

Standing Committee on Agriculture and Water Resources

Answers to questions on notice

Agriculture, Water and the Environment Portfolio

Committee: Standing Committee on Agriculture and Water Resources
Inquiry: Inquiry into the timber supply chain constraints in the Australian plantation sector
Hearing Date: 28 August 2020
Division/Agency: Agvet Chemicals, Fisheries, Forestry and Engagement
Question Date: 11 September 2020
Question Type: Written

Mr Mitchell asked:

1. Is the Government on target to achieve its goal of 1 billion new plantation trees.
 - a) if no, why not and what is being done to address the shortfall.
2. When will the \$500 million plantation concessional loan scheme be fully released.
3. Will the Government consider supporting a scheme to underpin the increased cost of hauling timber greater distances.
 - a) if yes, in what way.
 - b) if no, why not.
4. What support will the Government consider to facilitate further domestic processing and internationally competitive scale projects.
5. What is the Government doing to encourage value-adding of Australia's plantation resource.
6. What is the Australian Government doing to ensure there are sufficient firefighting resources in plantations.
7. Will the Government consider recognising and incentivising renewable thermal heat projects utilising forestry biomass?
 - a) if yes, how.
 - b) if no, why not.

Answer:

- 1. Is the Government on target to achieve its goal of 1 billion new plantation trees.
 - a) if no, why not and what is being done to address the shortfall.**

The *Australian plantation statistics 2020 update*, released by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) in June 2020, reports that:

"Australia's total commercial plantation area in 2018-19 was 1,933,400 hectares. This area is 9,300 hectares (0.5%) less than the area recorded in 2017-18."

Through the National Forest Industries Plan, *Growing a better Australia, A billion trees for jobs and growth*, released in September 2018, the Australian Government supported industry's goal of planting one billion new plantation trees over the following ten years. The Australian Government committed to three actions to support this goal:

- Undertaking a review of the water requirements in the Emissions Reduction Fund (ERF) farm forestry and plantation methodologies to enable forestry to fully participate in the ERF.
- Working with industry and state governments to allow Regional Forestry Hubs to maximise their capacity to accommodate plantation expansion in the right places.
- Reviewing other legislation, policies and processes that may be unintentionally restricting plantation expansion.

The Emissions Reduction Fund Water Rule

The Australian Government made amendments to the Carbon Credits (Carbon Farming Initiative) Regulations 2011 which were tabled in Parliament in April 2020. These changes mean that tree planting (including plantations and farm forestry) will be eligible for carbon credits if the project is in an area that receives more than 600mm of rainfall and where the planting of trees is unlikely to have a material adverse impact on the availability of water. The Minister for Energy and Emissions Reduction has approved the removal of the water rule in five pilot Regional Forestry Hub areas, with further areas under consideration.

Regional Forestry Hubs

Nine Regional Forestry Hubs have been established across the country: South West Western Australia; the Green Triangle of South Australia and Victoria; North/North West Tasmania; North East New South Wales; Gippsland Victoria; South West Slopes of New South Wales; Central West New South Wales; South East Queensland; and North Queensland.

While these hubs are in their initial stages of cooperation, plantation expansion is already reflected in their work plans; for example, the *Green Triangle Forest Industry Strategic Plan*, released in September 2019 by the Green Triangle Forest Industries Hub, envisages planting an additional 200 million trees by 2030, covering about 150,000 new hectares.

Reviewing other legislation, policies and processes that may be unintentionally restricting plantation expansion

A review of legislation, policies and processes that may be unintentionally restricting plantation expansion has been raised with state and territory governments, and with the Forest Industry Advisory Council. Each of the Regional Forestry Hubs has also been asked to analyse and report on constraints that affect the productivity and efficiency of the forestry sector in their region.

State and territory programs

While the planting of a billion new plantation trees will be driven primarily by industry, state governments have announced plantation development measures which will contribute towards achieving the goal. Some examples of programs announced by state governments are:

- In June 2018, the New South Wales Government allocated \$71.8 million over four years to support the sustainability of the state's \$2.4 billion forestry, sawmilling and wood product manufacturing industries. The funding included \$24 million to the Forestry Corporation of NSW to invest in new plantations.
- In November 2019, the Victorian Government announced its Victorian Forestry Plan to help Victoria's forest industries transition from native forests to plantations by 2030. This builds on the 2017-18 Victorian Budget allocation of \$110 million to establish plantations in the Latrobe Valley.
- In August 2020, the Western Australian Government invited private sector investment to support a 50,000 ha expansion of its plantation estate which is expected to result in more than 60 million trees being planted over a period of up to 10 years.

Unfortunately, in some areas progress towards state planting targets has been delayed as a result of the severe bushfires that affected southern and eastern Australia during the 2019-20 summer. Some of the priority actions to be undertaken will now involve replanting plantation trees in areas where they have been destroyed, rather than planting new areas which is the intention of the National Forest Industries Plan.

- In May 2020, for example, the New South Wales Government announced that it would provide funding to enable the planting of 14.5 million trees each year from 2021 to replace the 50,000 ha (25 per cent of the state's pine plantation estate) that was burnt. The intention is to return to the pre-bushfire levels of stocked trees in state-owned pine plantations within a decade. This funding is drawn from \$46 million stimulus funding being provided to the Forestry Corporation of NSW to assist with bushfire recovery.

