

# Submission

**Department of Economic Development’s regional service delivery model review**

**April 2015**

Via email: REDS.review@econdev.vic.gov.au

The Victorian Association of Forest Industries (VAFI) appreciates the opportunity to make a submission to the review of the Department of Economic Development’s regional service delivery model and the best policies to drive economic growth in regional Victoria.

VAFI is the peak employer representative body for the Victorian forest and wood products industry. Our members include forest managers, harvest and haulage businesses, primary timber processors, pulp and paper processors, secondary processors and sellers and associated businesses and organisations.

VAFI is committed to ensuring an economically, environmentally and socially sustainable future for Victoria’s forest and wood products industries. We support and encourage best practice in industry and forest management.

VAFI is pleased this review is being undertaken to establish the direction of future regional development and identify key regional priorities for future investment to support growth and infrastructure planning.

The forest and wood products industry is an important economic contributor in rural and regional Victoria, and provides opportunities for encouraging growth, population diversity and maintaining a sustainable local industry.

Directly employing 21,000 Victorians, and indirectly supporting another 40,000 to 50,000 jobs, the employment and economic activity our industry generates is vital in creating sustainable futures for rural and regional communities across Victoria.

Regional development is critical for the economic and social wellbeing of the State. In particular, the role that Regional Development Victoria (RDV) has provided in terms of valuable business development assistance to VAFI members.

An example is the case of Midway Ltd.’s development of the South West Fibre woodchip mill at Myamyn in western Victoria. During the design and development approval phase of the project, RDV was very effective in reducing “roadblocks” associated with the supply of high voltage electricity to the facility and was integral in navigating certain environmental approvals, particularly those relating to the then Department of Sustainability and Environment.

The knowledge and departmental contacts provided by RDV enabled material assistance to completing the greenfields project, along with many other projects, and we wish to express our appreciation of the role RDV has played thus far in supporting forest and wood products businesses and the industry more broadly.

There are many examples whereby VAFI and its members have worked in collaboration with RDV and other agencies to achieve a favourable outcome for not only local businesses, but local communities in turn. This example highlights the importance of an integrated approach through government and industry in planning for the long term viability of rural and regional industries and their communities. VAFI strongly supports the continued investment in such an integrated approach.

VAFI believes that future government support programs must be flexible and distinct to accommodate the breadth of industries, employers, employees and associated businesses across all of regional Victoria. These programs need to be localised and considered as part of a long term strategy whereby industry consultation and collaboration is welcomed.

The Victorian Government, through RDV, play an important role in ensuring the continued growth of our industry in regional Victoria; creating more jobs and a greater contribution to the economy into the future.

It is critical to ensure that regional economic development strategies and services take prominence in all strategic planning within the Department of Economic Development, Jobs, Transport and Resources in order to strengthen regional growth and encourage job creation.

VAFI provides the following comments regarding economic, social and demographical issues facing regional Victoria and key policy levers:

## Recognition of the forest and wood products industry

* Acknowledge the broader benefits and impacts of the forest and wood products industry on regional Victoria when developing strategic policies
* Security of resource is paramount for a successful forest and wood products industry in future
* Recognise the forest and wood products industry as an important contributor to regional economies and the broader Victorian economy.

## Economic opportunities

* Regional support is needed for innovative and economic opportunities in the forest and wood products sector, including investment vehicles to increase plantations
* Support for collaboration across sectors to ensure a strong and vibrant local industry continues to grow into the future.

## Natural assets

* Recognise the sustainable approach to commercial forestry, including native forests
* Recognise the contribution plantations make to the local economy
* Recognise the skills available within the forest and wood products sector to manage and maintain biodiversity and ecological values.

## Fire management and forestry

* Recognise the role the forest and wood products industry plays in supporting active forest and fire management, and in providing access, skilled personnel and equipment necessary to respond to fires on public land.

## Communities

* Recognise the dependency of many rural and regional communities on the forest and wood products industry
* Acknowledge the need to educate, train, access and retain young skilled workers in rural and regional areas to help balance age diversity and skills shortages.

## Transport

* Support investments to ensure local, state and commonwealth roads are capable of transporting both regional commuters and freight vehicles into the future, ensuring better efficiencies in freight movements across regional areas
* That the Victorian Government assist local councils and industry to access funding for strategic local road upgrades to support key industries and communities
* Cross-border transport initiatives to be investigated as part of a broader strategic regional plan. This would greatly increase value-adding opportunities, particularly for exports.

## Infrastructure

* That local councils work with the Victorian and Australian Governments to increase the coverage of high-speed internet and other associated infrastructure necessary to undertake business transactions in rural and regional communities.

## Strengthen regional growth and encourage job creation

* VAFI encourages the Victorian Government to work with industry in investing in the education and work experience of those working in the forestry industry
* The Victorian Government could assist businesses to set up services or relocate to regional areas by way of incentives
* Further work must be undertaken collaboratively by the Government and industry to educate primary school children on the forest and wood products industry and provide the learning tools to ensure that there is a future of skilled workers that remain in regional areas and in the industry.

## Secure resource for the forest and wood products industry and provide opportunities for future investment

* Market diversification and productivity improvements are vital for a sustainable forest and wood products industry. However, in order to attract the investment required, a secure resource base is required
* Currently resource security is not available to the level needed to encourage an adequate level of investment capital in a large number of new operations and new employment opportunities
* Security of resource is paramount for a successful forest and wood products industry in future. VAFI looks forward to continuing to work with Government in ensuring adequate access and resource security for the ongoing viability of our industry
* Efficient market opportunities should be encouraged, and government policy should aim to address market failures and reduce regulatory inconsistencies where they exist, whilst seeking to minimise actions that create sovereign risk
* There is a direct need to maintain native forest harvesting, with government policy to support the continuation of harvesting throughout the state, in particular East Gippsland and the Central Highlands

VAFI supports the removal of impediments to investments in the industry. More opportunities for investment would boost economic activity and employment. These opportunities for further investment in both the native and plantation sectors of the industry should be a top priority of the government

**Strengthen economic resilience by growing a more diverse economy which is supported by new investment, innovation and value-adding in traditional strengths**

* Regional support is needed for innovative and economic opportunities in the forest and wood products sector
* In addition, there should be a greater level of support for collaboration across different sectors such as energy and waste, and more broadly manufacturing, food and fibre, in the promotion of regional Victoria.

Finally, VAFI supports the future directions surrounding further diversification of Victoria’s service and manufacturing industries to support job creation and investment in regional Victoria, and increase value-add to local products.

VAFI and its members strongly believe that opportunities exist in regional Victoria for their economic and social fabric to be supported by local industries. VAFI looks forward to continuing to work with the Victorian Government, and DEDJTR and RDV in particular, to continue to build and grow a strong and vibrant forest and wood products industry and the rural and regional communities in which they operate.

Yours sincerely

**Tim Johnston**

Chief Executive Officer