

# Media Release

Dorset Renewable Industries Pty Ltd, Monday 8<sup>th</sup> July, 2013.

*For immediate use.*

## Last Minute Bid to Halt Sale.

The Chairman of Dorset Renewable Industries, David Hamilton, today called on Korda Mentha and the ANZ Bank to put a hold on further sales of plant and equipment from the former Gunns Ling Siding site at Scottsdale. “The Scottsdale area is one of the areas of Tasmania hardest hit by economic downturn”, he said “Dorset Renewable Industries is a community focussed enterprise aimed at developing new industries for the Dorset region, and we have identified the Ling Siding site as a resource which we think should be available for the establishment of new businesses. Our vision is to encourage businesses which utilize the region’s renewable resources in ways which makes the community more resilient and improves the environment. However, the further sale of plant and equipment from the Ling Siding site will significantly reduce its attractiveness.”

David went on: “Community resilience is improved by successful businesses working together to create operations which maximise the value from input resources and minimise wastes. For example, a saw mill co-located with a wood pellet plant could provide its sawdust to the pellet plant to make wood pellet fuel. The two operations working together would be stronger than each on their own. Such cooperative arrangements exist in the forest sectors in Japan and Germany, and we see great potential for such an arrangement to be established in Dorset.”

The manager of the Branxholm sawmill, Dale Jessup identified his business as one of those that was very interested in opportunities to work with other timber related businesses at the Ling Siding site as a part of an integrated timber processing hub. “We see considerable strength in an arrangement in which complementary businesses work together”, he said. “The whole can be stronger than the sum of the parts. I am also a Director of Dorset Renewable Industries, and we have applied for a grant from the TFA fund to enable us to acquire the Ling Siding site for the community and to undertake

remedial and improvement works, such as refurbishing the weigh bridge at the site. We already have three interested industries that would consider locating on the site with a view to expanding their enterprise, that's exactly what we are after he said - growth and new jobs"

"The next tranche of the plant and equipment sale at the Ling Siding site by Greys Online is due to start on Thursday", David said. "We call on Korda Mentha and the ANZ Bank to assist the Dorset community to rebuild by delaying this sale until we have learned of the success or otherwise of our TFA grant application." David added: "the community can also help by calling the ANZ Bank to ask them to halt further sales, and by posting comments in favour of halting the sale on the bank's FaceBook page."

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### ***Background Information: the Integrated Processing Hub:***

Such a hub would be established on the old Gunn's sawmill site at Ling Siding. It would attract new businesses to co-locate on the site for mutual advantages. Sharing of resources, labour, expertise, markets and marketing, and practice things like water, weigh bridge, treatment plant and hardstand.

The hub would use locally grown plantation timbers and other resources such as straw, cardboard and paper waste for the highest value first to the lowest value last. That means timber is used for fine furniture, floorboards, structural timbers through to the sawdust and wood chips going to a biofuel plant.

The concept of the hub was first developed as a proposal by the Greens during an extensive consultation phase by the State Government initiative, North East Working Group (who were charged with helping Scottsdale and the local communities develop a vision for a new future) the community have embraced the concept. The hub concept was considered along with the other 86 project submissions and came out 2<sup>nd</sup> after an extensive evaluation process for being shovel ready, creating jobs and new skills, and being sustainable - able to support itself in an ongoing capacity.

### ***Background Information: the Dorset Economy:***

The Dorset economy is based on its forestry and agricultural sectors. However in the past 10 years most downstream processing has ceased for both industries, examples Legerwood Dairy Factory, Simplot Vegetable Processing Plant, Gunn's and Auspine Timber Mills.

It is estimated that the hardwood forestry industry turnover in the Dorset area was approximately \$55 million.<sup>1</sup>

Since the demise of Scottsdale's industries, unemployment has risen alarmingly. In 2006 4.4% of the community was unemployed; today Dorset municipality has the highest unemployment rate in Tasmania of 9.2%.

The median weekly household income is \$733 compared to Tasmania of \$948.

