

October 2010

www.nafi.com.au



In this issue

Critical Juncture for Forest Industry **P.1**

Election 2010: Bipartisan support **P.1**

Silver Anniversary Dinner **P.2**

NAFI Board Elections **P.3**

Senate Bushfire Enquiry Findings **P.3**

Controlling Myrtle Rust **P.4**

Wood Guild Awards **P.4**

Critical Juncture for Forest Industry

Allan Hansard, NAFI Chief Executive Officer

There have been major shifts in the forest industry landscape in recent months; the Tasmanian forest talks, the Federal Election, MIS company collapses, and most recently, Gunns Ltd's announcement that native forest products will not play a part in the company's future.

NAFI respects the business decisions of individual members such as Gunns. It is not unusual for companies to make business decisions to enter or exit part of, or an entire industry. It is also important to note that Gunns has been under a sustained attack by environmentalists both in Australia and in international markets at a level not experienced by any other company. To quote Gunns' CEO, Greg L'Estrange, "Too many people have been financially and emotionally injured in the Australian Forest Wars".

In the background, talks between industry and conservationists in Tasmania continue with a genuine willingness for an end to the forest wars. NAFI sees Gunns' exit as an opportunity for other small to medium sized players in the industry to grow as some log resources are freed-up.

The Greens have also gained a stronger foothold in the Federal Parliament, with the election of their first lower house MP and the Senate set to house nine Greens from July 2011. Some are also predicting an increased representation of Greens at the state level with elections to be held in Victoria (November 2010) and New South Wales (March 2011). There is a risk, however, that this could provide State Governments with the imprimatur to lock-up even more native forests in return for green preference deals.

Already, Greens Leader Senator Bob Brown is calling on the rest of the industry in Australia to exit native forests. In contrast, NAFI questions this pressure as it ignores the triple bottom line benefits that a growing, high-quality, diverse and sustainable native forest industry can provide in applications ranging from hardwood sawmilling, to veneers and panels through to pulp and paper manufacturing.

The native forest sector makes up 30 per cent of the forest industry nationally and plays an important role in supporting regional employment. ABARE's Sawmill Survey Report,

released in April 2009, shows that there were over 500 hardwood sawmills across Australia. While the average cubic metre wood intake of these mills is a fraction of the larger softwood mills, these Small to Medium Enterprises (SMEs) support regional communities and provide high-quality wood products.

Many companies continue to invest in native forest based value-adding facilities in Tasmania and across the nation and our industry is critical in funding land management activities such as bushfire mitigation. Without these hardwood SMEs, Australia we will see even more imports of hardwood timbers from overseas sources, such as tropical forests. Is that what Australia really wants?

NAFI's membership is a 'broad church' with companies spanning from carbon offset forest growers to harvesting and haulage contractors. Change is a constant in life and shifts in market share, ownership and direction of individual companies are not unusual. NAFI will continue to work towards a growing and prosperous forest industry based on a variety of wood sources including plantations and native forests while protecting environmental values.

Forestry Friends on the Hill

Prime Minister Julia Gillard recently announced Queensland Senator Joe Ludwig as Minister for Agriculture, Fisheries and Forestry.

Opposition Leader Tony Abbott has also announced his Shadow Ministry with Tasmanian Senator Richard Colbeck re-appointed as Shadow Parliamentary Secretary for Forestry.

NAFI looks forward to working with both throughout the next term of government.

See page 4 for a full outline of relevant Federal Ministers, Parliamentary Secretaries and Shadows.

*Above: Senator Ludwig
Below: Senator Colbeck*



Election 2010: NAFI Welcomes Bi-partisan Support

The policies announced by the major parties during the Federal Election Campaign recognised the important contribution made by the forest industry to the economy and regional communities.

Encouragingly, many of the ALP and Coalition policies reflected NAFI's *Forest Industries Growth Plan* which was released to coincide with the federal campaign period.

