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The discussions we must-have



Allan Hansard, NAFI Chief Executive Officer

While the situation facing the Tasmanian industry is unique, the 'Tassie Talks' process has brought national attention to the question of how will Australia satisfy the increasing future demand for timber resources?

Last month the Tasmanian Premier was presented with a signed copy of a 'Statement of Principles' for the future of the Tasmanian forest industry. This marks the beginning of a process which will investigate the potential for a less reliance on native forests and a shift to plantations in Tasmania.

There has been some talk of this agreement being transferred to other states - with the ALP in Victoria pledging that, if re-elected this month, it would facilitate a 'Tasmanian style' process in that state. (continues page 2)

Contractor Assistance Secured

NAFI welcomes the Gillard and Bartlett governments' announcement that Tasmanian forest contractors will be able to apply for urgent financial assistance over coming weeks.

The \$22.4 million package will provide exit assistance and ongoing business support for Tasmanian forest contractors who have been struggling due to a downturn in export markets and the global financial crisis.

NAFI Chief Executive Officer, Allan Hansard, thanked the Forestry Minister, Joe Ludwig, for his efforts on this issue as the funding will be welcome by the Tasmanian industry as it moves through a time of significant change.

"This represents a good starting point to deal with the urgent situation facing the Tasmanian contracting businesses that have had their backs against the wall for some time," he said.

"The funding announced will assist in seeing some of the contractors exit the industry and interim assistance for those businesses able to weather the current downturn.

Transition – What does it mean?

Hobart, 1 December 2010

NAFI and the Forest Industries Association of Tasmania (FIAT) are jointly hosting a forum to discuss the issues to be considered as we move to the next stage of a new agreement for the Tasmanian forest industry.

A variety of local, national and international speakers with science, industry, community and conservation backgrounds will provide an international and domestic perspective of the situation facing the forest industry in Tasmania, including:

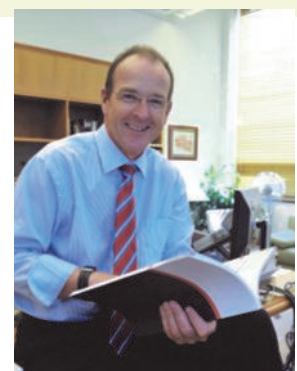
- Dr. Manuel C. Touza Vázquez; a visiting expert from Spain who will share his in experiences with *Eucalyptus globulus* for solid wood products; and
- Rod McInnes, Timber Queensland, and speakers from other states to provide their perspectives

DATE/TIME: 9.00am - 5.00pm
Wednesday, 1 December 2010

VENUE: Boardwalk Gallery, Wrest Point, Hobart
410 Sandy Bay Road, Sandy Bay, Tas
*Special accommodation rates available

This is a FREE event but PLACES ARE LIMITED. To secure your place, email your details to enquiries@nafi.com.au or phone (02) 6285 3833.

"The industry in Tasmania is experiencing a time of significant adjustment. This funding will be particularly important given the recent signing of the 'statement of principles' between industry and environment groups, the exit of a major timber company from the native hardwood sector and the ongoing impacts of the GFC," he added



Right: Minister Joe Ludwig

Much to Consider in Water Policy Development

The Murray-Darling Basin Plan must be equitable for tree plantations, writes NAFI Deputy CEO, Mick Stephens.

The Guide to the proposed Basin Plan by the Murray-Darling Basin Authority (MDBA) will form the basis for seeking industry and community input on longer term planning for much of eastern Australia's water resources.

The forest industry has consistently advocated that any long term water regime must be based on sound public policy and scientific principles, balancing water uses in an equitable manner.

In terms of the Guide document, we believe any policies relating to sustainable diversion limits (SDLs) must take into account:

- sound science, including evidence based approaches to water use and demand;
- equity amongst consumptive uses;
- the scale and relative impact of various uses; and
- broader economic, social and environmental benefits from land uses such as plantation forestry.

NAFI is concerned that tree plantations have been unfairly targeted by regulators in the past without adequate information to make informed policy decisions, particularly relative to the treatment of other agricultural uses.

Trees are like any other deep rooted dry-land crop and should be treated as such and NAFI will be providing a more detailed response to the Guide to the Basin Plan.

