



BRIEFING NOTE



27 March 2020

Essential Services produced by Australia's Forest Products Industries during CoVid-19 crisis

Key points

Australia's forest products industries manufacture and deliver a range of essential services and products, many of which are experiencing record demand as a result of CoVid-19. The integrated nature of the industry means the continued supply of these vital products is contingent on the continuation of the whole forest products supply chain.

Federal, state and territory governments are urged to recognise the forest products industries as essential services that must continue to operate throughout the CoVid-19 crisis to ensure Australians continue to have access to essential goods and services. These include:

- Manufacturing toilet paper, tissues, medical products, sanitary products and other paper products experiencing record demand
- Cardboard packaging for supermarket and retail deliveries, including pharmaceuticals
- Food and beverage packaging
- Wooden pallets for supermarkets and other retailers' distribution operations
- Timber for housing and building construction, which could prove even more vital should the urgent construction of new makeshift hospitals and temporary structures be required
- The provision of kerbside, wastepaper and packaging recycling services.
- Manufacturing of newspaper for most of Australia's metropolitan and regional newspapers, which are an essential source of information for the community
- Supply of wood residues to the agriculture sector, essential for food production
- Forest managers (including forestry plantations) and their contractors play a key role in Australia's bushfire mitigation and suppression capacity, conducting significant fuel load reduction and frontline fire suppression, as they were during the recent bushfires
- Sawn timber and LVL are used to make poles for electricity and telecommunications services, as well as fence posts. These are in high demand after the catastrophic bushfires
- Firewood, which is the main source of heating for many households

Critically, these vital products and services require the continued operation of the whole forest products supply chain, as the harvest of pulp logs for paper and cardboard manufacturers is only commercially and operationally feasible if higher-value timber for sawmills is also harvested.

For these reasons, several countries including United States, Canada, South Africa, Finland and Scotland have defined forest products as essential services.

Finally, with constraints on the importation of goods and the slowdown of manufacturing operations abroad, it is more important than ever that Australia continue to manufacture these essential products locally to guarantee supply. Below are some examples of the essential products and services provided by the forest products industries.

CASE STUDY 1

Kimberly Clark – manufacturers of toilet paper, tissues and other essential, fibre-based hygiene products

The recent rise in demand for toilet paper in Australia highlights the importance placed on wood fibre-based hygiene products by the community, and the importance of Australia's ability to manufacture these products domestically.

Kimberly Clark operates a mill in Millicent, South Australia and manufactures a range of solutions to enhance the community's health, hygiene and well-being.

Products include Kleenex toilet paper, facial tissue and other fibre-based cleaning and hand hygiene products.

Since the outbreak of COVID-19, Kimberly Clark has seen a surge in demand for its products. This has resulted in the company's Millicent mill increasing production to 24 hours a day. It is expected that demand will continue for many months as supermarkets seek to restock their supply chains.

As Covid-19 impacts Australia, Kimberly Clark's Millicent Mill must be recognised as an essential service to enable continuous production of toilet paper and other fibre-based hygiene products. These products are needed in every business and household in Australia, schools and hospitals. Kimberly Clark's facial tissue products are used directly in the fight against the spread of Covid-19.

CASE STUDY 2

Oji Fibre Solutions – manufacturers of essential packaging solutions

Oji Fibre Solutions is integral to many essential food and beverage supply chains across Australia, producing a range of important products including cardboard boxes used to:

- Package staple food items (fresh, frozen and dry goods such as butter, cheese, yogurts, ready to eat meals, vegetables, fruit, tinned goods etc) destined for local supermarkets and food outlets
- Package home deliveries of food (meat products, pre-prepared meals, pizzas etc)
- Package products used for fast food outlets
- Package beverages (UHT milk, water etc)
- Package infant formula products (milk powders) etc
- Package milk products, seafood products, meat products and fruit products

Additionally, Oji Fibre Solutions provides fibre to 3M Australia who amongst other products, manufactures filters for medical use, crucial for such procedures as kidney dialysis.

If Oji Fibre Solutions was to stop operations and the manufacture of these essential products ceased, this would effectively stop essential goods getting to supermarket shelves or to customer doors via the likes of Woolworths, Coles and other retailers.