This bi-partisan support will be crucial in the context of a minority government and key policies on Regional Forest Agreements (RFAs), plantation development and biomass for renewable energy.

Summary of the commitments made by the major parties:

Tasmanian Contractors Assistance - The Coalition was first to announce its intention to provide a \$20 million package to assist Tasmanian forest contractors, with the ALP matching this funding.

Renewal of RFAs - The ALP and Coalition outlined their support for the renewal of Regional Forest Agreements (RFAs) which underpin a stable and certain future for the native forest industry. This process will require a significant amount of resources to underpin the necessary assessments.

Plantation Investment - NAFI welcomed bipartisan support for the Managed Investment Scheme (MIS) forestry arrangements, subject to appropriate safeguards to protect investors. Furthermore, NAFI would like to see more policy development on how each side intends to create an effective investment mechanism for developing long rotation sawlog plantations to complement investment from MIS and to help address the future shortfall in availability of sawn timber.

Illegal logging - NAFI welcomed the bi-partisan support to legislate against illegal log imports, as long as there are no undue financial or compliance burdens for domestic producers. NAFI believes Australia must also continue to encourage sustainable forest management in overseas forestry operations – thereby treating the cause as well as the symptoms.

Carbon Sinks – Bi-partisan support for the restoration of Greenhouse Friendly type schemes is welcome news, given the considerable uncertainty regarding investment in carbon offset activities in Australia. It is essential for Australia to continue to reduce emissions and build carbon stores.

Bioenergy - NAFI welcomes the Coalition's clear support of the full utilisation of wood waste biomass for renewable energy. NAFI would like to see this support matched by the Government.

Bushfires mitigation – NAFI welcomed the planned \$15 million national bushfire mitigation program announced by the Coalition, with an emphasis on bushfire prevention and fuel reduction. NAFI would also like to see this matched by the Government.

Links:

www.alp.org.au (see Tony Burke announcements)

www.liberal.org.au (see 'regional' page)

www.nafi.com.au (see the growth plan in 'publications')

Labor Campaign Media Statement
MINISTER FOR AGRICULTURE,
FISHERIES AND FORESTRY
Gillard Labor government will support Australia's agricultural industries
into the future



Silver Anniversary Dinner 25 years of NAFI

NAFI celebrated its 25th year at an industry dinner in Melbourne in early September, with over 250 guests attending a dinner sponsored by NAFI at ForestWorks' annual Conference.



Current Chairman of NAFI, Greg McCormack, was keynote speaker and outlined the history and future of NAFI, starting with the story of October 29, 1985, when at the Royal Sydney Golf Club at Rose Bay, 42 prominent industry figures met to consider the formation of what was to become NAFI.
Greg McCormack

Three of the original signatories from that meeting were in attendance on the night – Greg L'Estrange, Thorry Gunnersen and Doug Howick. Mr McCormack also acknowledges Dr Rob Bain's attendance – a former CEO of NAFI who took the organisation through its formative years before outlining the issues facing the industry in 1985, including:

- A declining per capita consumption of timber and timber products;
- Rapidly declining and insecure resource access;
- A fragmented voice in dealing with governments; and
- A public profile that did not reflect the industry's significant national and local economic impact.

"Many of these challenges are as relevant today as they were 25 years ago," he commented before outlining some of the current challenges for NAFI.

"We are concerned that we are facing a future shortage of wood. At current growth projections, Australia's growing population will require 7.1 million new dwellings and a possible population of 35 million will require major increases in pulp and paper consumption."

He also outlined NAFI's view on the ongoing talks in Tasmania. "NAFI wants to see a growing, diverse and vibrant industry in Tasmania including options for hardwood sawmilling through to panels through to pulp and paper manufacturing," he said.

Future directions were covered too, "Given the challenges we face it is likely that NAFI will further evolve. There are discussions underway for the amalgamation of NAFI and the Australian Plantation Products and Paper Industry Council (A3P). Through these discussions, the 'pros and cons' for each organisation's members are being considered carefully."

