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House Standing Committee on Agriculture, Resources, Fisheries and Forestry

Inquiry into the Australian forestry industry

Terms of Reference

The House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry shall inquire into and report on the current and future prospects of the Australian forestry industry. In regards to:

* opportunities for and constraints upon production,

Plantations are best for industry.

Forests are best for climate.

- The great opportunity for the forestry industry is to build on taxpayer investments in plantations and exit native forestry. In the 21 Century, scientists and the majority of Australians recognize natural forests as essential solutions for: water supplies, the resilience of biodiversity and importantly, as the quickest, cheapest and best way to cut CO2 emissions and draw down the carbon debt.

- *"Government should commit to a clear strategy for the forest industry to move from reliance on native forest to plantation-grown timber, and to develop the associated skilled workforce and processing infrastructure."* This is the number one recommendation of a timber industry conference in Melbourne in 2008 - Plantation Eucalypts for High-Value Timber.

- The industry and unions such as CFMEU have recognized the changing market place to a plantation-based industry.
- State Governments along with Federal handouts should not continue to subsidize Royalties from managed forests, which are undermining the competitiveness of the plantation sector.

- *"The resource that comes from the sustainably managed native forest*

estate is required by the pulp and paper industry, which provides demand anchors that ensure continuing access and supply of native forest timber to other sectors of the economy."

Federal government can no longer accept that woodchips and wood pellets are "waste" from saw logging - in fact the native forest sector is driven by industrial logging - virtual clearfelling - for woodchips.

For information please take a look at this document, available from the Federal Government's own website. Download the 7.65 Meg report and search for "demand anchors" page 95 of the document

- Product differentiation is critical, currently the Industry and State forest departments refers to plantations and native forests as one industry, yet

Forests are bio-systems evolving over millions of years and critical to the support of carbon based life on earth. "Australian carbon dense forests are not renewable in any reasonable time frame." Ken Henry as Secretary to the Treasury. They take two hundred years at least to restore carbon, water and biodiversity after logging.

Plantations are agricultural monocultures, with predicable product quality; however they have limited life cycles, less than one hundred years, therefore are unsuitable as carbon stores.

- Huge economic opportunities exist once the nexus between plantations and forests is broken.
- Billions of dollars of taxpayer's funds have been spent planting soft wood and hardwood plantations with more than enough capacity to virtually replace all native forest timber and fibre uses, including exports.
- Industry prefers the quality of plantations and even with decades of under pricing of royalties for the fibre = woodchip market, Tasmanian sales have dropped to the point when Gunn's has withdrawn from native forests, moving to 100% plantation business model. Visy's plantation and recycling model is a future orientated business model.
- Market campaigns against Gunns and now against the Nippon Paper owned, Australian Paper's Reflex native forest copy paper are biting as the public wakes up to the degradation of our forests for a product with a three-year life cycle.
- Australia's small market will always mean a degree of importation of specialized or cheaper papers and products, however why are we exporting native forest logs and importing them back as cut

timber?

* constraints upon production:

RFAs have not delivered

- Mismanagement of NSW Forests where saw logs will run out in 2018, before RFAs expire. Areas logged in the South East are roughly 50% more for 40% less yield. (Actual figures available)
- Forests NSW says that they will have converted all forests to single aged, single species within two years, despite this changing the "character" of the forests which they are bound to maintain by law.
- RFAs do not include: a carbon price or water costs and have failed to halt species losses.
- Reviews are almost non-existent after ten years; the Hawke Review has languished on the Federal Environment Ministers' desk for two years.

* opportunities for diversification, value adding and product innovation,

- Plantation and recycled and other fibers for paper production are the big opportunity as the consumer becomes more aware of the down sides to logging native forests - including loss of carbon stores, high emissions from logging and burning wood slash, loss of water supplies and species losses of unique and iconic wildlife.
- Opposition is coming from down stream industries such as oyster growers, tourism operators and the decline in fish numbers as estuaries are silted and fish nurseries are affected.

* environmental impacts of forestry, including:

- Almost 10 % of Australia's GHG emissions come from logging native forests; as woodchipping represents around 80% of logging then it follows that up to 8% of Australia's GHG could be halted by stopping woodchipping, or bio-mass products such as wood pellets.
- Logging wet forests in southeast Australia costs 40% of available water whilst siltation causes damage to streams and rivers and down stream industries. Water supplies are impacted with less regular water available when needed in hotter months
- Biodiversity is critical to the resilience of forests, and their ability to adapt to ever changing climatic conditions.

