SUBMISSION No. 104
Inquiry into the Australian forestry industry

Hon Tim Mulherin MP
Member for Mackay

Minister for Agriculture, Food and Regional Economies

Reference: **01381/11**

The Honourable Dick Adams MP
Committee Chair
Standing Committee on Agriculture, Resources, Fisheries and Forestry
PO Box 6021
Parliament House
Canberra ACT 2600

Dear ~~Mr Adams~~ Dick

Thank you for letter of 10 February 2011 inviting submissions to the Inquiry into the Australian forest industry by the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry.

Please find attached a submission on behalf of the Queensland Government. The submission incorporates contributions from the Department of Employment, Economic Development and Innovation and the Department of Environment and Resource Management.

The contact officer for liaison with the committee secretariat is Mr Barry Underhill in the Department of Employment, Economic Development and Innovation at barry.underhill@deedi.qld.gov.au or by phone on 07 3239 3556.

If you require any further information regarding this matter, please do not hesitate to contact Ms Nicole Seils, Acting Principal Advisor in my office on telephone 07 3239 3000 or email nicole.seils@ministerial.qld.gov.au

Yours sincerely

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HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON AGRICULTURE, RESOURCES, FISHERIES AND FORESTRY

INQUIRY INTO THE AUSTRALIAN FORESTRY INDUSTRY

QUEENSLAND GOVERNMENT SUBMISSION

Background

The Honourable Dick Adams, MP, Chair of the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry (the 'Committee') wrote to the Honourable Tim Mulherin, MP, Minister for Agriculture, Food and Regional Economies in February 2011 about the inquiry being undertaken by the Committee into *the current and future prospects for the Australian forestry industry.*

The terms of reference for the inquiry are broad ranging, and include opportunities and constraints on forest industry production, environmental impacts of forestry, creating a better business environment for the forest industry, social and economic benefits of forestry, energy production from forest products, and land use competition.

The growing, processing, managing and selling of timber-based products is one of Queensland's oldest and most durable industries. The forest industry continues to play an important economic, social and environmental role in contemporary Queensland, especially in rural and regional areas.

Queensland's forest and timber production value chain is estimated to contribute around $4 billion of economic activity to Queensland's economy each year and it employs more than 18,000 Queenslanders. The industry has experienced sustained demand growth for its products over the last 20 years, mainly driven by strong population (market) growth in Queensland.

The growing sector of the Queensland forest industry comprises a timber plantation estate of in excess of 240,000 hectares and a significant native forest estate that is utilised for sustainable timber production. Although Queensland has in excess of 52 million hectares of native forests, only a minority of these forests (approx. 5-10 million hectares) are utilised for commercial timber production. The growing sector of the industry produces an estimated 2.7 million cubic metres of log timber each year.

The primary processing sector of the Queensland forest industry produces a diverse range of products; including sawn timber, reconstituted timber and round wood products for construction and appearance uses, as well as fibre, veneers and wood chips for composite products including plywood, particle board and medium density fibreboard. Round wood products include poles, piles, bridging and mining timbers.

Many of these products are subsequently utilised in 'secondary' processing activities that transform them into more complex timber and fibre-based products such as pre-nailed wall frames, roof trusses, decorative timber products, wooden containers, paper products (that utilise mostly recycled paper products), and wooden furniture.

Although Queensland supplies most of its demand for wood products from domestic sources, the state has a significant annual international trading deficit in forest and wood-based products (around $700M), largely due to significant trading deficits in wooden furniture products and paper and paper based products, as well as an increasing trading deficit in sawn products.

The Queensland Government welcomes the Committee's inquiry and is pleased to provide the following comments in relation to the Committee's terms of reference.

