In terms of the mill that you will see tomorrow at AKD, with the AI technology and the automation level, it is so sophisticated, efficient and effective, and I am sure you will be quite impressed by what they are doing.

In terms of other types of technologies and options, we also have members that are working in the engineered wood space, producing what are called glue-laminated timbers. In Gippsland, for example, we have one of our largest glue-laminated timber facilities – ASH, Australian Sustainable Hardwoods – and they are essentially gluing bits of wood together to create wooden beams that can be used in 4- to 8-storey multi-residential developments and that have all of the strength and structural properties of concrete and steel, with much more

environmentally friendly benefits in terms of the carbon footprint. But there are challenges, both culturally and policy- and regulation-wise, in getting those solutions into market. For example, I have been speaking with them and their managing director in recent days about this, and one of the challenges they have is around the government payment terms for community and social housing. It is very much on an old model of traditional housing, with milestone payments when the slab is poured and the keys locked up, whereas our industry is taking on, with these prefabricated solutions, all of the risk. I would not say it is 90 per cent, but a large proportion of the effort, energy and cost happens up-front, which is good because it is helping to address the trade shortage at the other end, but the challenge with that is that we are finding with government procurement, or at least our members are, that it is not matching up; they are still working off old models, and to put it bluntly, some of our members are not prepared to take on the cost and the risk of doing all of that up-front, given it is working off an old payment schedule and payment milestone.

There are also issues associated with the cost assessments that happen for sustainable housing and community housing. Often an independent cost assessor will come in, a consultant, and they will do a review and provide an independent costing of a particular solution. But there is a lack of understanding of how these new modern methods of construction work, and often there is a risk built in that is artificial in that they will put in a risk factor of X per cent, because they do not understand or they are unsure of that method because it does not have the decades and decades track record. What that does is it prices us essentially out of that tender process. Because of the unknown, because there is not necessarily that long-term understanding of these modern methods of construction, some of these cost assessors will build in this contingency factor, which then disadvantages those modern methods of construction actually practically being competitive when it comes to a tender process. I will stop there.

Daniela DE MARTINO: That is great. If I can also from there ask a bit further about innovation in growth of wood products, the wood fibre industry, with climate change and the impacts that we are getting now. I speak to growers – I like growers; we have good chats about things – and the predictability of the weather is changing. For them the seasons are shifting; they are noted. What kind of impact are you seeing that have across the forestry industry, and what is the projected impact there? How are we mitigating for it? Sorry, there are a lot of questions all wrapped up in that, Andrew. I am trying to get a line of sight.

Andrew WHITE: Yes, I understand. It is really interesting going out on these plantations. You see how they are operating, and they very much consider themselves – plantation growers – to be like farmers. So when they are operating, they have environmental staff, they have agricultural staff on farm, and as you know, silviculture experts, who are really looking at all the different kinds of components to how you can grow trees as effectively and quickly as possible to the, I guess, optimum quality, because we want to maximise the usage of that wood product.

The innovation is really around how when we are cutting up the log we make sure that we are using all of that log so that there is very little wastage. The industry is becoming increasingly sophisticated in the utilisation of the wood fibre resources to the point where, whilst they are also maximising the sawlog that they can get from the wood, the other bits of the wood, if you think of like a pie, are all going to their designated places. The sawlog is obviously going to its highest and best use, and then you have got the lower quality stuff, as Shane indicated earlier, off to pulp and into woodchip and other utilisations. You have got MDF and other housing products et cetera. Then the residues – and this is a really exciting area for our industry – are now being used in bioenergy. In some cases our sawmills have boilers on site or bioenergy plants on site where they are actually utilising their own wood residues to power elements of their onsite sawmill, so you have got a kind of mini circular economy set-up. Now, obviously this is in its early days. There is huge potential for the utilisation of wood residues to create large-scale manufacturing sites across Victoria, to utilise these bioproducts to create energy sources, such as green methanol and other types of fuels and energy sources that can be utilised by different industries. There is a lot of innovation, research and science that is going on into how we can grow faster and with better quality.

