



Australian
Forest
Products
Association

**AUSTRALIAN FOREST
PRODUCTS ASSOCIATION**

Submission to the House Standing Committee on
Agriculture Inquiry into food Security in Australia
December 2022



14 December 2022

Committee Secretary
House of Representatives Standing Committee on Agriculture
PO Box 6021
Parliament House
Canberra ACT 2600

About Australian Forest Products Association (AFPA)

AFPA is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

Australia's sustainable forest industries contribute more than \$24 billion p.a. directly employing over 80,000 Australians and indirectly employing another 100,000 Australians with most of these jobs based in rural and regional Australia.

To whom it may concern

RE: Inquiry into food security in Australia

AFPA welcomes the opportunity to provide this submission on the House Standing Committee on Agriculture Inquiry into Food Security in Australia following a referral from the Minister for Agriculture, Fisheries and Forestry, Senator the Hon Murray Watt, on 26 October 2022.

Executive Summary

The AFPA recognises the importance of security in Australia's food production systems. These systems are highly dependent on Australia's fibre security to deliver critical inputs such as pallets to transport food from Australia's farmers to the end user. Food packing must also be considered during this inquiry as it provides an opportunity to broaden the discussion to include moving to a low carbon economy with the greater use of pulp and paper packaging.

This submission addresses the key areas of examination and makes the following recommendation.

RECOMMENDATION: That food security policies recognise and consider the critical role sustainable forest industries deliver in ensuring food security via transportation, storage, packaging and commerce of food products.

Introduction

Australia's food security relies not just on production but also on capabilities around transportation, storage, packaging and commerce. Fibre products, in the forms of pallets, boxes, cardboard, cartons and paper, provide an essential underpinning for the rest of the food system. Food security needs fibre security.

Australia is currently not fibre secure, meaning that currently Australia cannot meet its own timber, pulp and paper demands. This situation has direct impacts on food security and equity both in Australia and for our export markets. The transport of food from farms to the consumer is reliant on the availability of wooden pallets. Recent, state policies to close sustainable native forestry in both Victoria and Western Australia is putting additional input timber supply pressures on pallet availability.

The global COVID pandemic significantly disrupted international supply and logistics, altered social and economic systems and shifted business and consumer behaviour. This added demand to an already strained supply of timber. Adding in political tensions and the war in Ukraine, there has been significant international upheaval. Many countries are now re-examining their sovereign capability in food and fibre.

Changes in supply chain management has doubled the demand for timber pallets.¹ There is a significant and ongoing shortage of pallets to move our food and groceries from the farm through supply chains. A driver of the shortage has been the shift from 'just-in-time delivery' to 'just-in-case' where more stock is held as a risk management approach and assurance for product to fill supermarket shelves. The shortage is being exacerbated by reduced supplies of timber used to make new pallets which has resulted from policy changes in Victoria, and compounded by fires and floods.²

Another effect of the pandemic has been increased use of online shopping and home delivery services. Coupled with consumer demands for sustainable packaging, this has seen increased consumption across paper, cartons, and cardboard grades. Furthermore, as Australia moves away from single use and problematic plastics there is increased demand for sustainable paper and fibre packaging products to fill the void. The combination of increased demand for timber and fibre products and reduced supply of logs has meant the national timber shortage is amplified.