CASE STUDY 3

CHEP – supplier of wooden pallets for Australia’s supply chains

CHEP’s extensive equipment pooling network is integral to the movement of essential items such as foodstuffs, household products, ingredients and other industrial materials within both Metro and Regional Australia.

Goods are largely moved on wooden pallets that use locally sourced, Australian timber.

Wooden pallets also support all but a small percentage of movements through Australia’s major supermarket retailers e.g. Woolworths, Coles, ALDI, IGA’s, Costco.

This includes the movement of all fresh produce, chilled, frozen and ambient food, including meat deliveries.

Over 75% of CHEP’s pallets are issued to manufacturers, wholesalers, and transport providers and ultimately end up at the Australian retailers before being returned to CHEP to be repaired.

CHEP is one of Australia’s largest purchasers of wooden pallets, and a significant purchaser of sawn timber, used to sustainably perform pallet repairs, both of which require ongoing access to timber to keep Australia’s supply chain moving.

Since the outbreak of COVID-19 CHEP has seen pallet movements increase significantly, for what is already a traditionally busy period of the year. This increased activity has increased demand for locally sourced timber as CHEP is required to repair an increased number of pallets to support Australia’s supply chain.

The recent bushfire season has already put incredible pressure on timber supplies, and it is essential that harvesting and sawmilling continues at the present time to provide the significant volume of pallets needed for Australia’s critical supply chains.

CASE STUDY 4

Wood residues from sawmills for agricultural production

Wood residues from timber sawmills such as sawdust are an essential input for many agricultural processes including livestock and crop production. Some examples below:

- Victorian timber mills ASH (native hardwood) and AKD (plantation pine) supply wood residues for use as bedding for the chicken meat industry, turning out over 5 million chickens a week. The bedding must be changed regularly to prevent disease.
- Wood residues are used in soils for crop production. For example, Britton Timbers in Smithton, Tasmania, supplies residues to McCain for its frozen vegetable range.
- Borg, a particle board manufacturer with mills in Oberon, NSW, and Mt Gambier, SA, also provides sawdust for the poultry/egg industry which is used for flooring.

CASE STUDY 5

Australian Paper – manufacturers of essential fibre-based products

Australian Paper's Maryvale mill is situated in the Latrobe Valley and uses certified wood inputs and recycled wastepaper to manufacture packaging paper and board, office paper, inkjet and envelope paper for billing applications and a range of other paper products.

Australian Paper is integral in maintaining the essential fibre packaging supply chains across Australia that rely on the company's liner boards that are used in cardboard boxes as well as packaging papers for bag and sack products.

These products are a crucial input, enabling the safe transport of essential items such as food and pharmaceuticals across Australia as they travel through supermarkets, pharmacies, butchers, fast food outlets, and greengrocers to the Australian community.

Additionally, the copy paper that the Maryvale mill produces is an essential input for paper-based administrative systems in a wide range of businesses. These systems are often central to the health care sector including hospitals.

Without an ongoing supply of these specialised and high volume fibre-based products from the Maryvale mill, the nation's fibre packaging converters would be unable to supply food processors, retailers and supply chain participants with the essential support to meet the daily transport of essential products such as food and pharmaceutical goods to Australian communities.

It is important that the inputs and associated supply chains that the Maryvale mill depends on, such as wood fibre, filler, required chemicals and freight are considered essential too.

CASE STUDY 6

Norske Skog – the sole producer of newsprint in Australia

Norske Skog's Boyer Mill is situated in Southern Tasmania and uses certified plantation radiata pine to manufacture approximately 290,000 tonnes per annum of newsprint, improved newsprint and light-weight coated paper.

Norske Skog is integral in maintaining lines of communication within Australia, as they are the sole producer of newsprint, which is a crucial input for the Australian newspaper industry. To put this in perspective, 85% of newsprint consumed each day by Australia's publishers is manufactured by Norske Skog.

It is important that the supply chain of this business, including the management of plantations, harvest and haulage is recognised as an essential service as well.

Without an ongoing supply of newsprint from the Boyer Mill, Norske Skog would be unable to supply Australian newspapers with sufficient newsprint to meet their daily needs.

