

Submission to the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry

Inquiry into Australia's Forestry Industry

Submission Prepared by

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I am currently working in the forest and timber industry as a technical consultant, educator and researcher. In a career of 22 years I have worked for private and public sector organizations domestically and internationally. My Qualifications include bachelors degrees in Forestry and Computer Science and the degree of Doctor of Philosophy in the field of environmental science.

In my submission, and in relation to the terms reference of the committee, I would like to review some changes the forest and timber industry of the last 15 years and draw attention to some challenges that might shape the future of the forest and timber industry.

National Policy

The National Forest Policy Statement (NFPS 1992) is still relevant in terms of planning forested land use, and achieving parallel social, environmental and economic objectives. A lot has been improved since 1992 however work continues to construct policy that enjoys the strong support of the majority of Australians.

Changes in public native forest land use over the last 19 yrs to reserve rare forest types, coupled with private sector investment in planted forests reflects the NFPS objectives and the implementation of the will of the electorate.

Industrial forest operations and management have improved substantially in both planted and native forests, and the majority of Australian wood producers have attained certification according to the Australian Forestry Standard or the Forest Stewardship Council specifications. This serves as globally relevant evidence of the continuously improving quality of stewardship of Australian forest managers and operators.

Agreement in some states among timber industry bodies, green lobby groups and government, has demonstrated agreement is possible, and with it economic and environmental certainty, should connected plans come to fruition.

The polarization of public opinion either toward singular exploitation of native forests for wood and allied products, or the exclusion of any social impacts, continues to be promoted by the collection of interested parties that are most active in the debate over

native forest land use. If anything has been learned since 1992, it will have been that the middle ground between these extremes, will serve the nations best interest. It is likely time for all stakeholders to acknowledge this including government.

A valid argument can be presented for the reservation of public forested lands on the grounds of representation of rare or endangered ecotypes. On privately tenured land, legislation to reduce the scope of sensible activities that can be pursued by a landholder on environmental grounds is counter productive with or without compensation. If privately owned native forest is to be protected as forested land for the long term, then this land must return value to the landholder at a competitive rate to alternative uses such as agriculture or urbanisation. Several options exist to achieve this and these relate to the sales of either products or services recovered from forests. Broadly, these include environmental, social, and economic benefits, or in other terms - conservation, recreation, food and/or materials production.

Sustained exploitation of forests for food and materials has been practiced for two centuries in Australia, and methods are well developed and secure. Only clearing of forests reduces this activity.

The demand for forests for recreation is valuable to the Australian community and systems for funding this activity are developing slowly in a context of previously publicly funded free access. This is driven in part by the unforeseen cost of properly maintaining public conservation reserves.

Returning value to land holders based on environmental services is a method of ensuring private forest can exist into the long term and compete with urbanization, agriculture and wood harvesting. This value is consumed by the Australian community, and therefore falls to the community to fund it. This return may also be supplemented with other productive activities over long terms of forest management. For example integration of recreation and wood production with maintenance of water production or plant and animal diversity

Forest Plantations - hardwoods

A widening gap between population (demand) and wood production indicates increasing future trade deficit, and growing dependence on international forests for imports. This may be perceived as environmentally irresponsible, or as an opportunity for domestic sustainable commerce and industry. It is inescapable however that steady growth in domestic demand for wood products will occur and domestic industries can compete with imported goods. There can be no question that forests grown for wood are a sound investment with valuable benefit to the Australian economy if management strategies are correct.

Recent private sector investment in hardwood plantations driven by tax concessions, has delivered a low value resource that has not optimized the potential outcome for the Australian economy. Substantial work is required before significant value is returned

from short rotation hardwood crops established in southern states over the last 10 years. In the subtropics, successfully established plantations are rarer.

Adding value to short rotation pulpwood crops domestically should be encouraged through the expansion of the pulp and paper manufacturing industry, supplied exclusively from planted industrial forests.

The establishment of high quality hardwood plantations for solid wood products with the potential to return greatest value to the Australian economy has not occurred, and this specification was missing from 1992 plans for expanding Australia's forest production capacity. It should be noted here that these forests or types of forest, also offer significant environmental benefit which has been demonstrated by the reservation of examples older plantations.

Research has shown that valuable hardwood production requires high quality sites, and therefore competes with low density urbanization and agriculture for access to higher rainfall, fertile regions along Australia's coast. Any investment scenario must minimise the administration costs and maximise the production of high quality wood and other forest values. Broad acre forest establishment is not necessary or relevant to hardwood plantation forestry. It is integration with other land uses (agriculture) on good sites that is the priority. Recent experience suggests there is little scope for absent landlords not able to insure good planning and management.

Forest Plantations - softwoods

Recent private sector investment in the established planted softwood industry indicates confidence in returns, and provides evidence of the kind of investor that is required to produce wood, over a long investment cycle. That is, superannuation funds managers. It is noteworthy however that where forests are established, sustained annual income is produced, and issues of time frame are irrelevant. This is the nature of sustained production.

The softwood sector is now limited by stable production of the national estate. Expansion of the estate can be justified by population growth however other producers in New Zealand and South America are able to compete, when demand and price are higher. With many softwood forests now privately owned and others offered for sale, expansion of the softwood estate may occur through sound private sector business management.

Industrial development

Investment in processing technology applied to softwood and hardwood resources has ranked the some domestic industries as global leaders. Much of the complex computer driven automated systems has been imported, and exposes a lack of domestic development in complex process measurement and control industries. Despite this, there has been considerable local innovation relating to design of new processes and products for young plantation grown wood that has also been exported.

The changes in hardwood processing practices that have occurred in the last 15 years have been substantial. In particular, wood drying systems and various approaches to adding value through reconstitution or other methods has been more impressive for its speed of implementation than perhaps its extent. This has been well assisted by government industrial development programs, and the value returned to regional communities in terms of both quality and quantity of jobs is justification for this support.

The primary impediment to continued growth of wood using industries has been and remains, confidence in the quantity and quality of future forest resource, and not confidence in investment in technology by processors.

If in the future society demands sustainable industries and renewable materials a considerable effort might be directed to research and development of processes that utilise smaller dimension round wood and process residues. This new field could provide Australia with valuable intellectual property. Research could include energy production and molded or extruded composites to replace non renewable/recyclable materials.

Professional Development

Over a long history in the service of the community, the forestry profession has initially served as conservator, controlling harvesting from native forests, and in time has evolved to a focus on wood production as a young nation established itself in the early 20th century.

The forestry profession has remained apolitical in the role of public servant directed by government policy. In more recent times, and in the service of private sector investment businesses, the profession has failed to oversee and support sound investment in private hardwood planted forestry.

An emerging role for foresters flowing from native vegetation management legislation is that of overseers of public reserves and privately owned forests. In this new role, professional foresters must be trained meet this challenge and sufficiently resourced to implement legislation. Training in particular must be broadened to include knowledge of all users of forests or these streams of learning offered as career choices.

Finally, the profession needs to establish a credible monitor of ethics and professional support, particularly where decisions are controversial.

I conclude by thanking the committee for receiving this submission and offer my services should they be required further.

Signed

Dr Graeme Palmer