Sound Advice on MDB Plan

NAFI has welcomed the Australia Government Solicitor (AGS) advice provided to Tony Burke, Minister for Water, that triple-bottom line factors need to be considered as the plan for the Murray-Darling Basin is devised:

The nature of the decision-making in relation to the Plan involves the application of broad concepts and there is therefore scope for the consideration of how economic, social and environmental outcomes should be optimized.

As the advice was released, Minister Burke said "the key challenge before the Parliament is for this to be the term in which action is taken across the Basin to restore the system to health."

"We need to do this in a way which delivers three core outcomes: - healthy rivers - strong communities and - food production.

"These priorities do not need to be in competition with each other. Sensible reform will find a way to provide all three," he said.

NAFI CEO, Allan Hansard said the tree plantations in the Murray -Darling Basin will be crucial for supporting 'strong communities'.

"While providing major economic and environmental benefits, the scale of tree plantations in the Basin is not as large as some may think."

This was outlined in the recent ABARE-BRS Forest and wood product statistics for the March and June quarters 2010:

"The total area of plantation forests in the Murray-Darling Basin is estimated to be around 292 000 hectares, which is about 0.3 per cent of the total Basin area.

"For the sub-catchments where most of the plantations are located (Murrumbidgee River, Upper Murray River and Lachlan -Macquarie rivers), the plantations account for about 4 per cent, 2.5 per cent and 1.5 per cent, respectively, of the catchment area."

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While there is the potential for the forest industry in other states to sit down and talk with environmentalists in a mature fashion, there is no need to simplify the debate and call for a one-size fits all approach. As one timber industry player from NSW put it: "we've had a couple of skirmishes but we certainly aren't at war".

The situation facing Tasmania is unique to that state, with several factors leading to the outcome of the 'Tassie Talks':

- The debate has been raging for 30 years with many people on both sides fatigued emotionally and financially;
- The availability of native hardwoods was predicted to be halved by the year 2020 creating uncertainty for industry;
- The state's export markets were down and an oversupply of forest contractors meant many small harvest and haulage businesses were hitting the wall;
- A major company nominated to leave the native sector (freeing up a large amount of native resource); and,
- The state may also look forward to a \$2 billion pulp mill.

These factors aside, the Tassie talks have brought the forest industry to national attention once again, raising several questions.

We have an opportunity to look at how Australia will provide timber resources for the 7.1 million additional new dwellings required to house a possible 36 million people by the year 2050.

As NAFI sees it, Australia's forest industry is at an intersection with, broadly speaking, three possible paths to follow:

- One simple path is to increase our reliance on imported timber products;
- The second is to follow a plantation only future; OR
- Satisfy the nation's wood needs from a combination of plantations and sustainably managed native forests.

A sole reliance on imports holds no positives for Australia. It will cost local jobs, increase our trade deficit and would almost certainly involve the importation of timber products from countries with poor environmental standards.

The plantation only road, as will be investigated in Tasmania, throws up challenges. This includes sourcing suitable land for plantation establishment by attracting investment in a crop which could take up to 30 years before providing a return.

A complete exit from native forests would also remove an income stream which helps fund bushfire mitigation efforts and weed and pest control in forests.

The third is for Australia to satisfy its wood needs through a combination of sustainable native forest management and to increase and diversify our plantation base.

These issues and more will be discussed at a Forum hosted by NAFI and FIAT in Hobart next week.

Investing in Our Industry Australian Solar Timbers

Long-time NAFI member, Australian Solar Timbers (AST) recently opened a new flooring manufacturing line at its premises in Kempsey NSW, another good example of a company investing in the value added processing of timber from sustainably managed native forests.

Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, unveiled new facilities alongside distinguished guest Rob Oakeshott, Member for Lyne.

Allan Hansard, CEO of NAFI, said the investment made by AST demonstrated the value of the high-quality native forest product industry in Australia.

The flooring line was partly funded by grants competitively tendered through a program run by the Department of Agriculture, Fisheries and Forestry (DAFF) to promote innovative investment. AST uniquely tendered three projects and was successful in each case resulting in a total infrastructure investment of \$3.5 million during the past year.

Douglas Head, AST Director, said "We are all very proud of this achievement as the equipment is so sophisticated it is more akin to a hospital CAT scanner than a traditional sawmill, our employees had to step up to new levels of training and management of a complex project and excelled in the process."

Photo caption

Left: Senator the Hon Joe Ludwig addresses the audience.

