



NAFI Submission

Development of a new Timber Industry Strategy for Victoria

May 2008

Introduction

The following submission is provided by the National Association of Forest Industries (NAFI) on the Victorian Government's development of a new Timber Industry Strategy.

NAFI is Australia's peak forest industry body representing the interests of the industry to the public, governments and authorities on matters relating to the national development and use of Australia's forests and wood products.

NAFI welcomes the Victorian Government's initiative to develop this strategy and fully supports it as a means of strengthening the industry's current position and encouraging future industry growth and development.

In making this submission, NAFI would like to state its full support and endorsement of the submission made by the Victorian Association of Forest Industries (VAFI). VAFI is a member of NAFI and the two bodies maintain a close working relationship in representing the forest industry at both the state (in this case Victoria) and national level.

As such, this submission does not focus on issues which are specific to Victoria. Rather NAFI provides broad comment from a national perspective, which has relevance at the state level, and endorses the state-specific comments made by VAFI in their submission.

National issues for consideration

From NAFI's perspective the following issues are of particular relevance for the forest industry at the national level and will have implications for state based industry policy;

Issue	Priority
<p>Development of a domestic Emissions Trading Scheme (ETS)</p>	<p>The development of an ETS must recognise the carbon abatement benefits through sustainable forestry and the use of wood products. Specifically, these benefits can be delivered through appropriate recognition of:</p> <ul style="list-style-type: none"> - production forests (plantations and native forests) as carbon sinks; - carbon stored in harvested wood products; and - use of wood waste for bioenergy. <p>NAFI is advocating a comprehensive and proactive approach for Australia's forest industry regarding its involvement in an ETS.</p> <p>Full coverage of the sector should be explored subject to a number of conditions to avoid any disproportionate negative impacts on the industry. NAFI's submission to the Garnaut Review can be referenced for further details (see www.nafi.com.au/files/library/Garnaut_ETP_Paper_050508.pdf).</p>
<p>Support for the Regional Forest Agreements (RFAs)</p>	<p>The Victorian Government (along with other Governments - State and Federal) must reaffirm their commitment to the RFAs.</p> <p>RFAs provide long-term certainty and security for Australia's forest industries and reliant regional communities, particularly in terms of ongoing investment and employment.</p> <p>The future viability and competitiveness of Australia's forest industry, and the ecological sustainability of Australia's world class public forest estate (both production forests and reserves), is largely dependent on reaffirmed Federal and State Government commitment to the outcomes of the RFA processes.</p> <p>The RFAs resulted in a dramatic decrease in the area of public native forests available for timber production. The resulting fall in production has led to significant structural adjustment for the industry over this period.</p> <p>While the industry has been active in value adding to the remaining resource, the economic viability of commercial native</p>

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	<p>forestry in some regions is in a critical state and any further reduction in resource access could have critical implications for ongoing industry competitiveness and viability.</p> <p>Therefore, maintaining the integrity of the RFAs, particularly in relation to resource access is a critical requirement for Australia's forest industry.</p>
<p>Development of regional water policy relating to forestry in response to the National Water Initiative (NWI)</p>	<p>The balance between forestry (particularly plantations) and water in the environment must be recognised equitably with other dry land agricultural pursuits, as a foundation for water policy development.</p> <p>It is imperative that commercial tree plantations are measured equitably in their water use with other dry land agricultural crops and treated fairly under water policy frameworks.</p> <p>Under some regionally based governance frameworks, developed in response to the NWI, plantations are being singled out as 'significant interceptors' for water licensing in the absence of adequate assessment against social, economic and environmental criteria using best available science (an example currently exists in south east South Australia).</p> <p>Water policies must be underpinned by broad agreement that any planning for water allocation/licensing will include a mechanism that can account for all effects of water use, and not target any one land use in isolation.</p>
<p>Taxation arrangements applying to plantation forestry</p>	<p>Maintaining and improving the taxation arrangements relating to plantation forestry will be critical in ensuring ongoing investment in plantation development.</p> <p>The current taxation arrangements applying to plantation forestry have been effective in facilitating private investment in the sector.</p> <p>This private sector investment has been critical for the ongoing development of plantation forestry in Australia as traditional public sector investment (through state forestry agencies) in plantations has waned.</p> <p>The majority of this investment to date has been in short rotation hardwood plantations grown specifically for the production of pulp and paper products.</p> <p>Private and public sector investment in new long rotation plantations for sawn timber production has however been limited.</p>