Opportunities for and constraints upon production

Queensland has a long history of growing and processing forest and timber products that is supported by extensive land resources and native forests, a suitable growing environment, sound technical forestry skills, a strong forestry research and development capability and a vibrant and stable business environment. In particular:

- Queensland's mature timber plantation estate has historically demonstrated sound risk and reliable financial return profiles.
- Strong, integrated and competitive processing sectors have been established to provide a wide range products for timber product markets, especially the softwood processing sector in south east Queensland.
- Suitably located ports, relatively low port charges and proximity to emerging timber product markets in India and Asia provide a range of potential export market opportunities for both log timber and processed timber products.

However the Queensland forest industry is facing a number of challenges and supply constraints, particularly in the forest growing sector.

Queensland currently has approximately 190,000 hectares of softwood timber plantations and 50,000 hectares of hardwood plantations. Softwood plantations consist mostly of Pinus species and Hoop Pine, while hardwood plantations consist mostly of Dunns White Gum and Spotted Gum with some Western White Gum, Teak, Red Mahogany, Gympie Messmate and African Mahogany.

The softwood plantation estate is owned largely by one major grower, while the hardwood estate is owned by a number of growers; both large and small operators. The Queensland timber plantation sector supplies the majority of the log timber currently utilised by the Queensland primary processing sector.

The following opportunities for timber plantations in Queensland are recognised:

- Large areas of existing softwood plantations supporting an integrated timber processing industry, both primary and secondary, and the timber/timber products retail sector.
- An emerging hardwood plantation resource that has been strongly supported by Queensland Government policy initiatives.
- Large areas of potentially suitable cleared land for plantation expansion, particularly in the central Queensland region.
- A forecast increasing local timber supply deficit due largely to expected continued demand growth and static supply.

The current constraints for timber plantations in Queensland include:

- Significant difficulties in attracting investment in 'greenfield' timber plantations, especially 'long rotation' plantations in the context of the perceived relatively higher risk associated with most new plantation projects in Queensland relative to southern temperate Australia.
- The current absence of commercially proven disease and pest tolerant tree varieties for some areas of Queensland, particularly outside the south east region.
- Difficulties with the community acceptance of timber plantations, particularly as the timber plantation estate has increasingly expanded onto cleared freehold land and competed directly with other primary production activities over the last decade. This has given rise to a number of land use planning impediments.
- Lack of biophysical knowledge about constraints to plantation establishment and growth.
- Difficulties in adequately accounting for climatic and biological stochastic events (e.g. pest incursions such as myrtle rust, drought, cyclones), particularly for long rotation timber plantations.
- Inherently slow growth rates and high mortality risk on economically viable land.
- The dispersed nature of available land in Queensland and the constraints imposed by transport distances.

To capitalise on the identified opportunities and lessen production constraints, the Queensland Government produced the *Queensland Timber Plantation Strategy 2020* (the 'Strategy') in 2010.

The Strategy provides actions for dealing with these recognised constraints across the five focus areas of:

- Incorporating timber plantations into the land-use planning framework in a manner more in line with other cropping activities.
- Legislative and policy projects bringing stability and certainty to the regulatory environment for plantation investments.
- Investment initiatives.
- Targeted industry development support, including the identification and investment in targeted priority research and development projects to support the development of the sector.
- Community education about timber plantations.

Actions have commenced in all these focus areas. A major action underway is the provision of support to the sector through a Plantation Industry Development project, which delivers two industry development officers, one based within industry (Queensland peak industry body – Timber Queensland) and one with the Department of Employment, Economic Development and Innovation (DEEDI).

In the area of targeted research and development the Queensland Government is currently investing around $4 million annually through the Department of Employment, Economic Development and Innovation's Agri-Science Queensland Group to support the development of the Queensland forest industry, in particular the hardwood plantation sector. The Queensland Government also introduced the Plantation Hardwoods Research Fund (PHRF) in 2008 to support the transition from native forest wood production on State lands to hardwood plantations.

Other key actions include:

- Collaborate with the Australian Government to identify potential new investment sources for new timber plantations.
- Support the timber industry to develop and maintain an effective biosecurity framework in line with internal and national biosecurity arrangements.
- Work with the timber plantation sector, prospective investors and peak bodies to identify, clarify and support new market opportunities for timber plantations, particularly in relation to international and/or national emission trading schemes, voluntary emission offsets and bioenergy opportunities.
- Collaborate with the Australian Government to seek to remove the existing export controls on Queensland unprocessed plantation-sourced timber products contained in the Australian Government's *Export Control Act 1992* and its subordinate legislation.

