Timber supply constraints in the Australian plantation sector. Submission by John O'Donnell, 23 June 2020.

I have made a submission below against your timber supply constraints in the Australian plantation sector terms of reference criteria, provided in good faith.

Terms of Reference

Inquiry into timber supply constraints in the Australian plantation sector terms of reference to inquire and report on:

- The nature of wood supply from Australia's plantation sector including: ◦ Projected timber volumes available over the next 30 years and the potential grades of logs available.
- The plantation wood supply available for domestic softwood processors including: ◦ Current and future demand for logs for domestic processors; and ◦ Any shortfall in current processing industry demand for logs. • The competitiveness of log pricing between domestic and export market.
- The term of log supply contracts needed to support the processing sectors.
- Opportunities to increase Australia's wood supply, including identifying and addressing barriers to plantation establishment.
- The role that state governments could have in assisting in addressing any problems identified by the work of this committee.
- Make any recommendations around any code of conduct or management mode that could assist in addressing any problems identified by the work of this committee.

I have tabulated responses to the applicable TORs below.

Terms of Reference	**Timber supply constraints in the Australian plantation sector.**	**Opportunities**
The nature of wood supply from Australia's plantation sector including: ◦ Projected timber volumes available over the next 30 years and the potential grades of logs available.	• There is going to be a shortage of pine plantation timber due to inadequate pine plantation areas, inadequate investment, wildfire losses, constraints etc. I will leave it to the industry to provide estimated shortfall volumes. • Combined with ongoing reductions in native hardwood harvesting, timber imports will be larger in future years.	• There is a tremendous opportunity for a vibrant timber industry in Australia; • As outlined in ABARES, Australia's Forests at a Glance, 2019, eighty-seven per cent of Australia's total log harvest in 2017–18 was from plantation forests; • As outlined in ABARES graphs below this table, Australia's pine plantations have increased very slightly between 1995/6 to 2017/18. There hasn't been a huge increase in softwood between 1999/2000 to 2017/18; • As outlined in ABARES graph below this table, Australia's pine plantation log and pulp production will change very slightly between 2015/19 to 2055/59. This is a serious issue that needs urgent Federal and State input, the country is missing out on opportunities; • As outlined in Growing a Better Australia – A Billion Trees for Jobs and Growth. An Australian Government Plan, numerous studies show the need for 400,000 hectares of new plantations over the next decade to meet Australia's demand for wood. So on the above information, Australia will be short of pine plantation timber; • As outlined in AFPA, Plantations New Policy Proposal for The Australian Government. The Missing piece of the Puzzle 2016, the goal is to deliver 300,000 hectares of new tree plantings in the right places – replacing 300,000 hectares of lost plantations; • In the pine plantation hubs, effective pulp and chip markets are needed to ensure thinning occurs on time to maximise sawn/ veneer timber production; • First thinning at age 10 where possible. In pine plantations thinning for pulp at age 10, thinning more regularly and using fertilisers throughout the plantation rotation can and does maximise log production more quickly and maximise carbon stored in timber. This increases the size of logs for

