



The Coalition's Plan for Real Action to
Support Forestry

**Stand up for Australia.
Stand up for real action.**

EXECUTIVE SUMMARY

The Coalition has a Plan for Real Action to invest in Australia's forestry industry, support jobs, protect and sustain our forests and invest in skills.

Over the last three years Labor has failed the forestry industry. Labor's preference deal with the Greens means the forestry industry faces an uncertain future. Should the Greens get their way under any secret deal, millions of hectares of forests would be locked up and thousands of workers would lose their jobs. Many rural and regional communities would be devastated.

Australia's forestry industry makes an enormous contribution to the national economy, particularly in regional Australia.

The forest and forest products industry is one of Australia's most significant manufacturing industries. The industry has an annual turnover of \$23 billion and contributes around 0.7 percent to Australia's Gross Domestic Product and 5.8 percent of manufacturing output. More than 76,000 people are directly employed in the forestry logging and wood manufacturing sectors of the industry.¹

The Coalition has always recognised and balanced the competing environmental, social and economic objectives of native forest management through the Regional Forest Agreements and the landmark Tasmanian Community Forest Agreement.

The Coalition's Plan for Real Action on Forestry will:

1. Support Forest Contractors

The Coalition will provide \$20 million to forest contractors to begin a restructure within the sector. We will engage immediately with forest contracting organisations to determine the measures need to undertake the restructure.

2. Economic assessment of long-term demand

A Coalition Government will provide \$750,000 to 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.

3. Regional Forest Agreements

A Coalition Government will maintain its support for long term Regional Forest Agreements (RFAs).

A Coalition Government will not support any further forest lock-ups unless proposed by industry. A Coalition Government will seek to extend RFAs for five years following the successful completion and implementation of each RFA's five year review. The process will commence with the Tasmanian RFA.

The primary objective of this commitment is to give an effective 20 year rolling life to each RFA which provides resource security and a stable investment environment to the forest industry.

1. <http://www.daff.gov.au/forestry/national/industries>

4. National Bushfire Mitigation Programme

The Coalition will invest \$15 million over three years to establish a National Bushfire Mitigation Programme to develop comprehensive, long term bushfire mitigation strategies, including better reduction programmes.

5. Prevention of Illegal Logging

The Coalition will legislate to make it an offence to import any timber product which has not been verified as being legally harvested.

6. Forest & Forest Products Certification Standards

The Coalition is committed to the ongoing development of a quality forest certification processes.

7. Sawmillers' Forestry Certification Assistance Programme

The Coalition will provide \$1 million to assist small sawmillers attain international forestry certification.

8. Managed Investment Schemes

A Coalition Government is committed to maintaining forestry managed investment schemes with enhanced safeguards to protect investors and rebuild market confidence.

9. Wood biomass and renewable energy

A Coalition Government will re-introduce amendments to the Renewable Energy Legislation allowing for wood biomass to benefit from energy incentives available to other renewable energy sources.

10. Timber Engineering Centre of Excellence

The Coalition will provide \$3.7 million over five years to the University of Tasmania to develop a Centre of Excellence for Timber Engineering & Design based in Launceston. Funding for this programme will come from the Regional Education Fund.

11. Skills Training and Retention

The Coalition will continue to support industry with skills training and retention programmes, providing funding of \$1.5 million over three years for ForestWorks - the Forest and Forest Products Industry Skills Council. Funding for this programme will come from the Regional Education Fund.

12. Increasing Research Capacity for Forestry

A Coalition Government will increase research and development for the forest industry through increased matching grants to Forest and Wood Products Australia and grants of up to \$50,000 for further study or specialised research in the forest industry.

HOW LABOR HAS FAILED

After three years of Labor, Australia is heading down the wrong track.

Reckless spending, nearly \$90 billion of debt, a \$57 billion deficit and Labor Government borrowings of \$100 million every day have put the Australian economy in a highly vulnerable position.

Labor's waste and mismanagement have put our forestry industry at risk.

Labor has failed to support the forestry industry as a key contributor to the nation's economy and a major employer in regional Australia.

Labor scrapped the dedicated Forestry Minister.

Under Labor's original CPRS legislation forest contractors were deliberately excluded from the fuel credits scheme. Forest contractors, already suffering from poor economic conditions, would have been devastated by this policy. It has been estimated Labor's policy would have cost, on average, \$14,000 each contractor.²

Labor has reduced resources available to forestry officials to properly engage with the sector. Agriculture Minister Tony Burke refused to release funds to allow a government forestry representative attend a critical World Forestry Congress in Argentina. While billions of taxpayer funds were being wasted on pink batts and school halls, Australia's forestry sector was being under-represented by government, threatening our standing as an important player in the international forestry industry.