There are a lot of risks around climate – to your point around climate. The biggest risk for our industry is bushfire. What we would like to see is better protection for our plantation estate. There is a bit of a ticking timebomb around the impact of bushfire on pine plantations. Essentially we are talking about the pine that goes into houses. So if that was to experience a large-scale bushfire, that would have an absolutely substantial impact on housing. That is why we have been advocating to see all political parties take a bipartisan approach to fire prevention. We would like to see fire cameras rolled out across Victoria that use AI – essentially like smoke

detectors for bushfire – to detect fires quicker, because the response time is absolutely critical. At the moment industry is funding that with no government support, and we would like to co-invest in that going forward.

Daniela DE MARTINO: Thanks, Andrew.

Wayne FARNHAM: Thanks, Chair. Andrew, I would assume within your association you would have quite a few members that deal in the kiln dried space, kiln and dried hung. How do they feel about the government's gas policy? Are they nervous about that for their industry in the restriction of gas, or are they okay?

Andrew WHITE: It is an extremely good question. I probably am going to have to take that one on notice, I am sorry, and just seek some feedback.

Wayne FARNHAM: That is all right.

Andrew WHITE: But I am happy to do so, to seek some feedback from my members. It is not a question that has specifically been raised with me in my visits. It has not come up as a top priority. That is not to say it is not an issue. It just it has not come up in the discussions I have had so far with members. But I am more than happy to put that question across to the membership, and I can come back to you with some answers around that and the impacts that could have.

Wayne FARNHAM: That is fine. What are the top three things in your mind that the government could do to help the forest industry?

Andrew WHITE: Support for our plantations at the growing end of things, protecting the estate, so an insurance policy – the fire cameras et cetera – looking at that whole package around protecting our pine estate. To the government's credit, they have invested in our pine estate, so I do need to acknowledge that. In fact all sides of politics have been supportive of our pine estate, so that is fantastic. We would obviously like to see that continue. That would be one issue.

The second issue is around prefabrication. I have identified it as a quick win in terms of looking at these procurement policies and I guess contemporising them so that they are in tune with the modern methods of construction. The feedback – I have spoken to a few members about this – is that it is not matching up. We have got these solutions ready to go, but we keep losing tenders or not even getting to the table because it is set up in a way where modern methods of construction are not viable for community and government housing, yet we can do it in a really environmentally friendly way. We can save on cost and we can save on time by prefabricating. So that would certainly be another one.

And then probably the issues that Shane identified earlier today – we have a decades-old and increasingly refined solution, which you will see tomorrow, around traditional housing through softwood frame and truss. It is very affordable, but we are encountering a whole heap of challenges in terms of the build times blowing out from six to 10 months, the availability of trades. The economic impact is obviously a much bigger issue for all of society, not just us.

All of those things are compounding to create an issue where there are just not enough houses being built, and that is a demand thing. We can do more, but we kind of cannot do more because the conditions are not right for it. I do not know the answer to this necessarily, but if we can find a way to address those trade shortages, to address some of those bottlenecks in the construction side of things, then that would certainly be fantastic for our members.

Wayne FARNHAM: You spoke earlier about laminated beams or gluing beams together. My recollection is we do not have anyone in Victoria that manufactures LVLs. That all comes out of Western Australia. Is that right?

The CHAIR: What was that, sorry, Wayne? We do not manufacture –

Wayne FARNHAM: LVLs.

The CHAIR: What is an LVL?

Wayne FARNHAM: Laminated veneer lumber.

The CHAIR: Right.

Andrew WHITE: I am new to this space as well, do not worry, Chair.

The CHAIR: That is all right. You owe me a drink.

Andrew WHITE: LVL is a high-volume, low-cost glued product, similar to a GLT.