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		the industry; • As outlined under opportunities below, here is a tremendous opportunity for an expanded vibrant timber industry in Australia; • Saying that, pine plantations aren't increasing in area, so refined measures to facilitate private investment regulatory (carbon Farming Initiative; renewable energy policy; plantation taxation arrangements are needed.
The plantation wood supply available for domestic softwood processors including: ◦ Current and future demand for logs for domestic processors; and ◦ Any shortfall in current processing industry demand for logs. • The competitiveness of log pricing between domestic and export market.		• A big issue is missing here, that is growing pine plantations for sawn timber and other product export, we can become a world leader; • We also need to consider opportunities so that we become less reliant on countries that seek to destabilise Australia/ use trade as tool to inflict harm on us, both in terms of imports and exports. Pine plantation timber export provides a big opportunity for Australia; • As outlined in Growing a Better Australia – A Billion Trees for Jobs and Growth. An Australian Government Plan, numerous studies show the need for 400,000 hectares of new plantations over the next decade to meet Australia's demand for wood. This amounts to a billion new trees planted to produce more timber and wood-fibre. This target is in addition to the 70 million trees planted every year to replace those trees harvested in Australia's plantations. Growing the size of Australia's plantation estate will provide confidence to our forest industries that they will have the resource security they need into the future to underpin their investment decisions for decades to come.
The term of log supply contracts needed to support the processing sectors.	• The state model in NSW provides for greater certainty in regards to log processors.	• The state pine plantation model in NSW provides for greater certainty of supply in regards to log processors; • Saying that, NSW was prepared to lease pine plantations for $1B for 100 years, way less than the true value ie $4150/hectare, very low and 100 years you can grow 3 rotations.
Opportunities to increase Australia's wood supply, including identifying and addressing barriers to plantation establishment.	• Refer RHS column.	• There is a tremendous opportunity for a vibrant timber industry in Australia. The estimated number of people employed in ABS categories of forestry, logging and wood manufacturing 76,200 people. Forest product manufacturing sales and service income $23.9 billion. Forestry and forest product manufacturing industries contribution to GDP 0.5%.The total value of imports of wood products $5.6 billion and total value of exports of wood products $3.6 billion (ABARES, Australia's Forests at a Glance, 2019). If Australia expands its pine plantation estate 3 to 4 times now, Australia would have a very vibrant industry; • There is increasing demand for timber, sawn, veneer, fibre, board, chip, paper, biofuel/ energy etc in Australia and throughout the world, providing large opportunities for Australia; • The majority of Australian forestry operations are certified, whereas other forestry operations are not certified to the same degree. Australia has a sustainable forest industry and has well trained, experienced personnel. This puts Australia at a significant advantage to other countries; • Growing productive and healthy forests in Australia

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		not only assists in development and expansion of a major industry sector, it provides a proven means to increase use of greenhouse gases and assist Australia meet its greenhouse targets. This is outlined further in road map criteria a); • Australia has a number of hi-tech timber optimisation hubs. These are visible on the fourth 2020 edition of the ANZ Forestry Products Industry Map. There are 171 wood processing operations listed; including 67 sawmills, all fibreboard, particleboard, plywood, pulp and paper, veneer/LVL/CLT, paperboard and chip export operations along with major wood manufacturing operations. There are large opportunities to expand the size, diversity and number of forestry hubs in Australia. • Development of N Australia plantation hubs; • As noted in the King Expert Panel 2020, "*plantation forestry can provide a low cost source of abatement that simultaneously supports jobs and other economic opportunities in regional areas. The abatement associated with plantations arises by increasing the average carbon stock on the land and by sequestering carbon in wood and paper products. The abatement benefits associated with plantation forestry have been demonstrated under the Kyoto Protocol. Since the commencement of the Protocol's first commitment period in 2008, plantations have been responsible for providing in excess of 20 million tonnes CO2-e of removals per annum. These abatement benefits are largely attributable to short-rotation hardwood plantations established with government support over the period 1996-2009. Following the onset of the global financial crisis in the late 2000s, plantation establishment in Australia effectively ceased. Over the past 10 years, the hardwood estate has also shrunk, falling from almost 1 million ha to less than 900,000 ha*"; • There are also opportunities for government funding, such as for expanded plantation schemes such as the Commonwealth pine plantation loan scheme in the 60's onwards. This approach has resulted in a strong pine plantation forest sector. New funding would not only be targeted at greenhouse gas use, but also provision of bio energy, regional development, regional employment, less exposure to imports, and exports; • There are also opportunities for the government to invest in sustainable low carbon forestry using the Commonwealth Future Fund for investment in sustainable/ greenhouse friendly forestry projects in Australia, using part of the $165B in the fund, assisting Australia and the world progress climate change issues. I also note that there is considerable Future Fund investment overseas, as at June 2019, only 20 % of investments were in Australia. The important question needs to be asked if greater investments could be made in Australia, to progress Australian climate change initiatives, using forestry as an opportunity to lock up carbon. I believe it is a very sensible option to explore this area;