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	<p>This is an area requiring attention to offset the decline in native hardwood timber production resulting from reduced resource access.</p> <p>Given the success of the existing taxation arrangements in facilitating investment in short rotation plantation forestry, it is clear that similar arrangements, combined with suitable policy settings, could play a critical role in encouraging greater investment in long rotation plantations.</p> <p>Support at the Commonwealth Government level will be critical in maintaining private sector investment in plantation development through appropriate taxation and policy incentives and supporting greater investment in long rotation plantations for high value sawn timber production.</p>
<p>Provision of Government support (State and Federal) for further investment in industry value-adding and infrastructure development.</p>	<p>The structure of Australia’s forest industry has changed considerably over the past 15 or so years. This change has largely been related to a reduction in native forest resource access and an increase in wood production from plantations.</p> <p>The ongoing competitiveness of Australia’s forest industry will depend heavily on sustained levels of investment in value-adding technology and infrastructure as the industry continues to experience changes in its available resource base.</p> <p>The facilitation of these developments will be critical in ensuring the required level of value-adding in Australia, to reduce the current \$2 billion trade deficit in wood products and boost regional economies and employment.</p> <p>The ‘red-tape’ related hurdles faced by private enterprises in achieving value adding and infrastructure development proposals are often extremely complex, especially when compared to international experiences.</p> <p>As such, the Federal and State Governments must commit their support to investment in downstream value adding technology and infrastructure. Pivotal to this will be streamlining the approvals process and the provision of support (financial or otherwise) where justified to provide a stable and attractive investment environment.</p> <p>This will be critical in allowing Australia’s forest industry to continue to grow and support regional economies and employment, while reducing the trade deficit in the process.</p>

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<p>Recognition and promotion of all credible independent third-party forest certification schemes</p>	<p>Over recent years, Australia has undertaken extensive efforts to develop certification of its production forests. This has occurred in response to growing market demand in Australia and internationally for wood products which are sourced from legally and sustainably managed forests.</p> <p>There are currently over 9 million hectares of Australia’s production forests certified to internationally recognised independent third party certification schemes. This includes nearly 9 million hectares (95%) certified under the Australian Forestry Standard, and around half a million hectares (5%) certified under the Forest Stewardship Council.</p> <p>The AFS was developed as Australia’s only national forest certification system, with strong support from Australia’s Federal and State Governments. Greater recognition and promotion in the marketplace of the AFS is a key priority for Australia’s forest industry and requires support from Government.</p> <p>Certification of wood products is increasingly becoming a requirement within both public and private sector procurement processes.</p> <p>Australia’s forest industry advocates that all credible internationally recognised forest certification schemes should be acceptable for these purposes and an inequitable and exclusive approach to the specification of certification must be avoided.</p>
<p>Labour and skills shortages with the forest industry</p>	<p>Australia’s forest industry faces a serious current future shortage of labour and skills. This is highlighted in NAFI’s Australian Government funded report on the issue which can be found at www.nafi.com.au/skills.</p> <p>The creation of a new forest industries skills council “Forest Works” has been a positive step towards addressing many of the labour and skills shortages within the industry. Forest Works initiatives are supported by industry and should also be supported by Government when a need for targeted skills and training investment is identified through Forest Works.</p>
<p>Community perceptions of the forest industry</p>	<p>Addressing and changing public attitudes to forestry and raising awareness of environmentally sustainable forestry practices is a long term proposition, requiring a long term approach to wear down prevailing misconceptions and to positively re-position forestry in the mind of the general community.</p> <p>It cannot be expected that the private sector can rationalise public</p>

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	<p>perceptions without significant and meaningful Government partnerships and support.</p> <p>To this end, the forestry industry, with the support of Government, needs to be able to demonstrate the benefits of forestry to the wider community.</p>

Conclusion

It should be noted that NAFI is currently in the process of developing a national forest industry strategy for consideration by the Commonwealth Government. This will become available in the near future and may be of some benefit in the development of the Victorian strategy. NAFI is also currently consulting with the Commonwealth Government on the development of a new National Forest Policy Statement through the COAG process.

NAFI appreciates the opportunity to provide comment on the Victorian Government's development of a Timber Industry Strategy for Victoria. If there are any queries in relation to this submission please do not hesitate to contact NAFI's Senior Forest Policy Analyst, David de Jongh, on (02) 6285 3833 or david.dejongh@nafi.com.au.