

Forest Industries Growth Plan

A sustainable future for Australia needs a sustainable and growing forest industry.

With a growing population and growing demand for building and paper products, the forest industry is uniquely poised to assist the transition of the Australian economy to a sustainable, low emissions future. The forest industry can satisfy this future demand with carbon positive, renewable and low energy products, while providing significant economic development and regional jobs.

Given the long lead times for investment and production of wood we need to plan now for a sustainable and growing forest industry. Otherwise we simply will not have enough locally grown wood to meet our future domestic needs. We will see higher imports and a worsening trade deficit in wood and paper products. We will also see adverse environmental, employment and climate outcomes.

With the right policy settings, the forest industry could create thousands of new jobs and generate up to \$19 billion in new investment by 2020, while reducing carbon emissions by 80 million tonnes per year.

Achieving these outcomes will require strong leadership and a partnership approach between industry, communities and governments. NAFI has identified six priorities for action to maximise these opportunities and calls on Government to support these initiatives:

1.0 Planning for the future

- Fund the development of a comprehensive forest industry growth plan that can contribute to a sustainable future for Australia. This would involve the forest industry, communities and government to develop and implement an industry wide plan, initially focusing on the Tasmanian forest industry.
- Priorities should be to: build long term resource security for native forests and plantations through the Regional Forest Agreement (RFA) renewal process; secure short and long rotation plantation investment and support internationally competitive domestic value adding.
- Undertake an economic assessment of long term domestic consumption trends for forest products and fund the collection and reporting of key forest industry and market data.

2.0 Building resource security

Native forests

- Immediately start a process of renewing Regional Forest Agreements (RFAs) and provide evergreen 20 year resource security – backed by Commonwealth and state legislation. RFAs are the appropriate vehicle to assess and implement any outcomes from the recent discussions between the industry and conservation groups in Tasmania or other such initiatives.
- Fund the necessary assessments to underpin the renewal of RFAs, including assessments of future wood quantity and quality from native forests and plantations and implications for communities reliant on the forest industry.
- Provide interim structural assistance to Tasmanian forest industry harvesting and haulage contractors until such time as the future structure of the industry in Tasmania is determined.
- Convene a National Bushfire Summit to implement a whole of landscape approach to the management of fuel loads to reduce fire risk and protect forest assets.

Plantation forests

- Establish an effective investment mechanism for developing long rotation sawlog plantations to complement investment from Managed Investment Schemes (MIS) and to help address the future shortfall in availability of sawntimber to meet domestic housing requirements.
- Maintain MIS arrangements with enhanced safeguards to protect investors and to rebuild investor confidence.
- Recognise plantations as a dry land long rotation crop that should be treated in an equitable and scientific manner with respect to water policy.

3.0 Innovation and investment

Two important outcomes from a stable regulatory framework include enhanced opportunities for domestic value adding and significant carbon emissions abatement. The provision of R&D is also critical to innovation and long term industry competitiveness.

Australia has a \$2 billion trade deficit in wood products, largely from imports of paper products. Further investment in domestic value adding including the proposed establishment of pulp mills in Tasmania and the Green Triangle region, will help bring down the trade deficit and will create new jobs in rural and regional Australia.

Domestic value adding

- Support private sector investment into domestic downstream processing of Australia's hardwood pulpwood resources and for existing and new high value sawlog processing facilities.

Carbon emissions abatement

- Implement practical rules for the recognition of reforestation as a significant carbon offset in any new proposed emissions trading scheme or related mechanisms.
- Re-establish the Greenhouse Friendly program and implement other direct measures to allow reforestation activities to participate in the voluntary carbon market pending a future emissions trading scheme.
- Amend the regulations for the National Renewable Energy Target Scheme, specifically the high value test regulations that impede the full use of forestry wood waste for green energy.

Research and development

- Review, in partnership with industry, the level and structure of R&D funding for the forest industry, to improve overall capability and incentives for innovation and delivery of R&D.
- As a priority, fund research into the establishment of hardwood plantations for the production of high quality sawlogs and the commercial processing of those logs.
- Fund key research gaps in forest sector climate change mitigation, including the development of renewable woody biomass technologies.

4.0 Skills for an innovative future

- Continue funding of Forestworks as an Industry Skills Council to develop and implement career and skills initiatives that focus on the increasing need for highly skilled workers in all aspects of the industry.

5.0 Improving market access

- Review the proliferation of voluntary environmental rating schemes in terms of market transparency and triple bottom line impacts in domestic and international markets.
- Fund the further development of credible third party certification schemes for the sustainable forest management of forest products in Australia, including the review of the Australian Forestry Standard (AFS) and the development of a national standard for the Forest Stewardship Council (FSC).
- Ensure building codes and energy rating schemes do not unfairly restrict the use of wood products, and recognise the life-cycle benefits and low carbon footprint of wood products.
- Establish a domestic and export facilitation network with industry – to expand and develop new markets for Australia's high quality wood products.
- Implement an effective policy on illegal timber imports that is cost-neutral and protects domestic suppliers and builds further capacity for sustainable forest practices in the Asia-Pacific region.
- Address anti-dumping issues to ensure the domestic industry, local jobs and reliant communities are protected from the effects of dumping of forest product imports.

6.0 Essential infrastructure

- Undertake a strategic study to identify transport (i.e. road, rail and ports) and energy infrastructure to underpin the development of the forest industry in key parts of Australia.
- Establish a funding program through Infrastructure Australia to ensure forestry related infrastructure is given high priority.