Centre: An AST employee demonstrates the products of the new investment.

Right: AST's Douglas Head addresses the audience.

Domestic Demand Rises, Exports Down

Domestic demand for structural timber products had increased significantly due to housing demand across Australia, which grew by 25 per cent in 2009-10.

That is the news contained in the latest report from the Australian Bureau of Agricultural and Resource Economics – Bureau of Rural Sciences (ABARE-BRS).

NAFI CEO Allan Hansard said the increase in housing activity was welcomed by the sawn wood sector, but also demonstrated the need for greater investment in long-rotation plantations and the shoring-up of native forest resources.

"It is a sad fact that the increased demand for wood panels has almost entirely been satisfied by imports. With the right policy settings Australia can reverse this trend and be self-sufficient in wood needs.

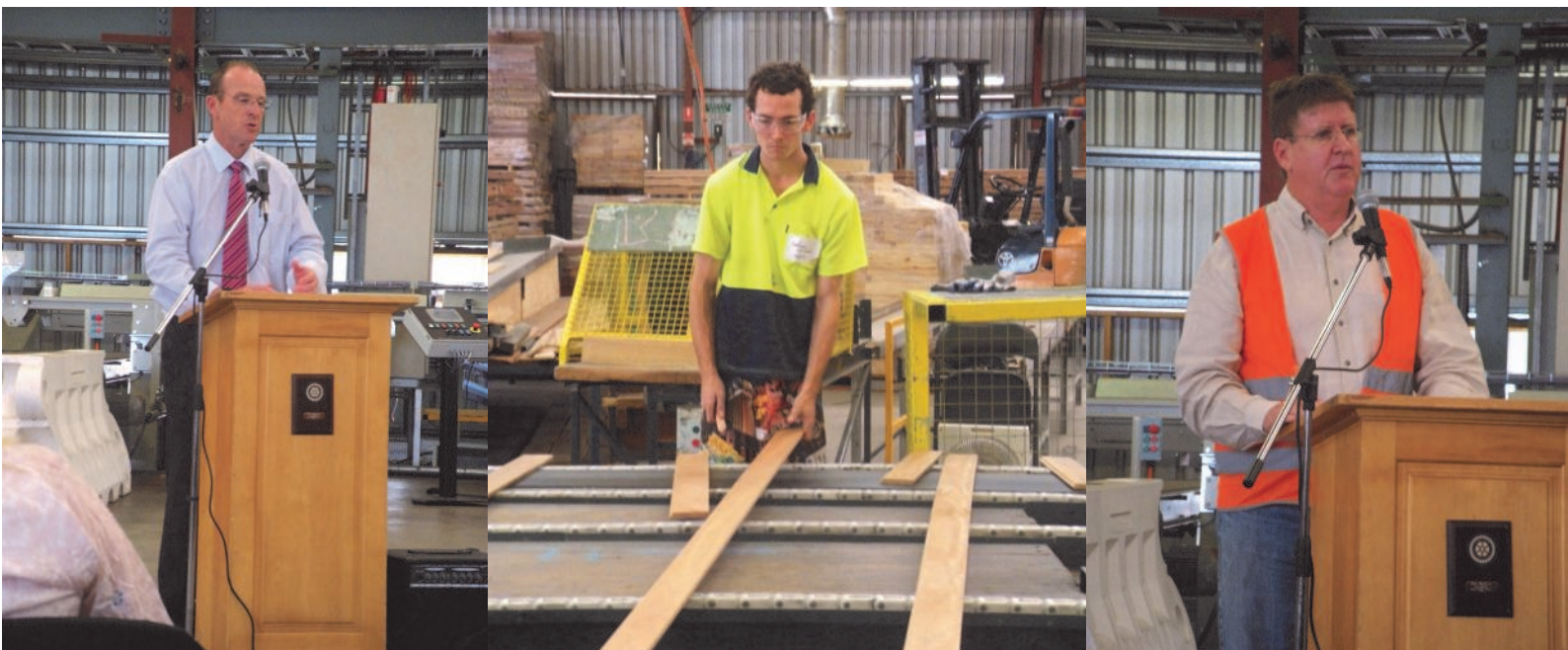
"Key to this will be an investment mechanism to increase the planting of long-rotation tree plantations and the renewal or rollover of the Regional Forest Agreements," he said.