CASE STUDY 7

Koppers and pole industry suppliers – producers of essential power and communications infrastructure

Koppers Wood Products, along with other utility pole industry suppliers, currently produces hardwood poles on the Australian east coast across locations in NSW and Queensland, Tasmania; and softwood poles are produced in Western Australia.

Combined the industry manufactures approximately 70-80,000 utility poles per year, in addition to other essential treated roundwood products such as piling and bridge girders.

Treated timber poles are crucial in maintaining infrastructure in Australia used to suspend essential communication and power line assets. This is especially important after the network was significantly damaged by the recent catastrophic bushfires.

Many of the most vulnerable sections of the community are heavily reliant on the communication and power network being maintained and providing a reliable and continuous delivery of essential energy supplies and communications. Having a secure, effective network has become even more important following the outbreak of the CoVid-19 virus.

Logs for the manufacture of utility poles are sourced from sustainably managed native forest and plantations in five States. Broader harvesting operations for sawlogs need to remain in play to support the harvesting of utility poles and other smaller volume products.

Without an ongoing supply, the utility pole industry would be unable to supply the operators of our critical communication and power networks with enough replacement and new poles to underpin the network in Australia. This would undermine the reliability of these networks at a time when they are essential to the well-being of all Australians.

CASE STUDY 8

HQPlantations – providing bushfire mitigation and suppression

HQPlantations (HQP) manages 300,000 hectares of native forests and plantations in Queensland, most of which is on public lands and near or in urban and peri-urban communities.

Like all forestry plantation operators in Australia, HQP plays a vital role in Australia's bushfire mitigation and suppression capacity. HQP operate Plantation Fire Brigades under Queensland's Fire and Emergency Service Act and are obliged to respond to all fires on its managed lands and also respond to many fires within 3km of its managed lands.

Every year HQP undertakes approximately 25,000 ha of fuel reduction programs – mostly fuel reduction burns but also some mechanical fuel reduction – as well as maintenance of extensive fire breaks and fire access tracks. Almost all HQP's fuel reduction burning is undertaken between now and July, as are many other of HQP's other fire mitigation activities. All this to reduce the risk of and intensity of wildfires during the fire season.

Forest Products Industries – A highly automated supply chain that is low risk for the spread of CoVid-19

Australia's forest products industries have been proactive in implementing risk mitigation measures to minimise the risk of CoVid-19 across our supply chains, and we will continue to act in accordance with the latest health advice.

Most of our industry is regionally based and highly automated, making it possible for employees to practice social distancing in accordance with the Government's health guidelines. Furthermore, our member companies have adopted new best practice sanitation and hygiene measures and where possible, retooled workspaces to allow more distance between workers. These include:

Enforcing strict physical distancing measures

- Changes to shifts, rosters, workspaces and operating procedures to support to facilitate physical distancing of people of 1.5m or more at all times (noting that many manufacturers can maintain much greater separations than this), including during breaks and before/after their shifts.
- Operators of modern automated wood processing facilities are dispersed throughout large areas. Some of these operators work in control cabins where they are physically separated by walls and windows from other people. Where they are not in cabins, they are typically separated by significant distances from other employees.
- Implemented staggered breaks to reduce the number of people in lunch rooms so that physical distancing can be maintained.
- Implemented split shifts and gaps between shifts to reduce the number of people crossing over.
- Timber harvest and haulage operations are already performed at a distance due to the size and danger of the machinery.

Highly developed safety processes

- Updating of the Business Continuity and Emergency Management Plans.
- Critical administration roles work from home and deferral of non-essential training.
- Employees are well accustomed to maintaining physical distance from plant and equipment, the use of temporary and permanent barriers and demarcation lines to maintain safe physical separation from equipment.
- PPE including gloves, glasses, and masks are being used. Changes made frequently.
- Advice to workers and their families about the new protocols.

Robust processes are in place to ensure personal hygiene

- Hand-sanitizers and wash stations.
- Hygiene and information posters on notice boards and used as screensavers.
- New procedures to ensure that forklifts and other mobile plant are cleaned down by the operator at the start and end of their shift (double cleaning).
- Similarly control rooms are cleaned at the start and finish of every shift or change of operator, and even control consoles glad-wrapped.
- Manufacturers have increased the frequency of cleaning of lunchroom surfaces and toilets.
- Closure of sites to visitors and strict controls on contractors.