Independent Forestry Panel

Public submission

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Organisation:	*Koppers Performance Chemicals Australia Pty Ltd*
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Independent Forestry Panel Submission – Koppers Wood Products

Koppers Performance Chemicals Australia welcomes the opportunity to engage with the Independent Forestry Panel and other key stakeholders on the role that a sustainable native forestry industry, continue to play in maintaining the State's critical electricity distribution network.

Koppers Performance Chemicals Australia Pty Ltd – Background

Koppers Performance Chemicals (KPC) is Australia's largest supplier of timber preservative chemicals. KPC is part of the Koppers Group of Companies with headquarters in Pittsburgh USA.

KPC directly employs 20 staff nationally, including 4 in NSW and supplies timber preservative products to all of the hardwood utility pole suppliers in NSW.

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Demand for timber products, particularly as relates to NSW housing, construction, mining, transport and retail

KPC's Utility Pole customers are primarily focused on supporting electricity distribution utilities. They supply hardwood timber Poles to the electricity network utilities across Australia, New Zealand and the near Pacific Islands.

Treated hardwood poles are also supplied to Councils, community venues, and several heritage value public use structures such as jetties, wharves and other foreshore access areas and are increasingly used for native fauna refuge and crossing poles on our highways.

The electricity distribution infrastructure continues to age and as such there is steady demand for continued supply of treated hardwood poles to, literally, keep the lights on.

The future of softwood and hardwood plantations and the continuation of Private Native Forestry in helping meet timber supply needs

The utility companies prefer, in terms of importance, Durability Class 1 before Durability Class 2 poles as the in-service life expectancy for Durability Class 1 poles can be as much as 20+ years longer. Whilst hardwood plantations do play an important part in the supply of timber poles, the timber industry hasn't been able to successfully grow Durability Class 1 poles in plantations.

To date there are only two utility companies in Australia using some softwood poles, namely Energy Queensland in Queensland and Western Power in Western Australia.

Therefore, Private Native Forests (PNF) in NSW continues to play an important role in the supply of hardwood timber poles now and in the future. However, there are a few key issues that must be considered that limit their effectiveness in supply:

1. Only 10% of poles longer than 18.5m come from PNF therefore any limitation of supply from FCNSW places pressure on the PNF resource that just cannot supply that demand.
2. Private property owners can be highly variable in when they choose to, or not to harvest their property with some of those reasons being seasonality, financial needs, cattle prices, return on investment and in cases that seem to be occurring more often is locking up forests for lifestyle change. These all create an imbalance in sustainable supply which causes issues challenges such as inconsistent supply, price variability, declining availability of resource etc.

3. PNF do not have the flexibility of resource when compared to FCNSW in terms of species mix, where PNF supply is dominated by Durability Class 2 species being Spotted Gum, Blackbutt and Tallowwood (57%).
4. PNF resource does not have as much resource flexibility and is estimated to contribute approximately 45% of all hardwood timber poles.
5. While PNF should be properly approved and responsibly managed it is important to recognize its value to private landowners, their rights and requirements for a reasonable return from their asset. KWP are advocating for PNF operations to be allowed to prosper and deliver a fair return to the owner, and so not become hindered by ever increasing administrative applications and approvals processes that add no value and/or reduce the incentive for PNF owners to pursue the returns to which they are entitled.

The role of State Forests in maximising the delivery of a range of environmental, economic and social outcomes and options for diverse management, including Aboriginal forest management models

State Forests in NSW have over 14 different species of trees that are certified for use as a hardwood timber pole, 9 of which only grow in native forests and many of which are classified as Durability Class 1 species.

Utility companies across Australia have traditionally sought hardwood timber poles for their versatility.

Hardwood timber poles make up approximately 6% of the total volume of timber harvested on State Forests, and the vast majority of timber pole demand fit within the salvage grade sawlog or high-quality small sawlog grade range where the difference in royalty can be as much as eightfold higher, in favour of poles.

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Opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets, and mitigate and adapt to climate change risks, including the greenhouse gas emission impacts of different uses of forests and assessment of climate change risks to forests.

Hardwood timber poles have many benefits and include:

- The most cost effective and environmentally friendly solution for power poles
- Treated timber poles last more than 50 years and are the preferred choice for utility companies
- Timber poles are a natural insulator
- Strong, robust and durable
- Compatible with existing utility asset base
- Lower whole of life maintenance and end of life disposal costs
- Low carbon embodiment (timber is a carbon store) and grown and produced locally in NSW (less transport distances also an environmental positive compared to alternatives with imported materials.)
- Sourced from renewable sustainable forests – managed native regrowth and plantation
- Lower emissions (cleaner supply chain – less transport, less energy, less emissions)
- < 5% waste (there is very little waste material generated in timber pole production)
- Timber is a sustainable, renewable resource
- Koppers has been responsive in crisis supply situations brought about by natural disasters
- Timber poles are cheaper than alternatives by 3-5 times

As the push to decarbonisation of our economy gathers momentum, we want to point out a singular important fact about our small corner of the industry. The use of native hardwood electricity poles from the North Coast of NSW results in a net climate benefit five times greater than using concrete or steel transmission poles. (*Forests, Plantations, Wood Products & Australia's Carbon Balance; Forest and Wood Products Australia; July 2023*).

Production of a timber utility pole requires minimal manufacturing and therefore has a low embodied energy. Typically, substituting one cubic metre of timber for one cubic metre of solid material like concrete will divert approximately one tonne of carbon dioxide from the atmosphere (Reid, 2004).

From an environmental perspective, the 'whole-of-life' impact of timber is low. A properly treated timber pole will last in excess of 50 years in service.

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Approximately half of the dry weight of a tree's wood is carbon which is stored in its wood until the tree decomposes. Australian forests sequester (absorb) approximately 10 percent of Australia's greenhouse gases per year (Forest and Wood Products Research and Development Corporation, 2006).