Labor joined with the Greens in voting down amendments to the Renewable Energy Target legislation that would have allowed the wood waste and residues from existing operations in native forest and plantations to be fully recognised for the creation of renewable energy credits. The CEO of the National Association of Forest Industries Allan Hansard said, the Government's decision will *'have a negative impact on investment in renewable energy technology, innovation and infrastructure in Australia.'*³

Labor's preference deal with the Greens means the forestry industry faces an uncertain future. Should the Greens get their way under any secret deal, millions of hectares of forests would be locked up and thousands of workers would lose their jobs. Many rural and regional communities would be devastated.

2. Submission to Senate Select Committee on Climate Policy: Inquiry into Policies Relating to Climate Change 2, May 2009 (National Association of Forest Industries) at <http://www.nafi.com.au/userfiles/briefing/NAFI%20submission%20_supp_%20to%20senate%20climate%20policy%20May%202009.pdf>.

3. National Association of Forest Industries 'Government votes to keep Australia in the dark ages on renewable energy from forest wood waste' (Media Release, 23 June 2010) at <<http://www.nafi.com.au/userfiles/media1/Government%20votes%20to%20keep%20Australia%20in%20the%20dark%20ages%20on%20renewable%20energy%20from%20forest%20wood%20waste.pdf>>.

THE COALITION'S PLAN FOR REAL ACTION IN FORESTRY

The Coalition acknowledges that Australia's forestry industry makes an enormous contribution to the national economy, particularly in regional Australia.

Australia's forestry industry is able to deliver significant economic and environmental returns to the nation.

According to the National Association of Forest Industries there is potential for the creation of thousands of new jobs in the forest industry and the additional generation of up to \$19 billion in new investment by 2020, while reducing carbon emissions by 80 million tonnes per year. This can only happen with the development of a real action plan for the forestry sector

Australia has a world class forest reserve system, with 23 million hectares of forests protected. The forestry, wood and paper manufacturing industry directly employs 77,000 Australians, including 10,200 people in forestry and logging.

The Coalition has always recognised and balanced the competing environmental, social and economic objectives of native forest management through the Regional Forest Agreements and the landmark Tasmanian Community Forest Agreement.

The Coalition's Plan for Real Action on Forestry includes the following initiatives:

1. Support for forest contractors

The Coalition will provide \$20 million to forest contractors to begin a restructure within the sector. We will engage immediately with forest contracting organisations to determine measures needed to undertake a major restructure of the sector.

Industry projections for timber supply for high quality saw logs show a significant decline from 2015 with recovery in supply not evident until 2066.

These pressures have manifested, particularly in the contracting sector, with widespread concerns regarding the viability of a majority of participants.

The Tasmanian forestry industry has been badly affected by the Global Financial Crisis which saw Japanese demand for forestry products drop. As a result there have been a range of lay-offs in the industry. At the same time the Greens have been harming the Tasmanian forestry sector by falsely informing international markets that Tasmanian timber is not sustainable timber. As a result many contractors face serious debts and reductions in the value of their assets. The industry recognises the need for a restructure to take into account these developments.

2. Economic assessment of long-term demand

A growing population and growing demand for building and paper products presents both an opportunity and a challenge for Australia's forest industry. The forest industry can satisfy this future demand with renewable and low energy products, while providing significant economic development and regional jobs.

However, the challenge is to ensure the forest sector has appropriate resources, labour and tools to meet this increased demand. Given the long lead times for investment and production of wood there is a strong need to plan now for sustainable of the forest industry. A failure to do so could see the industry unable to meet domestic demand and face greater importation of forest products.

A Coalition Government will provide \$750,000 to 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. This assessment will be done in conjunction with industry organisations.

3. Support for Regional Forest Agreements

A Coalition Government will maintain its support for long term Regional Forest Agreements (RFAs).

A Coalition Government will not support any further forest lock-ups unless proposed by industry.

We will protect jobs and the environment while maintaining long-term resource security. Regional Forest Agreements strike a balance between conservation, recreation and the economic use of Australia's forests for current and future generations.

