



## Media Release

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### **CPRS legislation key to unlocking carbon potential from forestry**

The National Association of Forest Industries (NAFI) supports the Australian Government's revised Carbon Pollution Reduction Scheme (CPRS) and the decision to allow early action of forestry credits from 2010 before the Scheme starts. However, some more work is required to get the legislation right so that the forest industry has the confidence to participate in the scheme and provide early action benefits the Government is looking for.

Speaking at the National Emissions Trading Summit, NAFI CEO Allan Hansard said, "An emission trading scheme is an appropriate mechanism to assist in bringing the economy to a low emissions future. However, the benefits of forestry for the CPRS will depend on the workability of the legislation and although the Government has made some progress in this regard that we are pleased about, the forest industry still has a number of important issues that need addressing.

"Firstly, the carbon liability issues and other inflexible provisions in the CPRS legislation provide little incentive for the industry to participate in the Scheme, in which forestry is included on an opt-in basis.

"In addition, the draft CPRS legislation of Fuel Tax Adjustment Arrangements specifically excludes forestry activities, while at the same time including agricultural and fisheries activities, meaning forestry will be severely disadvantaged.

"Forestry is recognized as Australia's only carbon positive industry. This puts forestry in a prime position to positively contribute to meeting Australia's greenhouse reduction targets and assist in the restructure necessary for other industries. In fact, it's the opposite of the dilemma facing other sectors because as the forestry industry expands, so does its carbon sequestration contribution.

"We know Australia's forest industries can provide over 25 % of Australia's total carbon reduction target by 2020, reduce the costs to households of the CPRS, and provide a low-cost solution for high emitting industries to transition to a low carbon reality. But we can only achieve this if the legislation and regulations underpinning the Scheme result in practical and low cost outcomes.

"It is recognized that the CPRS will have an inflationary effect on fuel prices which the Fuel Tax Adjustment Arrangements are designed to off-set for those businesses that currently have access to fuel tax credits. Forestry activities are currently able to access the fuel rebate scheme. However, forestry has been specifically excluded from the CPRS Fuel Tax Adjustment Arrangements. Thousands of small businesses in rural and regional Australia that conduct forestry activities will face around \$14,000 in increased fuel costs and this will have significant effects on these small businesses, their families and the communities that rely on these businesses.

"In this time of economic uncertainty, forestry is one of the few industries that can provide a significant and increasing contribution to Australia's carbon reduction targets while continuing to create jobs and increase investment in rural and regional communities.

“NAFI is willing to work constructively with the Australian Government and other relevant stakeholders in maximising the contribution of the forest sector in climate change policy and ensuring the best possible outcomes for the Australian environment and economy.

“This will be particularly important in the lead up to the Copenhagen negotiations and broader inclusion of sustainable forestry activities, such as harvested wood products, in future international agreements and national strategies,” Mr Hansard said.

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