Wayne FARNHAM: Glued product. Sorry, I went all builder on him then.

Andrew WHITE: It is like a veneer product.

The CHAIR: My arts degree is not helping right now.

Andrew WHITE: A lot of it comes in from China, and then, yes, there is some in WA.

Wayne FARNHAM: In WA, but we do not have any in Victoria.

Andrew WHITE: There is a member of ours that is looking to develop it. With LVL, the manufacturing sites are hundreds of millions of dollars to construct, so it is expensive to create a factory that can produce it. We do have one member of ours, Radial Timber, who are based in Yarram in eastern Victoria and are currently undertaking a research project for an LVL manufacturing site, and they incidentally have also got a bioenergy site onsite as well. What they are looking to do is to develop basically a low-cost LVL production minisite which could be expanded across other minisites in future. They are testing out a variety of different ways of gluing and drying, also using reticulated water systems and so on, testing a whole range of things. It is a current research project supported through what is called the NIFPI program. Essentially that, if it is successful, will allow small-scale production of LVL in Victoria. To answer your question directly, no, we do not do large-scale LVL production in Victoria currently.

Wayne FARNHAM: Do you think it is something that the state government could look at in respect of research and development and technology to partner up with private business? Because when we talk about log waste, LVL is a very good way of bringing in that waste and using that. They have pretty well replaced hardwood timber now. We used to have KD F17 and all the rest of it, and now we have gone to LVL. Do you think in that space that it would be wise for investment to come into that?

Andrew WHITE: Yes, 100 per cent. They are trying what is called a spindleless lathe, which is one of the first of its kind in the Southern Hemisphere. I do not know if that is building terminology. They have their really big sawlogs go through a normal saw and the medium ones go through their radial saw. And then for the much smaller diameter logs, as I understand it – and I am not a sawmiller – essentially you are able to put a much smaller diameter hardwood log through a spindleless lathe to create your LVL-type products. Absolutely with that research, if we can look to expand that technology and see that adopted, there is certainly an opportunity there for Victoria to back that in.

The CHAIR: Andrew, you mentioned earlier that you have been listening to the other witnesses that have come before the inquiry today. I am just wondering, in comparison to our prefab houses and stuff like that – I very proudly live in a weatherboard home built in the 1920s – how is a weatherboard home going to compete in terms of bricks and prefab homes in the future? Is the future in timber weatherboard homes or is it more going to be frames and trusses where the timber industry is in the sector?

Andrew WHITE: I guess a lot of it comes down to trends and market demand, I suppose. It is a difficult question to answer. I suppose the predominant form of housing, as you heard earlier today, is that frame and truss. As AKD indicated, they have got about 20 per cent of the market. It is a very affordable, sophisticated solution. That is your baseline opportunity, I suppose. If we can get some of the other policy settings right, then that would certainly help. And then I guess there are other options, like prefabrication, as I mentioned, which are not going to be at the same scale but are part of the solution, I suppose you could say. But again, we need to get the policy settings right to enable those modern methods of construction to be able to penetrate the market. So the payment terms, the procurement policies and these kinds of things – if we can contemporise those, that will help. In terms of what is going to be the dominant form of housing going forward, that is a really difficult

one. I think the mix is going to change over time. I guess ultimately my answer to that question would be: it is a combination of solutions. We have members who are in the prefabrication space, we have members who are in the frame and truss space. We have members even in the modular space who have started buying into modular housing businesses and are looking to expand in that space. It is probably a combination of things, I would say. It is a difficult question.

The CHAIR: Just a supplementary – and it could be hard. Looking at the rising cost of energy prices – my good friend from Narracan mentioned gas earlier today as well and the important role gas plays in brickmaking – do you see it being a cheaper and more sustainable option to have timber homes rather than brick homes?