NAFI Board Elections

A new Board of Directors was appointed at the Association's Annual General Meeting (AGM), held at the Windsor Hotel in Melbourne in mid-September.

Greg McCormack, Midway Pty Ltd, was re-elected as Chairman of the Board, which was welcomed by NAFI Chief Executive Officer, Allan Hansard.

"Greg has held a long association with NAFI as a Board member since 1991. I look forward to his ongoing leadership of NAFI," said Mr Hansard.

"NAFI also farewelled four members of the Board at the AGM. Bob Pearce, CEO of the Forest Industries Federation WA and Les Baker of Gunns Ltd stepped down after each spent nine years on the Board. Vince Phillips of South East Fibre Exports (SEFE) and Tom May of WA Bluegum have also stepped down after being appointed to the Board in 2009.

"Bob Pearce and Les Baker have each provided invaluable guidance to the Association and a remarkable contribution to the industry as a whole. I also thank Tom May and Vince Phillips for their contribution and look forward to his ongoing involvement with the Association as an active members of NAFI.

"NAFI is also was pleased to welcome to the Board Greg L'Estrange, CEO of Gunns Ltd, and Peter Mitchell, General Manager of SEFE. Greg and Peter each possess vast experience in the industry and will make valuable contributions to the NAFI Board. I look forward to working closely with them.

"In addition, Ian Telfer of WAPRES and Col McCulloch of the Australian Forest Contractors Association (AFCA) will join the NAFI Board as appointed Directors," he said.

NAFI Board of Directors 2010-11:

Greg McCormack (McCormack Timbers) - Chairman
Vince Erasmus (Elders Forestry) - Vice Chairman
Bryan Tisher (Boral Timbers) - Treasurer
Greg L'Estrange (Gunns)
Terry Edwards (Forest Industries Association of Tasmania)
Peter Mitchell (South East Fibre Exports)
Ian Telfer (WAPRES)
Col McCulloch (Australian Forest Contractors Association)



Back row L to R: Terry Edwards, Tom May, Ian Telfer, Col McCulloch

Front row L to R: Vince Erasmus, Les Baker, Greg McCormack, Bob Pearce

Tasmania Forest Talks: Update

The talks between the forest industry, ENGOs, CFMEU and Timber Communities Australia continue and are progressing well, according to NAFI CEO, Allan Hansard.

"It has been important to work through the issues so that a long-term solution can be found and allow the industry to plan its future," he said.

"We are also looking for a long-term solution for the forest contractors of Tasmania, who are being severely impacted by the recent downturn," he said.

Federal Findings: Senate Bushfire Inquiry

Despite competing with the Federal Election campaign for media airplay, the recommendations of the Federal Senate Inquiry into *The incidence and severity of bushfires across Australia* were released on 13 August.

NAFI's media statement at the time said the report made common sense recommendations which, if implemented, would result in reduced bushfire risks and improved outcomes for communities, the environment and natural resource based industries such as forestry.

"NAFI has consistently advocated the need for a strategic national approach to bushfire management, including most importantly a regular program of fuel reduction to reduce the risks of large scale catastrophic bushfires. The implementation of a national policy for bushfire management is a good starting point, as outlined in NAFI's submission and appearance before the committee," said NAFI Deputy CEO, Mick Stephens.

"The Senate Committee has correctly identified fuel reduction as a significant and effective tool to reduce high intensity bushfire risks. The recent 2009 Victorian Bushfires Royal Commission has similarly identified fuel reduction as an important factor, seeking a minimum annual target of five per cent of prescribed burning on public land.

"However, better coordination is desperately needed across the range of agencies with multiple responsibilities for land management and across state borders. We are also mindful that previous inquiries have made similar recommendations in the past that have fallen on deaf ears.