The population has continued to declined from 7214 - (2006) to 6,826 - (2012).

This information supports anecdotal evidence from the North East Tasmania Chamber of Commerce that many businesses in the municipality are in dire circumstances, with very little retail activity.

ABS Data states that in 2006 - 574 people worked directly in the forestry sector compared to 104 in 2011, with further jobs lost since the last census.

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<sup>1</sup> Stonjek T & Hall Ken, 2013 direct interviews with contractors in the hard wood and softwood industries in Dorset

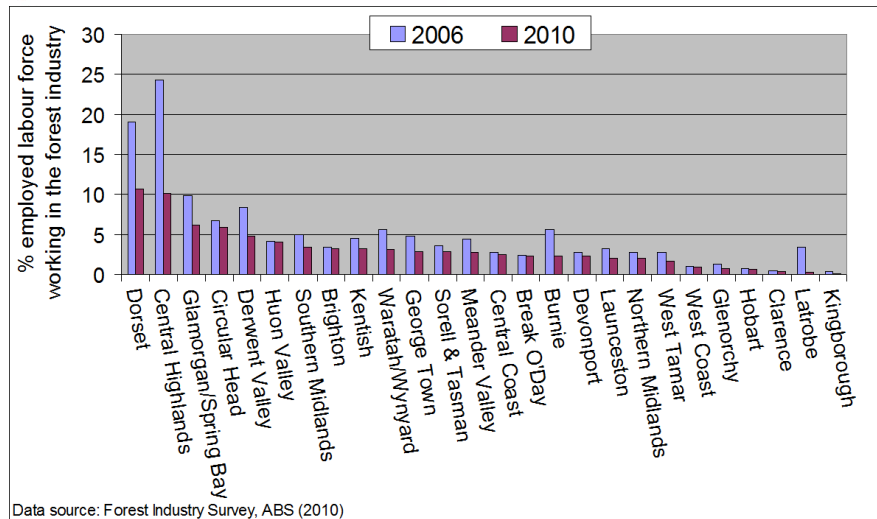
<sup>2</sup> ABS data, 2011, <http://www.abs.gov.au/AUSSTATS/abs@nrf/Latestproducts/LGA61810Population/People12006-2010?opendocument&tabname=Summary&prodno=LGA61810&issue=2006-2010>, downloaded 22/1/13

An extract from the Schirmer report (Figure 1) shows Dorset's reliance on the forestry sector and demonstrates the significance and importance for forestry related employment in Dorset when compared to other areas of the state. The Schirmer report clearly demonstrates that Dorset experienced the most significant changes in employment.



### Which communities are most impacted by the downturn?

Figure 1 Community Changes Unemployment Due To Past Forestry Downturn, Schirmer, 2010



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In Figure 1 Schirmer demonstrates that Dorset is one of the most severely impacted communities in Tasmania as a result of the forestry downturn.

The Dorset municipality has been and continues to be one of the most severely affected municipalities in Tasmania as a result of the forestry downturn.