Andrew WHITE: In terms of the environmental footprint and the embodied carbon, we think we have got a lot of advantages at the moment, notwithstanding that every industry, in fairness, is trying to improve its embodied carbon footprint. But timber naturally has a lot of advantages in terms of carbon sequestration. We have already sucked up I think it is something like 30.3 tonnes per hectare annually and around about 11.5 million tonnes of CO₂ every year that our industry sequesters. We are probably one of the few industries whose carbon footprint is in the negative, notwithstanding we are trying to improve our supply chain, our harvest emissions, our trucking emissions, our haulage emissions and so on. I think we have got a lot of advantages compared to other types of construction, but ultimately it will be a mix of products that is required and a mix of solutions, not just any particular solution. I am not sure if that really answers your question.

The CHAIR: No, it does. It was very diplomatic to our friends in the brick industry. Martin.

Martin CAMERON: Andrew, I want to take you back to fire protection. You said that is entirely on the owners of the plantation.

Andrew WHITE: Yes.

Martin CAMERON: What does that look like for them monetary-wise as part of that asset they are trying to protect? How much are they spending on that fire protection? I know you are looking at a partnership that we can do either with the government or whomever. That has got to be a huge concern to them, because that is their livelihood. If it burns down, it is gone for 30 years while it grows back again. What money are we looking at – ballpark? Do you know? Do they talk about that a lot?

Andrew WHITE: Yes, they talk about it all the time – on a weekly basis. It is a huge, huge concern in terms of the risk that it presents to our fibre security, essentially – you know, our plantations burning down – and we have seen some instances. Thankfully, last year it was only a few hundred hectares of plantation; it was not substantial, but it could be. What does it look like on a daily and weekly basis for us? We have forestry industry brigades which come under the auspices of the CFA, and they are a mandatory requirement for any plantation above a certain size. Essentially our staff at our member companies are part of those forestry industry brigades, and they will be out there literally fighting fires alongside the CFA and Forest Fire Management Victoria, not only in plantations but in the local community where they live. I was speaking to one of the plantation guys who was out in Portland on Friday, and they were on duty for the weekend because Saturday was going to be 35 degrees. It is an investment in terms of time that they spend potentially away from their day job to protect not only the plantation but the whole region.

In terms of dollars there is a significant commitment. We are funding eight cameras at the moment in the green triangle region in western Victoria. Those cameras are roughly in the ballpark of, say, \$70,000 per camera per year. What we would like to see is more investment in the prevention side of fire management, in prescribed burning and ensuring that remains a core part of our mitigation strategy, but also investment in new technologies like these AI cameras where you get an alert to your phone, essentially, when there is a detection. It enables a much quicker response time to bushfires. I think there are something like 60 to 70 personed towers at the moment, and we would like to see a complementary rollout of AI cameras to essentially protect that asset. There are insurance and things that you can do, but in a large proportion of cases it is prohibitively expensive to insure an entire estate, so it is just too costly. They will insure some of but not the entire land area. I do not know if that helps.

Martin CAMERON: Thank you.

Andrew WHITE: It is affordable, relatively, we think, to invest in these preventive technologies. It is not foolproof, but it is about saying we have done everything we can before we get to that. We do not want to get to that day where we say we have lost all of this and then be like, 'Okay, now what are we going to do for wood?' That is not where we want to be.

The CHAIR: Just following along from that and just making sure that we are really explicit in our understandings, such fires within these plantations would have a significant impact not only on employment in the sector but also cost. Are the two key ones workforce and cost of timber? Would they be the two? Are there any another sorts of factors or are they the two key benefits, that by insuring the plantation –

Andrew WHITE: There are a whole range of things. There is the environment as well, in terms of wildlife and biodiversity, surrounding land areas and houses. Employment is definitely a big one – and fibre security. I mean, the biggest issue for us from a dollars and cents perspective is the loss of the asset, but there are all of the associated community impacts as well, which are no less significant from another perspective.