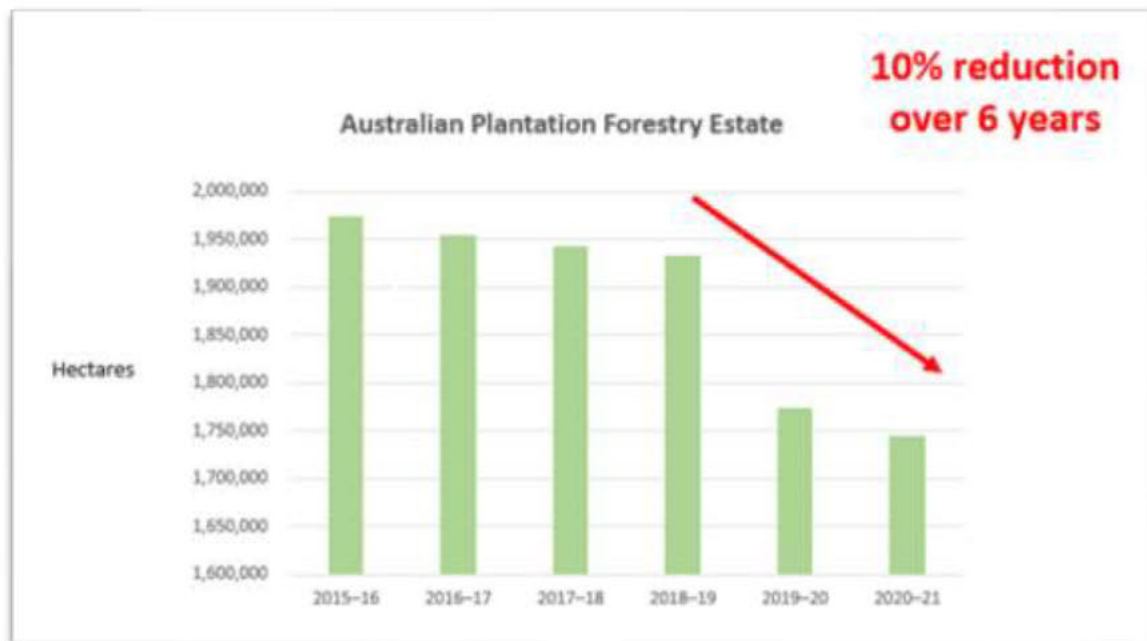
Australia has appropriate and sufficient area to meet its timber and fibre requirements through sustainable plantation and managed native forestry, while also protecting biodiversity, managing carbon and not impacting agricultural production. However, we are increasingly relying on imports as our national resource declines and with growing demand internationally for sustainable timber products imports are becoming increasingly harder to source. According to ABARES (see figure 1) over the last six years

¹ <https://www.smartcompany.com.au/industries/retail/essential-goods-supply-pallet-shortage-smes/>

² https://fwpa.com.au/pallet-imports-growing-dramatically/?utm_source=FWPA&utm_campaign=589846ceb2-EMAIL_CAMPAIGN_2022_10_12_04_15_COPY_01&utm_medium=email&utm_term=0_4b9d411b10-589846ceb2-134967572

Australia's national plantation estate has fallen by 230,000 hectares from 1.973 million hectares in 2014-15 to 1.744 million hectares in 2020-21.³ Political decisions, particularly in Victoria and Western Australia, have also reduced hardwood timber supplies and have put jobs, businesses and in some cases whole towns at risk.⁴ The policy environment must support investment and growth of sustainable, renewable timber fibre industries to maximise our opportunities, which include recognising the criticality of fibre security to the food system.

Figure 1: The plantation forestry estate is declining



Growing, diversifying and securing Australia's sustainable forest industries will be essential to meeting Australia's fibre needs and to contribute to the global climate change solutions. Global sustainable forest industries will be critical as the world deals with climate change impacts and pivots toward preferencing the circular bioeconomy and sustainable renewable and environmentally friendly products, over harmful plastic packaging and emissions intensive building and construction materials.

RECOMMENDATION: That food security policies recognise and consider the critical role sustainable forest industries deliver in ensuring food security via transportation, storage, packaging and commerce of food products.

³ <https://www.agriculture.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply#australian-plantation-statistics-and-log-availability-2021-report>

⁴ <https://www.abc.net.au/news/2022-05-06/greenbushes-mill-closes-as-wa-native-forest-logging-ban-looms/101044632>

National production, consumption and export of food; Access to key inputs such as fuel, fertiliser and labour, and their impact on production costs

Timber is a key input for pallets which are necessary for the transportation of food both for Australian consumers and the export market. Unfortunately, timber inputs are not usually front of mind when policy makers consider food security policies, however, coupled with Australia's declining timber stocks and conversion of sustainably managed forests to other land uses food security must be considered in the context of Australia's fibre security.

Regrettably Australia is already a net importer of timber for our housing needs and this deficit is increasing every year as the population grows. A new report by Forest & Wood Products Australia (FWPA) has found that the demand for new housing will rise from 183,000 new dwellings per annum now to 258,000 per annum by 2050, driving an increase of almost 50 per cent in demand for timber and doubling our reliance on imports by 2050 if we don't plant 1 billion trees. Unlike other crops, the outputs of timber production operations support multiple value chains, and dynamic interplays between different streams affect the overall economic conditions of the sector. It means there are synergies which can be taken advantage of – planting more trees for house frames in the long term is good for food security because it unlocks fibre resource which can be used for pallets and packaging in the nearer term.