More than 3.6 million hectares of old-growth forest is protected through RFAs. In Tasmania, 79 percent of identified old-growth forests are contained in conservation reserves through the Tasmanian RFA.⁴

RFAs give protection to forest species and habitats in accordance with the sentiments of the *Environmental Protection and Biodiversity Conservation Act* (EPBC Act). With this in mind, the Coalition does not support the application of the EPBC Act to forestry activity in RFAs because it would result in an unnecessary level of regulation without any additional environmental gain.

RFAs deliver benefits for reserve and national park management. RFAs are not just about securing timber supplies but incorporate a world-class forest conservation reserve system that protects old-growth forests as well as endangered and threatened species of flora and fauna.

Some of the RFAs are now in the second half of their working life. As a result there is a diminishing level of investment security for Tasmanian forests. Discontinuing or devaluing RFAs not only threatens Australia's timber industry, it threatens the protections put in place by the RFA management structure. A Coalition Government will seek to extend RFAs for five years following the successful completion and implementation of each RFA's five year review. The process will commence with the Tasmanian RFA.

4. Bureau of Rural Sciences, *Australia's Forests at a Glance* (2010) 18-19.

The primary objective of this commitment is to give an effective 20 year rolling life to each RFA which provides resource security and a stable investment environment for the forest industry.

4. A National Bushfire Mitigation Programme

The Coalition will invest \$15 million over three years to establish a National Bushfire Mitigation Programme to develop comprehensive, long term bushfire mitigation strategies, including better reduction programmes.

A decade of hot and dry conditions has seen bushfire frequency increase in many parts of Australia. The Victorian fires of February 2009 brought home to all Australians the horrendous impact bushfires can have on individuals, communities and local economies. 173 people lost their lives, 414 people were injured, more than 2000 properties were destroyed and 450,000 hectares were burnt.

Each year hundreds of thousands of hectares of Australian land are damaged through bushfires. Unfortunately, rather than addressing the problems with appropriate management strategies, State and Territory Governments have neglected crucial tasks such as prescribed fuel-reduction burning.

The Victorian Bushfires Royal Commission recognised these failings and made a number of recommendations to increase the level of prescribed burnings, particularly on public land.

The National Bushfire Mitigation Programme will be developed at the regional level, taking due account of forest and vegetation types, community views and land use.

The National Bushfire Mitigation Programme will be developed as part of a broader national approach to forest fire management, with improved co-ordination through the Natural Disaster Relief and Recovery Arrangements following bushfires, satellite surveillance to detect bushfires in isolated areas, funding for fire trails, access and signage and the Australian Government's contribution to aerial fire fighting.

The Bushfire Mitigation Programme includes \$10 million committed by the Coalition to an early fire detection system and the dissemination of statistical and mapping data to local and state organisations. These initiatives were announced as part of the Coalition's response to the Report of the Victorian Bushfire Royal Commission.

5. Prevention of Illegal Logging

The Coalition will legislate to make it an offence to import any timber product which has not been verified as being legally harvested.

Illegal logging is a significant challenge to the goal of sustainable management of the world's forests. It corrupts trade in timber-based markets and inevitably leads to the destruction of the environment.

The Department of Agriculture, Fisheries & Forestry estimates that each year around \$400 million or 10 percent of imported forest products were derived from sources that had some risk of being illegally logged.

A recent report released by London-based think-tank Chatham House found significant reductions in illegally logged timbers including a 75 percent drop in Indonesia. This global reduction was a result of a number of multi-lateral efforts.⁵

We will require Australian timber importers and domestic processing mills to undertake a process of due diligence to verify the legal origins of the timber product and to disclose species, country of harvest and any certification.

Timber suppliers will also be required to use and comply with the licence conditions of a trade description for legally verified timber products. This trade description will be established in consultation with industry.

In addition, industry codes of conduct will be developed of which each participant in the market will be required to sign. Industry bodies will be established to oversee these codes.

A transition period of two years will be provided to allow industry to adapt to these new measures.

The Coalition will ensure that all impacted stakeholders are consulted closely in the drafting of the legislation, regulations and other related measures.

6. Forest & Forest Products Certification Standards

The Coalition is committed to the ongoing development of a quality forest certification processes, and recognises that this is important both for promotion of Australian forest products to the retail sector, and also as a mechanism to deter illegally-logged imported products.

A Coalition Government will work with the industry to ensure high certification standards are kept high and Australia's international obligations are fulfilled.

The Coalition will also aim to ensure that government departments, agencies and authorities recognise all international certification schemes in a balanced manner through their procurement policies.

7. Sawmillers' Forestry Certification Assistance Programme

The Coalition will assist small sawmillers attain international forestry certification.