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		• Expanded plantation programmes to utilise greenhouse gases and new/ expanded regional industries. This has benefits for climate change but also for productivity, regional development, manufacturing, export and balance of trade. Note the successes of Visy and other businesses. Another Commonwealth loan scheme for pine plantation forestry could be a viable option, this time with broader issues to address. Pine has advantages at this time in regards to thinning and sawlog markets. Loans would be paid off over 10 years. Carbon credits could be shared between the funder and plantation owner; • Maximising timber use in houses and buildings, locking up carbon and being more energy efficient than concrete or steel; • Expanded biofuels/ briquettes industry opportunities, wood and bioproducts have very low embodied energy, with very low fossil fuel energy inputs used in their production. The biofuels industry has huge opportunities in Australia to supply sustainable energy to the Australian and other markets; • As noted by Australian Forest Products Association, 21 May 2020, *“Bioenergy and the bioeconomy are key technology streams that need to be both developed and supported over the long-term in the Government’s Technology Investment Roadmap. Uniquely, bioenergy can deliver baseload power 24 hours a day, 7 days a week, unlike many alternative renewables. Investing in bioenergy projects supports regional jobs and downstream economic activity, and it is well suited to many existing regional wood and paper product manufacturing sites across Australia.” “Wood fibre is a sustainable biological resource that produces renewable wood and paper products, including emerging new and innovative bioproducts like biomaterials, biochemicals and bioenergy,” Mr Hampton said. “These bioproducts, apart from replacing existing products manufactured from fossil fuels, also provide multiple economic, social and environmental benefits, including stored carbon in growing trees and renewable wood and paper products, economic activity, and regional jobs. In addition, relative to alternative building materials and other products, wood and bioproducts have very low embodied energy, with very low fossil fuel energy inputs used in their production,” Mr Hampton concluded;* • Expanded cogeneration opportunities using organic waste; • Expanded timber, fibre, paper recycling opportunities; • First thinning at age 10. In pine plantations thinning for pulp at age 10, thinning more regularly and using fertilisers throughout the plantation rotation can maximise log production more quickly and maximise carbon stored in timber; • As outlined in Growing a Better Australia Billion Trees for Jobs and Growth. An Australian Government Plan, undertaking a review of the water requirements in the Emissions Reduction