Australia currently imports \$5.5 billion of wood products, much of which comes from the tropical forests of developing nations to substitute for Australian native hardwoods. Any reduction in Australia's native forest industry puts further strain on our current timber supplies for housing, pallets and paper products. It increases imports from countries with weaker environmental regulations, including those where tropical rainforests are logged unsustainably and illegally.

The impact of supply chain distribution on the cost and availability of food;

The demand for timber used in pallets has doubled and this drove pallet users to find alternatives, placing more pressure on the supply of reused pallets. The pandemic hastened the move to online shopping creating a much higher level of demand from internet retailers.

The COVID pandemic and the resulting disrupted supply chains has changed the behaviour of both businesses and customers. Previously the supply chain worked on a just in time approach to consumer demand but disrupted supply chains has forced businesses to carry around 30% more stock which has meant the need for 30% more pallets to hold the stock in warehouses and through the supply chain. Furthermore, new businesses have developed and grown to feed the online shopping growth also needing pallets to carry their floor stock.

Prior to the pandemic Australia produced over 2 million pallets a year from locally sourced timber for the food supply chain. Around half of the pallets are made from native hardwood and half are made from plantation softwood. There is an estimated 16 million pallets in the domestic pallet pool. Each year there are around 56 million pallet

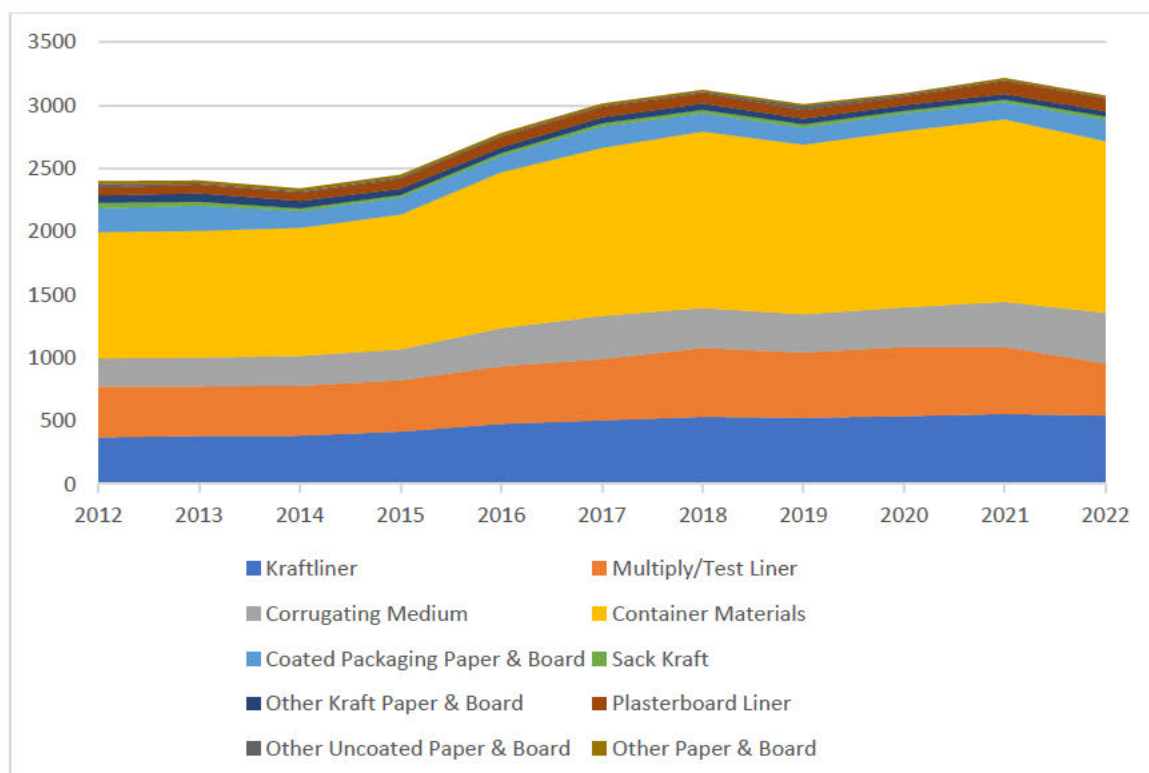
uses each year characterised by the recirculation of pallets in the pallet pool, the 2 million new pallets produced each year and a small portion of nontimber pallets (around 7%).