- Changing the character from wet to dry schlerophyll through logging is causing hotter fires with less recovery. An unlogged forest retains 85% of its carbon, unlike a logged forest, which will suffer similar damage as plantations.
- Forests make rain; destroying the resilience of forest eco -systems will lead to the eventual acidification of the south of the continent; this is a serious consequence of degrading the remaining 50% of pre European forests.

* impacts of plantations upon land and water availability for agriculture,

- This is a problem. Integration of plantations particularly multispecies, multi-aged plantings, into corridors across agricultural lands rather than a patchwork approach is the answer
- A whole of landscape approach to management is required.

* the development of win-win outcomes in balancing environmental costs with economic opportunities,

- The immediate exit from native forests a cession of industrial scale logging, and forward planning for saw log and veneer logs will bring health to our forests and farms whilst guaranteeing future supplies.
- The building industry has already moved to plantations. Less that 2% of native forest logs are used for appearance grade timber.
- Absolutely no more old growth logging - enough is enough. Urgent restoration of previously logged forests, to attract the species of birds, insects and wildlife that our unique, ancient forests co-depend upon is required before mass extinctions occur, including iconic wildlife.

* creating a better business environment for forest industries,

- is not possible whilst the preferred product, plantation timber and fibre is hamstrung by the association with native forests; the vast majority of voters know logging native forests and in particular, woodchipping is environmentally wrong.
- Gunn's have learnt the hard way; as the business pariah because of the stark images of their logging of thousand year old forests in Tasmania, they were dropped during the GFC by Japanese paper makers as " bad' corporate citizens.

*investment models for saw log production;

- Regional Forest Agreements (RFA) signed 10 years ago have proved a disaster economically and environmentally. E.g., in NSW there is insufficient native forest saw log supply beyond 2018 due in part to the emphasis on woodchipping well as over allocation of contracts, because of the reliance on native forests. Unlike Queensland where no RFAs were signed, future supplies from plantations have not been prioritized; whilst much of the soils of NSW are not suitable for plantations, supply chains must cross State boundaries for all industries.

* new business and investment models for plantation production;

- ethical and organic: with more research into healthy, pesticide and herbicide free methods,

* superannuation investment in plantations,

- a no tax subsidy policy will improve the products on offer and require good management based on scientific research.
- Research on hard wood plantations would ensue the health over the long term of invested funds.

* social and economic benefits of forestry production,

- There are no social benefits in native timber towns such as Eden, which are divided by past loyalties to a dying industry and the possibilities of an eco -friendly, low/no carbon economic future for such a beautiful area.
- In NSW only 214 workers are employed in the woodchipping industry with 138 in Victoria. Yet this Nippon Paper's Eden chip mill (SEFE) is responsible for approximately 18 million tonnes of CO2 entering the atmosphere. Taxpayers would save money closing down supplies to chip mills whilst Australia's CO2 emissions would drop. (Figures and calculations to justify these statements available). Victoria and NSW continue to lose money year after year on a "free" resource, e.g., no rates are paid.
- The Federal government has named the area from Bermagui to

Bairnsdale, Vic. Australia's Wilderness coast - "the most assessable temperate forests in the world" and hope to attract international liners to the port of Eden. Yet each day hundreds of log trucks ply the roads and behind a 50 metre veil, vast areas of once beautiful, lush forests and wild life are degraded.

- Tourism and the Creative Industries and "sea and tree changers" including local quality food producers want for funds to promote their businesses whilst forestry is subsidized.

* potential energy production from the forestry sector, including: bioenergy, biofuels and biochar

Energy whether for electricity or fuels is unacceptable from native forests, whether from so called 'waste" from saw logging or not

Man once burnt wood for heat; when forests had gone, coal and oil took over; moving back to those pre industrial ways is wrong; already over 50% of the world's forests have been cleared with the rest degraded; the same figures apply to Australia, in less than two centuries.

Leaving native forests in the ground is the cheapest, quickest and best way to cut carbon emissions:

- Total emissions CO2 from logging East Gippsland and SE NSW = 18,142,013 tonnes= equivalent to around 4.23% of total Australian emissions in 2006
- From this we can calculate the $$ benefit of ending such emissions:
- At $20 a tonne of CO2 = $360 million
- At $30 a tonne of CO2 = $540 million
- At $50 a tonne of CO2 = $900 million"

  Note; Logs from the vast private forests in NSW are being sold for as little as $2.00 per tonne, with wood-slash left behind creating fire problems. Yet both private and State forests can be protected at $12.00-$15.00 per tonne of carbon

* biomass

People find unimaginable the idea of burning native forests for electricity. The test cases are Nippon Paper's SEFE, who have applied for woodfired electricity and wood pellet plants at their Eden chip mill, which will use up to 100% native forest wood.

