



Media Release

Date 15 December 2008

FOREST CPRS RULES MUST ALLOW INDUSTRY TO PARTICIPATE

The National Association of Forest Industry cautiously welcomed the CPRS White paper released today by the Australian Government but highlighted a number of areas that will require further clarification, including the cost of compliance, the exclusion of forestry from the CPRS fuel tax credit and the links between domestic and international rules on forestry.

“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 Carbon Pollution Reduction Scheme (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,” said NAFI CEO Allan Hansard.

“The inclusion of forestry in the CPRS is voluntary which means the onus is on the Australian Government to ensure the costs associated with compliance are not so great as to provide a disincentive to participate in the Scheme. It should be remembered that the less carbon abatement that is counted under the CPRS, the greater the cost to everyone of meeting Australia’s carbon reduction targets.

“NAFI is puzzled by the exclusion of forestry activities from the proposed CPRS fuel tax credit scheme when agricultural and fishing activities are included. Forestry activities including harvesting and haulage are worth over \$2 billion to our economy and provide significant regional employment. The proposed scheme will put these activities at significant disadvantage to other primary production activities that are covered by the scheme. We will be asking the Australian Government for an explanation as to why they have excluded forestry activities.

“We welcome the Australian Government’s stated support for greater participation of forestry activities in the CPRS, including wood waste for bio-energy and carbon stored in wood products, which can contribute 8 million tonnes of CO₂ abatement each year. However, the forest industry’s fate on these issues is tied to a favourable outcome at the Copenhagen climate change talks next year. The Australian Government has indicated a 5 year notice period would then apply before the current proposed rules would be changed.

“Though the Government has made forestry involvement in the CPRS optional, it is hard to see many forestry companies wanting to opt-in until the final international rule sets for forestry are known. We are hoping this will not be a missed opportunity for Australia as it will be 2015 at the earliest before we are likely to see a greater participation from forestry in the CPRS, particularly given the positive contribution fuller participation from our sustainably managed forests and the recognition of carbon in wood products would bring.

FOREST INDUSTRIES HOUSE, DEAKIN, CANBERRA

Ph (02) 6285 3833 Fax: (02) 6285 3855 Email: jane.heffernan@nafi.com.au Internet: www.nafi.com.au

“Obviously, we hope to work with the Australian Government as it finalises the legislation for the CPRS, and are hopeful that the carbon abatement benefits of forest industries will be properly recognised for the benefit of the environment as well as Australia’s economy,” Mr Hansard said.

[ENDS]

Media contact: Jane Heffernan **0419 465 328** or **02 6285 3833** Jane.heffernan@nafi.com.au

FOREST INDUSTRIES HOUSE, DEAKIN, CANBERRA

Ph (02) 6285 3833 Fax: (02) 6285 3855 Email: jane.heffernan@nafi.com.au Internet: www.nafi.com.au