"NAFI is calling on the Government and the Opposition to implement these initiatives as soon as possible to deliver improved public safety and land management outcomes. We also repeat our call for the Federal Government to convene a national summit on bushfire management," he said.

Link:

www.aph.gov.au/Senate/committee/agric_ctte/bushfires

Key Ministers and Shadows

Senator Joe Ludwig has been given the agriculture, fisheries and forestry portfolio in the Gillard Government's reshuffled cabinet. Joe Ludwig was born in Longreach and first elected to the Senate for Queensland in 1998.

Senator Ludwig replaces Tony Burke, who has been given the responsibility of sustainable population, communities, environment and water.

Peter Garrett moves from the environment portfolio to Minister for Schools, Early Childhood and Youth. Bill Shorten is now Assistant Treasurer and Penny Wong is Minister for Finance and Deregulation. Greg Combet is now Minister for Climate Change and Energy Efficiency.

Mike Kelly transfers from parliamentary secretary for water to parliamentary secretary for agriculture, forestry and fisheries. Martin Ferguson remains responsible for resources and energy.

Independent MP Rob Oakeshott turned down an offer of a government ministry as Simon Crean takes on the Regional Development portfolio.

On the Opposition side, Senator Richard Colbeck will remain Shadow Parliamentary Secretary for Fisheries and Forestry and John Cobb will remain Shadow Minister for Agriculture and Food Security.

Greg Hunt will stay on as Shadow Minister for Climate Action, Environment and Heritage and Ian Macfarlane stays-on as Shadow Minister for Energy and Resources.

Guild displays beauty of timber

For the fifth year running, NAFI sponsored major prizes at the Wood Guild of the ACT's Treasures in Timber - the 28th Annual Guild Exhibition.

The exhibition was on display in Canberra from 3-5 September 2010 with a range of fine wood objects which showcase the beauty of timber.

Award categories including boxes, carving/sculpture, furniture, marquetry, intarsia and scrollsaw, models, pyrography, tool making and restoration, toys and games. There were also three categories in wood turning – 'between centres', 'faceplate work' and 'general'.

The sea canoe pictured below by Patrick Taylor (aged just 17) was an outstanding piece and came first in the Open 'Other Woodwork' and also received the Young Achiever award. For a full list of winners, visit: www.woodcraftguild.org.au

Left - Patrick Taylor's Sea Canoe - own design, strip built in Western Red Cedar, Paulownia, Australian Red Cedar, Huon Pine, White Cedar, Jarra. Fibreglassed with international marine spar varnish.

Centre - One of two tables crafted by Justin McCarthy which were equal first in the Members Furniture, Members Champion and Open Furniture

Right - 17 Year old craftsman Patrick Taylor receiving his Young Achiever Award



Controlling Myrtle Rust

Myrtle rust was first detected in Australia in April at a cut flower growing facility in the central coast of New South Wales.

The fungus that causes Myrtle rust has not been found before in Australia. It belongs to a group of fungi known as the 'guava rust complex'. Myrtle rust can affect plants belonging to the family Myrtaceae a large family which includes many Australian native species, such as Eucalyptus species.

Myrtle rust has now been confirmed on thirty two sites in New South Wales, concentrated in the Gosford/Wyong area and the Sydney basin with some trace forwards along the mid north coast and south to Nowra. The disease is currently affecting ten Myrtaceae species including willow myrtle, turpentine, tea tree, lilly pilly, water gum, bottle brush and Austromyrtus.

With the exception of a single tree in a backyard and others at a TAFE college, the infected sites are retail garden centres, wholesale nurseries and cut flower facilities. Activities to manage Myrtle rust are being implemented under the Emergency Plant Pest Response Deed (EPPRD) - a legally binding agreement between the Australian Government, all state and territory governments, national plant industry Deed signatories and Plant Health Australia.

NAFI is monitoring the situation and remains involved with the National Management Group overseeing the control of Myrtle Rust.

Link: www.daff.gov.au