The CHAIR: Just so I am clear, do Forest Fire Management only do Crown land, is that correct, in terms of the work that they do, or does the Victorian government's Forest Fire Management also support private land?

Andrew WHITE: There are three types of fire management, as I understand it. We have the CFA, and we have Forest Fire Management who do the public Crown land, and then our forestry industry brigades are doing the plantation areas and the private land. They do work side by side, and I must say all the feedback I have had is that we have an incredibly valuable and supportive working relationship on the ground with those agencies. That feedback is very positive, from an on-the-ground perspective.

Wayne FARNHAM: Thanks, Chair. Me or Daniela?

Daniela DE MARTINO: I am good, thank you.

Wayne FARNHAM: I just want to get your opinion: since the shutdown of the native timber hardwood industry, where does most of our product come from now as far as hardwood timbers go, and what cost implication has that had for the industry?

Andrew WHITE: Great question. Just for clarity for others who may be listening, the hardwood product that has ceased as of 1 January is the native hardwood harvesting, which was run through VicForests, through the Victorian government. And my members were recipients of that wood supply through sawmills, essentially, to create a range of products which stem from stairs –

Wayne FARNHAM: Windows.

Andrew WHITE: window frames, decking, cladding, anything that you consider furniture – not this one but other furniture – so anything that is made from hardwood that requires a hardwood as opposed to a pine or softwood. So all of those products now are coming, the majority, from interstate – so Tasmania and New South Wales – or overseas. They are being imported either from interstate or from overseas. It is difficult in terms of cost at this stage, because it is still quite new to probably have the data to sort of indicate what that means, but I suppose you could presume –

Wayne FARNHAM: Would it be a fair assumption to say that cost would have increased?

Andrew WHITE: That would be a natural conclusion. I just do not necessarily have the data to – and I will be watching the import figures as they come in this year with interest as to where that supply is going to come from. We know that in all likelihood some of it will come from overseas, from countries that have less reliable reputations, shall we say, in terms of environmental standards. I think it is something like two-thirds of those suppliers have a lower environmental ranking in terms of the environmental index, compared to Australia. Certainly, you know, no industry is perfect, and I am not going to sit here and say that every industry is perfect, but it is relative and some of those industries now will be sourcing from countries that quite frankly have less than reputable reputations in terms of their approaches, whereas all of our members are certified in terms of both our plantations and our previous hardwood industry in terms of both FSC, which is the logo you see on the packaging, and also PEFC, which are the two essential environmental sustainability standards that we need to

adhere to, and they are audited annually and regularly on those standards. So yes, there are concerns about where we will get our hardwood sawlog from, and we do not have plantations in the ground to replace it.

Wayne FARNHAM: There is no plantation hardwood in Victoria?

Andrew WHITE: There is hardwood plantation, but it is mostly blue gum, which is exported to Japan and China as woodchip. It is only grown for 12 years, so it is not suitable for a desk or hardwood floor.

Wayne FARNHAM: A window or stairs or –

Andrew WHITE: You cannot make it from blue gum, basically. We are doing some research. We announced on Friday a grant from the Victorian government to look at making glue-laminated beam using blue gum and looking at the feasibility of that from a manufacturing perspective in particular, so there are some opportunities there. But as we sit here, you know, right now, the majority of that blue gum is exported and becomes a paper and packaging product – brown paper, cardboard – to Japan and China. There is a very small hardwood plantation estate for sawlog, but it is very, very tiny in the grand scheme of things.

Wayne FARNHAM: Thanks.

The CHAIR: Any other questions?

Wayne FARNHAM: No, I am good.

The CHAIR: Excellent. We will probably have more questions after we have been on our excursion tomorrow.

Andrew WHITE: Happy to follow up, for sure.

The CHAIR: Terrific. Thank you so much, Andrew, for joining us today and answering all our questions. There is a lot to think about in terms of the significance of the forest products industry in Victoria, so thank you very much.

Witness withdrew.