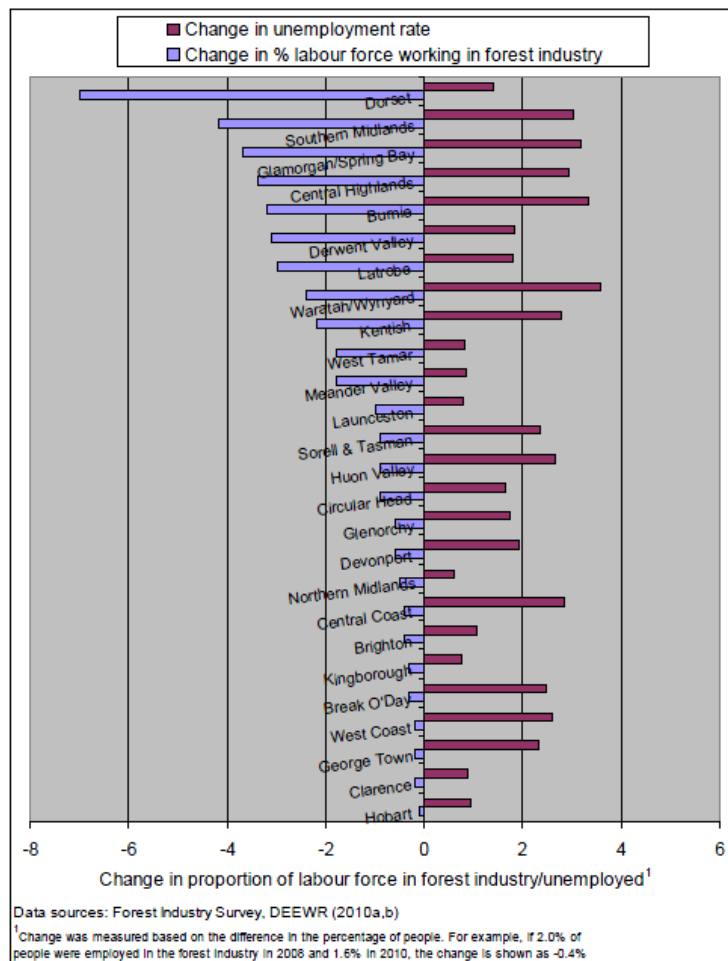
The community understands that the social and economic fabric is under extreme stress as a result of the current downturn. The effect and ramifications of permanently halving the quantity of resource available to industry, as exemplified by the TFA, with a reduction in the sawlog quota from 48,000 cubic metres (in the north east) to approximately 24,000 cubic metres per annum, is expected to produce further disadvantages to our community.

The economic and social economy of the municipality has been in decline for the past 10 years, and is severely stressed.

The 10 year downturn experienced by Dorset has had many impacts on forestry industry workers, their families, the community in general, affecting schools, social clubs (that bind and support rural and remote communities) supporting industries, indirect retail and other businesses and the very fabric that enables a community to exist. The anecdotal evidence is particularly visible in the small rural towns of Ringarooma, Legerwood, Winnaleah, and in Scottsdale.

With the loss of such infrastructure communities cease to function making it very difficult to attract new investment and families, as we are observing.

Figure 2 below demonstrates that even without the latest forestry industry downturn in native forests, as outlined the TFA, Dorset was one the most severely impacted regions of Tasmania, second only the Central Highlands, Schirmer, 2010.



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Figure 2 Communities most affected past downturns in the Forestry Sector, Schirmer 2010

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Recent examples of impacts on the economy include:

- In 2011/12 - 10 Dorset contractors met and noted that they contributed \$17 million in wages (30% of their turnover) to the local Dorset community. This was without reference to fuel, repairs, maintenance, tyres, transport, machinery repayments and profit.<sup>3</sup>
- Two recent mill closures resulted in 340 direct job losses.

All of the above information demonstrates that Dorset has suffered significantly from the loss of one of its two largest industries - forestry, and this is felt in employment figures, retail sales, loss of people from the area, business under stress from closures, and is therefore deserving of TFA funding to help it develop a new economy.

The Tasmanian Forestry Agreement of 2012 states in its objectives, point 2 that:

- an ongoing, vibrant forestry industry in Tasmania based on native forests and, increasingly in the future, plantation and
- strong, resilient communities and decent and secure jobs for workers and contractors.

<sup>3</sup> Hall, Karen, 2013, President of the Forest Contractors Association.

Scottsdale has its fair share of problems - yes true, but it also has a vision for its future, a vision which makes the best use of its renewable resources and its skills.

As Professor Andreas Rothe from the University of Applied Science Weihenstephan in Germany says more effective use of forest residues can deliver \$200 million boost to State earning and hundreds of new jobs. <sup>4</sup>

Scottsdale wants to be part of a new future and it is deserving of TFA Funding.

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<sup>4</sup> Professor Andreas Rothe from the University of Applied Science Weihenstephan in Germany 2013, <http://www.forestrytas.com.au/news/2013/06/wood-fired-renewable-future-for-tasmania>