The report also found signs of weakness in export markets for forest products. "Much of this decline was led by continued weak demand for Australian woodchip exports, the value of which fell by 14 per cent in 2009-10, according to ABARE-BRS.

"This has been a particularly crippling factor in Tasmania. This market downturn has taken a toll on the local industry and in particular forest contractors," said Mr Hansard.

"NAFI will continue to work with the Federal Government to ensure that the \$22.4 million interim assistance package announced recently by the government."

For info, visit: www.abare-brs.gov.au



Forest Industries at Cancun

NAFI Deputy CEO Mick Stephens will be part of the Australian industry delegation at the upcoming COP 16 talks in Cancun, Mexico from 29 November.

Important discussions at the Cancun Climate Change Talks will include those around land use and land use change and forestry (LULUCF), which link back to broader discussions on a future agreement and national policies and strategies.

NAFI has however expressed disappointment that no forest industry group has been included in the Australian Government's domestic climate change roundtable, despite being heavily involved in international climate change negotiations.

NAFI Chief Executive Officer, Allan Hansard said it makes sense to have the forest industry involved in the consultation.

"It seems the focus is on the big polluters and not the forest industry which offsets carbon emissions," he said.

"The roundtable should not only include the industries creating the problem of climate change but those that can help provide a solution.

"NAFI had significant input in the development of the Government's proposed CPRS, so it is very odd for us to be left out. Major climate change commentators have highlighted the importance of the forest industry - including Nicholas Stern and Ross Garnaut.

"The Australian forest industry has the potential to absorb 80 million tonnes of carbon emissions per year by 2020. This will be through a range of initiatives such as growing trees, storing carbon in wood products and by using wood-waste to create renewable bioenergy."

Mick's Mo for Mens Health

Each year, Movember is responsible for the sprouting of moustaches on thousands of men's faces in Australia and around the world, with the sole aim of raising vital funds and awareness for men's health, specifically prostate cancer and depression in men.

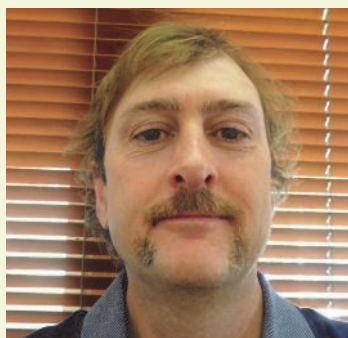
It's a great cause! To help, you can either click this link: <http://au.movember.com/mospace/1226310/> and donate online or send a cheque to the foundation.

Through the Movember Foundation and its men's health partners, PCFA and beyondblue: the national depression initiative, Movember is funding world class research, educational and support programs which would otherwise not be possible.

Thank you in advance for helping Mick to support men's health.

NAFI Deputy CEO, Mick Stephens, with his 'mo'.

His 'facial hair plantation' is scheduled for harvest at the end of the month



Carbon Farming Initiative

Prime Minister Julia Gillard announced in August 2010 an election commitment to establish the Carbon Farming Initiative to give farmers, forest growers and landowners access to voluntary domestic and international carbon markets.

The Federal Government has released a framework for developing carbon credits under the Carbon Farming Initiative (CFI).

The Minister for Climate Change and Energy Efficiency, Greg Combet, said this was the start of a dialogue with stakeholders about the design of the scheme for crediting and selling carbon offsets.

Industry groups are being invited to provide feedback to the Government by making a submission to the Department of Climate Change and Energy Efficiency by 21 January 2011.

NAFI has been involved in several briefings on the CFI and will provide a submission to the government.

Science of the Koala Debate

In response to some potentially misleading claims by some environmental groups that sustainable logging practices are significantly impacting koala populations, NAFI has commissioned an independent scientific review of key threats to koalas. Threats may include , land clearing, feral cats dogs and diseases such as *chlamydia*.

NAFI's announcement was well-timed as the Australian Greens Leader Bob Brown has successfully moved for a new Senate inquiry to assess the threats to and management of koalas across the country.

NAFI CEO, Allan Hansard, said the debate surrounding sustainable forestry activities is often clouded by emotive arguments and baseless claims.

"The aim of this review is to bring some science to the discussion and test some of the rhetoric peddled in the media by extreme conservationists," he said.

Central Queensland University will investigate the key threatening processes on population survival; and the relative impact of sustainable forest management practices.