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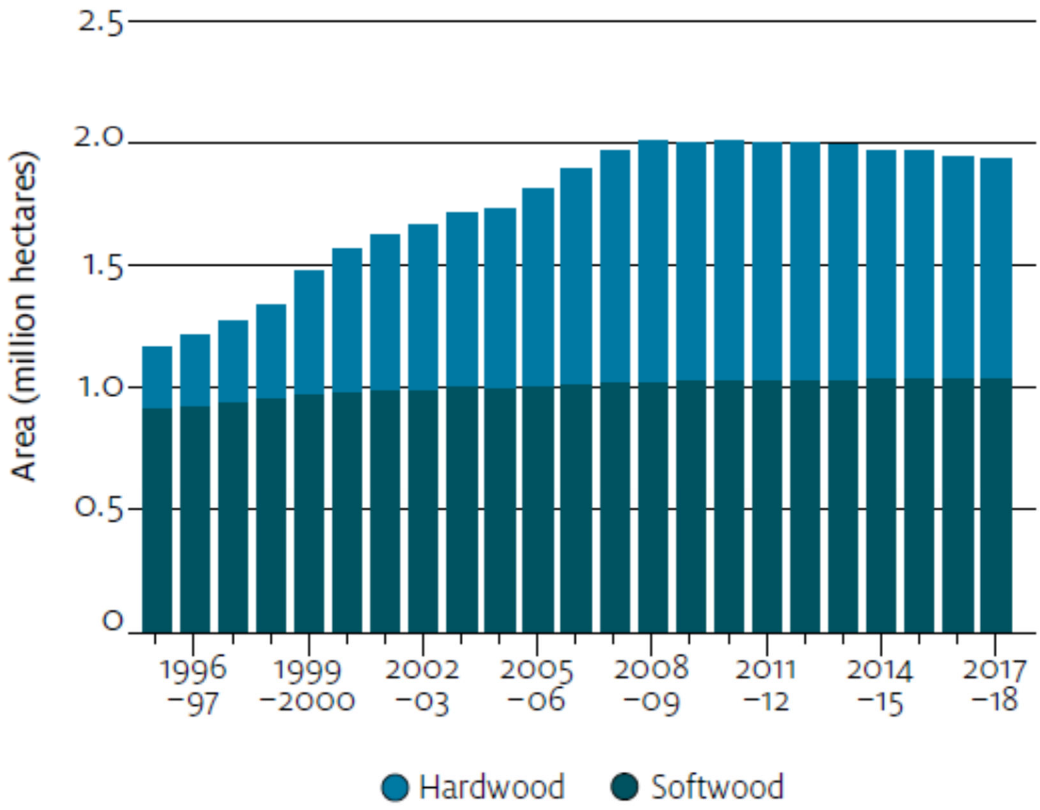
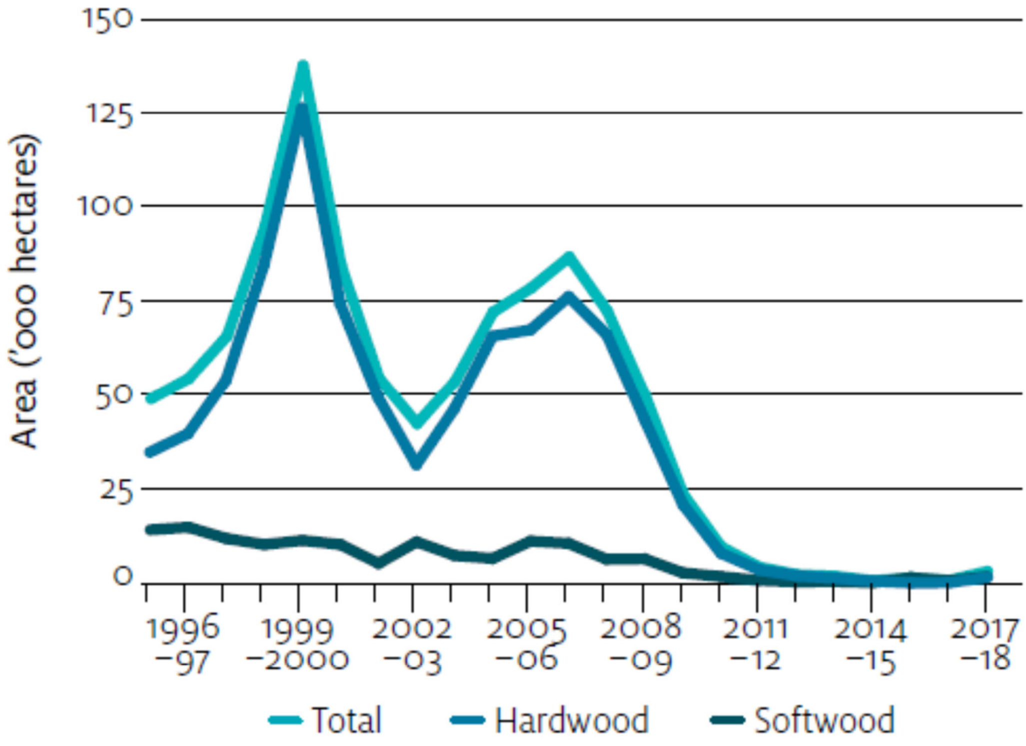
		Fund (ERF) farm forestry and plantation methodologies to enable forestry to fully participate in the ERF. I understand that this action hasn't been completed yet.
The role that state governments could have in assisting in addressing any problems identified by the work of this committee.	Refer RHS column.	There are ways that the States and Commonwealth could assist in attracting greater private investment in pine plantations through measures/ goals below: • Incentives for new forestry industries that capture carbon/ minimise greenhouse impacts/ innovate new processes to use fibre and timber; • Facilitate private investment regulatory (carbon Farming Initiative; renewable energy policy; plantation taxation arrangements; • Funding of forest and industry trials; • Optimising sustainable forest innovation hubs throughout Australia; • Setting up forestry plantation hubs in northern Australia; • Setting minimum areas of pine plantations in each state; • Support sound hazard reduction burning to protect pine plantation forests, people, fire fighters and importantly fauna and water quality; • Addressing forestry over regulation by States; • Assist in reducing restrictions on plantations by claimed water charging, as identified by the King Expert Panel 2020;
Make any recommendations around any code of conduct or management mode that could assist in addressing any problems identified by the work of this committee.	Refer RHS column.	• As outlined in Growing a Better Australia Billion Trees for Jobs and Growth. An Australian Government Plan, in 2017–18 the Australian Government provided Forest and Wood Products Australia with $5.7 million in matching funding for eligible research, development and extension projects. It is planned develop at least two additional research centres of the National Institute for Forest Products Innovation (NIFPI), in partnership with states and industry. As a suggestion, all plantation research funding should be reviewed across organisations, NIPI and universities to better target value for money plantation research, not using research to stop forestry; • Reduce regulatory agency oversight of this industry.