The industry also produces at least another 2 million pallets a year (mostly softwood) for delivering product to export markets. Companies largely use Australian timber because of biosecurity, cost and availability issues of imported product.

The industry has struggled to source timber for the increased demand in pallets because of the demand for softwood for construction and the reduction in availability of hardwood due to recent, state policies to close sustainable native forestry in both Victoria and Western Australia

The pandemic saw increases in online shopping and home delivery, creating higher demand for boxes and paper packaging (figure 2). 2020 and 2021 are the two highest years on record for the corrugated packaging market. There has been a small dip in 2022 but that is mostly related to flood related logistics issues and not demand further highlighting the risks to our domestic food and fibre security issues.

Figure 2: Australian Packaging and Industrial Market Estimate (Y/E June) (ktpa)



The potential opportunities and threats of climate change on food production in Australia.

The Australian Government has set a goal to achieve an economy-wide emissions reduction target of net-zero by 2050. The work of the Intergovernmental Panel on Climate Change (IPCC) shows that engagement of the Agriculture, Forestry and Other Land Uses sector is essential for achieving a net-zero goal. Furthermore, the Australian Government has committed to reducing Australia's carbon emissions economy wide by 43% reduction on 2005 levels by 2030. Australian farmers are very forward leaning and have highly efficient productive systems but still have work to do to get our farming systems emissions in line with governments international commitments.

Sustainable forestry activities continue to be the only large-scale emissions abatement sector that is practical, feasible, economically efficient and which comes with a high degree of assurance of performance. Harvesting and replanting trees supports ongoing carbon sequestration and overall growth in carbon stocks. Timber products such as timber framing used in construction are carbon positive - meaning it sequesters and stores more carbon than the emissions generated in making timber for construction. Other products from sustainable forestry resources store significant amounts of carbon, often for extended periods. Forest products also provide significant opportunities to reduce emissions through substitution and replacement of fossil-fuel-reliant material and fuels. Delivering on the bipartisan goal to plant one billion additional plantation timber trees by 2030 will be critical for government to meet their emissions goals.

Growing, diversifying and securing Australia's sustainable forest industries will be essential and contribute to the global climate change solutions. Global sustainable forest industries will be critical as the world deals with climate change impacts and pivots toward preferencing renewable and environmentally friendly products, over harmful plastic packaging and emissions intensive building and construction materials. Global demand for timber and wood fibre will quadruple by 2050⁵ and Australia's forest industries are in the 'box seat' to take advantage of burgeoning international demand for food and fibre over the coming decades, if we can secure local supply.

To shore up both food and fibre security, policy decision makers should support measures to help farmers increase farm forestry.⁶ The benefits associated with farm forestry are well documented and supported by both the Australian Forest Products Association (AFPA) and the National Farmers' Federation (NFF). At COP27 in Sharm el-Sheikh, Egypt AFPA and the NFF showcased "Climate Smart Farming with Forestry" as being essential to meet the challenges of climate change whilst ensuring the world's food and fibre needs. The event featured Mark Wootton, Jigsaw Farms an Australian farmer who has doubled his farm productivity and biodiversity outcomes in addition to

⁵ https://greshamhouse.com/wp-content/uploads/2019/10/b559c09a1d19574edffdb71b3cfb249c_df1552964b6c5812ba8314ec47e52a42.pdf

⁶ <https://www.skillsimpact.com.au/news/how-farm-forestry-can-benefit-farmers-support-timber-shortages/>

achieving carbon neutrality due to his integrated land management approach which includes production trees as well as environmental plantings.

Paper and cardboard products can replace a majority of our plastic bags. In Australia more than 10 million plastic bags are used every day. Most plastic (84%) ends up in landfill where it will take between 20 and 500 years to breakdown, fragmenting into microplastics along the way. Paper bags can be reused, recycled, or composted, and if disposed of in the environment will take about a month to decompose⁷.

Thank you for providing AFPA with the opportunity to provide this submission on the House Standing Committee on Agriculture Inquiry into food Security in Australia. If you have any questions regarding this submission, please contact Richard Hyett, Senior Policy Manager via email

⁷ <https://globe-conscious.com/paper-decompose-how-long/>



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AFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.