Increasingly the global and domestic market demands international certification of forest-based products. Customers want to be sure that these products are sourced and harvested in an environmentally sensitive and sustainable manner. They are seeking evidence of certification to demonstrate this.

The cost of certification is often beyond the capacity of small sawmill operators. We will provide up to \$1 million over three years to assist small sawmillers attain international forestry certification. This cost will be absorbed by the Government from within existing resources.

5. Chatham House, *Illegal Logging and Related Trade - Indicators of the Global Response*, (2010) 94 at <<http://illegal-logging.info/uploads/CHIllegalLoggingpaperwebready1.pdf>>.

8. Safeguards for Managed Investment Schemes

A Coalition Government is committed to maintaining forestry managed investment schemes with enhanced safeguards to protect investors and rebuild market confidence.

The development and support of Australia's plantation industry is critical to the future provision of timber and fibre to both our domestic and export markets. The long term nature of plantation investments means the establishment of the resource has required government assistance and regulatory arrangements that recognise the long lead times and scale associated with plantations.

The forestry sector recognises that MIS arrangements need review particularly an increase in financial due diligence and safeguards for investors. Ensuring that enhanced financial guidelines are met will also ensure plantations are planted in the right places and for the right reasons.

9. Wood biomass and renewable energy

A Coalition Government will re-introduce amendments to the Renewable Energy Legislation allowing for wood biomass to benefit from energy incentives available to other renewable energy sources.

In many European countries, wood biomass has become a major source of energy.

In 2009 and 2010 the Labor Government introduced Renewable Energy Legislation which enhanced incentives to produce renewable energy across Australia.

The Coalition, at the time, put forward proposals to increase Australia's use of wood biomass. This would have increased Australia's use of renewable energy and injected increased viability into the forestry industry supporting thousands of jobs.

The forestry industry estimates wood waste could provide as much as 7 percent of Australia's current 2020 renewable energy target. In addition, it could generate an estimated \$800 million in direct investment and create 2300 jobs, many of which would be in rural and regional communities.

10. Timber Engineering Centre of Excellence

The Coalition will provide \$3.7 million over five years to the University of Tasmania to develop a Centre of Excellence for Timber Engineering & Design based in Launceston. Funding for this programme will come from the Regional Education Fund.

Wood products manufacturing generates about 46,500 jobs nationally and is a vital part of the Tasmanian and broader Australian economy. However the industry's potential is currently limited due to skills capacity.

The University of Tasmania's Launceston-based School of Architecture & Design is already engaged in high quality collaborative research and education that support the continued production and use of sustainable wood products in building and furniture production. A new Centre of Excellence for Timber Engineering & Design will position the University of Tasmania as a leading edge educational facility for the timber sector.

11. Skills Training and Retention

The Coalition will continue to support industry with skills training and retention programmes, providing funding of \$1.5 million over three years for ForestWorks - the Forest and Forest Products Industry Skills Council. Funding for this programme will come from the Regional Education Fund.

Forestworks is a key organisation linking the Government, industry and the vocational education system.

12. Increasing Research Capacity for Forestry

A Coalition Government will increase research and development for the forest industry through two separate measures.

Commencing from 1 July 2011, the Coalition will increase the Australian Government's contribution to research and development for the forestry sector from a matching contribution of \$1 for each \$1 raised by industry to \$1.25. This will result in an additional 25% R & D matched funding from a Coalition Government for the forestry sector over the next three years.

The Coalition has also identified the need to replenish our primary industries scientific 'brains trust' and ensure our scientists and researchers remain in Australia. Future productivity in the forestry sector relies on keeping our best minds working in Australian forest science. Grants of up to \$50,000 for specialised research, mentoring or further study for forest scientists through the Coalition's establishment of a \$5 million four year pilot programme for primary industry researchers.

COSTINGS

The Coalition will commit an additional \$35.75 million over the forward estimates towards these forestry initiatives.

This funding will be provided from the nearly \$30 billion in recurrent savings that have been identified by the Coalition over the forward estimates.

These savings are a result of cutting Labor's waste and mismanagement and redirecting funding from inefficient and poorly performing Labor Government programmes.

	2010-11 \$M	2011-12 \$M	2012-13 \$M	2013-14 \$M	TOTAL \$M
Supporting Forest Contractors	20	-	-	-	20
Economic Assessment of Long term Demand	0.25	0.5	-	-	0.75
National Bushfire Mitigation programme	5	5	5	-	15

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