Figures extracted from ABARES, Australia's Forests at a Glance, 2019:

Plantation area, by type, Australia, 1995–96 to 2017–18

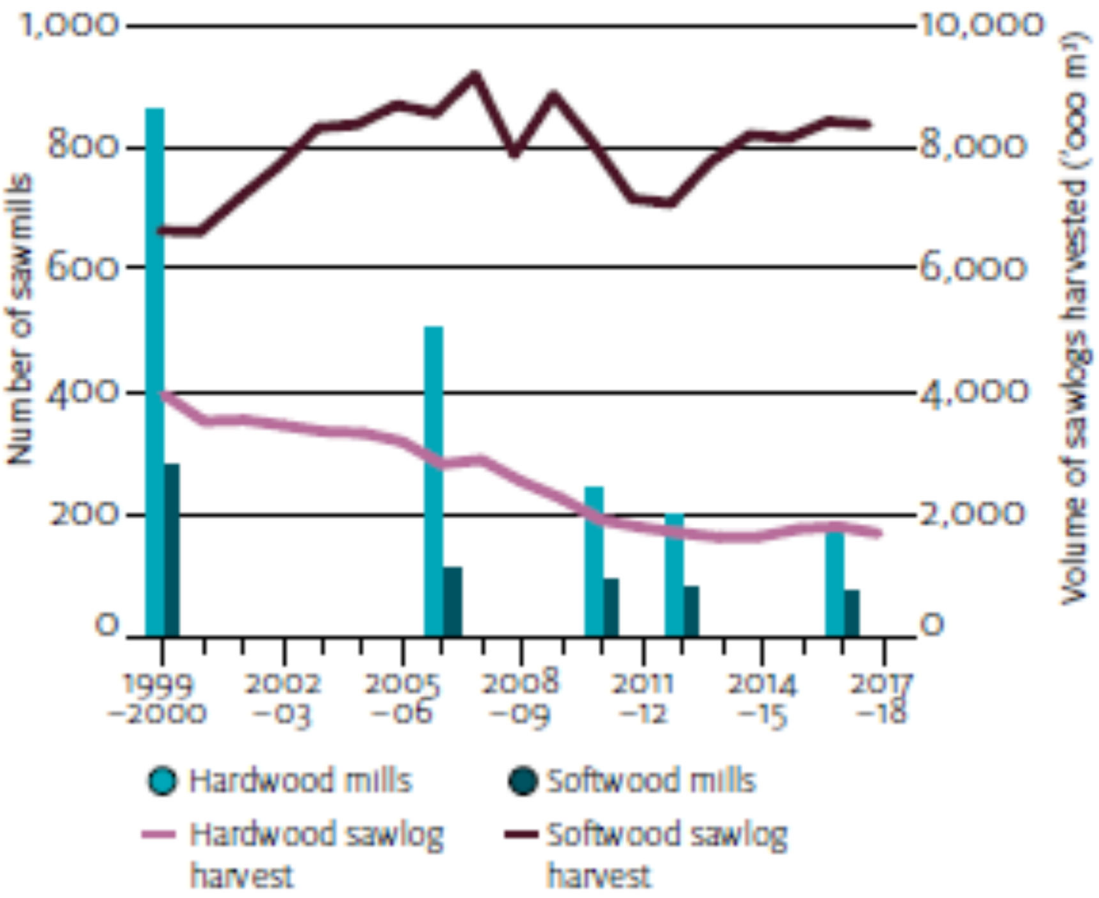


New plantation area, Australia, 1995–96 to 2017–18



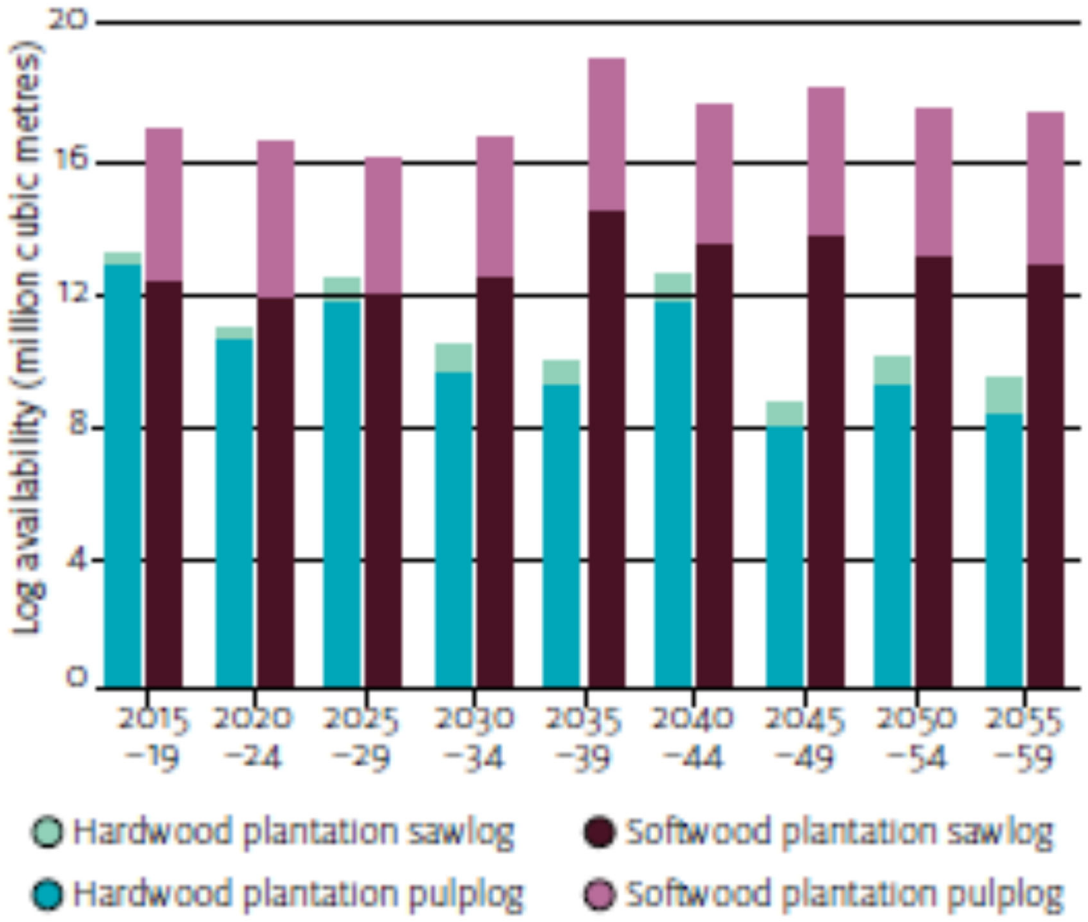
Note: 1995–96 to 2004–05 are calendar years (1995 to 2004) and 2005–06 to 2017–18 are financial years.
Source: *Australian plantation statistics 2019 update*

Number of sawmills and volume of sawlogs harvested for domestic production, Australia, 1999–2000 to 2017–18



Source: ABARES

Future log availability from plantations, Australia, 2015–19 to 2055–59



Source: *Australia's plantation log supply 2015–2059*