- The industry calls it " dead koala power" and many, many companies have agreed not to sell native forest wood fired electricity.

- Under no circumstances such native forests be considered for energy production. The current legislation for so-called waste from Native Forest saw logging to be used in Renewable Energy Targets (RETS) must be removed from the current legislation.
- Energy from native forests, when the full cycle is counted, is several times more emissions intensive than dirty brown coal.
- Industry bodies such as NAFI are calling for all wood from managed forests to be eligible for RECS. Experience shows that once an opportunity arises industry will attempt to prove they will be disadvantaged unless more "supplies" are available.
- The Native Forestry sector is desperate to find secondary markets for woodchips. Japan has moved to plantations; other countries have plantations now ready to harvest.
- Already shipments of native forests wood has been sold around the world for renewable energy - no carbon accounting takes place at any stage yet these fuels are sold as "renewable energy".

* Biochar;

- this seems to be a regionally limited or costly way of replenishing soils and scientifically dubious if produced from native forests.

* cogeneration,

- one of the few uses for woodfired power is in such enterprises as Visy, Tumut; however concerns include
- all woodfired power produces noxious gases bad for human health and potentially stopping rain falling as GHGs produce clouds that block the rise of water vapor to colder levels where it can form large rain drops
- the nutrient cycle is important particularly in Australia with its ancient soils and its drought and flood cycles; taking away logging slash and burning it may lead quickly to insufficient nutrients in soils for regeneration.

* carbon sequestration;

- the best land based carbon sinks are natural forests which continue to absorb carbon for thousands of years; 36% of the world's GHG are from humans clearing for agriculture and urbanization - deforestation, and logging - degradation
- The oceans cannot absorb more CO2 without becoming even more

acidic, affecting all sea creatures and eventually degassing creating even more atmospheric carbon and even higher temperatures

- It is not enough to stop using fossilized forests, coal and oil; we have to stop emissions from forests and draw down the carbon debt and the best way is to protect and restore native forests.

* Land use competition between the forestry and agriculture sectors:

This is obviously means plantations not native forests.

- Productivity can be improved by redesigning farms so that crops are planted on flats whilst waterways, i.e., riparian zones are fenced and degraded lands and hilly areas are revegetated including suitable trees for longer term sawn timber. Concentrating on natural ways of improving soil carbon will increase production.

* implications of competing land uses for the cost and availability of timber, food and fibre:

- Distortions are created by subsidizes such as those previously proposed for so called "Carbon Forests" under the original CPRS, in this case making it profitable to plant monocultures of short-lived trees whilst native forests were given a negative value as carbon stores, leaving them to be logged and to compete against other sources of timber and fibre.
- Current MIS should be discontinued as they have led to over investment and are often run by companies not necessarily interested in maintaining the health of plantations.

* harmonizing competing interests:

- Until full carbon accounting is adopted, distortions will arise leading to undesirable consequences. Australia must fully account for the emissions from logging native forests rather than use the default Kyoto method and counted as zero CO2 emissions.

* opportunities for farm forestry,

- will only be fully realized when multi- species multi- aged replanting, on degraded lands, leaving the best flats for agriculture.

Conclusion:

Unions and industry leaders have accepted the market preference for plantations; we have plentiful supplies; so now is the time to exit native forests.

The current global economic environment including: a high dollar, omissions of costs in RFAs, such as water and carbon, plus species losses are compounding the economic and environmental unsustainability of logging forests.

Cheap native forest chip logs from the States is subsidized competition to plantations and is undermining of the viability of the sector.

Native forest secondary products such as biomass for energy and biofuels and biochar must be ruled out completely and removed from RET legislation.

A bio-diversity or "Green" fund for managed forests should come from the Carbon Tax/ ETS with Australia able to increase its 5% GHG target up to 15%.

Private forests need stewardship payments or similar carbon retention payments.

Sufficient funds must be allocated for native forest workers to exit the industry with dignity and make the transition to plantations, with research funding to enable the plantation sector to prosper.

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