As noted in the department's submission to the inquiry (p3), ABARES estimates that 130,000 hectares of commercial plantation had been potentially affected by the bushfires. The department's submission (p4) also advises that 'The uncertainty around the extent of damage to commercial plantations from the bushfires is compounded by the potential duration and severity of the COVID-19 pandemic, and means that the impacts on log availability are highly uncertain. These impacts will be accounted for in the 2019-20 plantation log availability report scheduled to be released during 2020-21.'

2. When will the \$500 million plantation concessional loan scheme be fully released.

Work has started on developing the scheme and the government released a consultation paper in November 2019. However, the finalisation of the scheme has been delayed due to the priority given to industry recovery work arising from the 2019-20 bushfires and the COVID-19 pandemic.

3. Will the Government consider supporting a scheme to underpin the increased cost of hauling timber greater distances. a) if yes, in what way. b) if no, why not.

The government is providing support to assist with the cost of transporting salvage logs from fire-affected forests and plantations. Through the \$2 billion National Bushfire Recovery Fund, the government has allocated \$15 million for Salvage Log Transport Assistance to support transport of salvaged burnt logs to storage and processors. This funding is available to transport logs from bushfire-affected areas in Victoria and New South Wales.

4. What support will the Government consider to facilitate further domestic processing and internationally competitive scale projects.

In the 2018-19 Budget, the government announced that it would provide \$20 million over four years from 2018-19 towards the implementation of the National Forest Industries Plan. A key component of this plan was the establishment of nine Regional Forestry Hubs to identify new plantation opportunities, add value to existing infrastructure and processing capability, and maximise community participation. Hub priorities include encouraging local mills to invest in greater capacity and efficiency; increased use of mill and harvest residues, including for bio-energy, biochar and fertilisers; and exploring opportunities for new product manufacturing.

The work of the nine hubs is complemented by the work of the National Institute for Forest Products Innovation (NIFPI) which supports innovation in the forest products sector in areas such as forest management, timber processing, wood fibre recovery, value adding, advanced manufacturing and the bio-economy. Two NIFPI centres have been established – in Launceston and Mount Gambier – with a third being established in Gippsland. The government is looking to establish a fourth centre.

Through the Forestry Recovery Development Fund Program, the government is providing \$40 million from 2020-21 to 2022-23 to assist privately-owned wood processing facilities to recover and rebuild using innovation and product diversification. Grants from \$1 million to \$5 million are available to enable wood processing facilities to develop new processing lines for their business, including upgrades to existing facilities and technologies, and new facilities that complement existing activities. The aim is to support industry to adopt smarter, more efficient practices in product processing and forestry operations and, in turn, provide regional jobs and support regional communities.

The Australian Government has also provided support for industry development through a number of different funding programs such as the Regional Jobs and Investment Packages and the Community Development Grants Programme (both administered by the Department of Infrastructure, Transport, Regional Development and Communications), the Manufacturing Modernisation Fund (Department of Industry, Science, Energy and Resources), and the Cape York Timber Expansion Project (Department of the Prime Minister and Cabinet). Activities supported range from large scale multi-year multi-million dollar projects, to small grants of a few thousand dollars. The types of projects funded have included a major mill expansion to support residential housing construction by increasing yields of structural timber, establishing a production line for the manufacture of laminated timber products, the operationalisation of a timber pellet manufacturing facility, the construction of a new post peeling facility, and the manufacture of prefabricated timber buildings. Recipients have included large and small companies, Indigenous-owned enterprises, and individual researchers, and include manufacturing facilities, transport operators, and machinery companies.

Australia's rural research and development (R&D) corporations (RDCs) are the vehicles for the Australian Government and relevant agriculture industries to co-invest in R&D. Forest and Wood Products Australia (FWPA) is the RDC role for the forest industries. The Australian Government matches FWPA expenditure of eligible R&D, and is providing more than \$6 million annually to match eligible R&D. The R&D being undertaken focusses on industry-determined priorities across the supply chain.

5. What is the Government doing to encourage value-adding of Australia's plantation resource.

As outlined in the answer to question 4, the government is taking actions to implement the National Forest Industries Plan, and is providing assistance through the Forestry Recovery Development Fund Program, various funding programs that promote industry development, and FWPA, off of which contribute to promoting value-adding in Australia.

6. What is the Australian Government doing to ensure there are sufficient firefighting resources in plantations.

State and territory governments are responsible for bushfire response within their jurisdiction, and have inter-jurisdictional arrangements which provide for the sharing of firefighting resources.

In addition, states and territories can request assistance with emergency management activities, including for bushfires, through the Arrangements for Interstate Assistance (AIA). The AIA is maintained by the Australasian Fire and Emergency Services Authorities Council (AFAC) National Resource Sharing Centre.

The Australian Government can provide assistance when a state or territory considers that its resources will not be able to effectively manage an incident. A formal request can be made to Emergency Management Australia within the Department of Home Affairs. The *Australian Government Disaster Response Plan 2017* explains how the Australian Government responds to requests for assistance from state and territory governments responding to a disaster. The plan is available at <https://www.homeaffairs.gov.au/about-us/our-portfolios/emergency-management/emergency-response-plans>.

7. Will the Government consider recognising and incentivising renewable thermal heat projects utilising forestry biomass? a) if yes, how. b) if no, why not.

This question has been referred to the Department of Industry, Science, Energy and Resources for response.