Queensland has in excess of 52 million hectares of native forests, around one third of Australia's total native forests and the largest forested area of any Australian state or territory. The overwhelming majority of these native forests are considered to be 'sparse' forests and generally not suitable for commercial timber production activities. The remainder (approx. 5-10 million hectares) are relatively dense forests confined mostly to coastal areas and parts of southern inland Queensland. Many of these more productive forests on state-owned land are increasingly being managed for conservation outcomes.

The native forest based timber industry in Queensland depends on hardwood and cypress timber sourced from both state and privately-owned forests, and from that produces a wide variety of end-products used in building, mining, bridge and wharf construction, landscaping and the electricity supply sector (poles and cross-arms). In 2009-10 approximately 233,000 cubic metres of log timber was obtained from state-owned land, and on the basis of limited data a further 300-350,000 cubic metres is estimated to be sourced from privately-owned native forests.

Most of the above timbers were harvested from drier eucalypt forest types within 200 kilometres of the eastern seaboard, supplemented by approximately 150,000 cubic metres per annum of cypress pine from areas in southern Queensland located west of the Great Dividing Range.

Native forest supplies have been in decline since the early 1950's following a peak in demand after World War Two that saw harvesting levels peak at an estimated 1.4 million cubic metres per annum. Timber plantations overtook native forests as the dominant supplier of log timber to the Queensland timber processing sector for the first time in the mid-1990s.

The reasons for the on-going decline in availability of log timber from native forests are complex but a number of factors were and continue to be important; namely the completion of harvesting in 'first cut' areas carrying high volumes of large sized timber, loss of productive forest areas through land clearing and lack of effective silvicultural management over remaining areas of privately-owned forests, withdrawal of areas from commercial timber production because of environmental concerns relating to the harvesting of native forests.

In recognition of the potential impact of further declines in resource availability for the native forest based timber industry and growing concerns over timber harvesting in environmentally sensitive areas, the Queensland Government initiated a process of consultation and policy development resulting in the South East Queensland Forests Agreement (SEQFA) being finalised in 1999.

The Queensland Government, the Australian Rainforest Conservation Society, the Queensland Conservation Council, The Wilderness Society and the Queensland Timber Board (now Timber Queensland Limited) were the final co-signatories to the SEQFA.

The SEQFA was the culmination of an extensive review of the uses and values of the state-owned native forest estate in south-east Queensland commencing in the mid 1990s, in consultation with local communities, conservation groups and industry. The objectives of the agreement were to develop:

- A world class conservation reserve system.
- Ecologically sustainable management of forests.
- A competitive and efficient timber industry.
- Enhanced economic development and employment prospects for rural communities.

The SEQFA provided long-term timber resource certainty for the region's important hardwood timber processing industry and enabled a world-class conservation reserve system to be developed in the region. Key elements of the agreement were to:

- Immediately cease harvesting timber on approximately 425 000 hectares of State native forest—this area being designated as 'forests reserves' and managed by the Department of Environment and Resource Management for progressive transfer to 'protected area' status, such as national park, under the *Nature Conservation Act 1992*.
- Progressively transfer, by 31 December 2025, of remaining areas of State Forest and Timber Reserve to protected area status after one further log timber harvest in approved areas.
- Enable the timber processing industry to transition to mostly timber plantation resources (timber harvesting is still permitted on privately-owned native forests).
- Provide 25-year compensatable and tradeable timber supply agreements to continuing sawmillers in the region.

The forest planning model developed through the SEQFA has now been applied in most other areas of the state through the Statewide Forests Process. The last area for consideration is the cypress region of southern inland Queensland, and here the consultations are at an advanced stage with final decisions covering timber supplies and future conservation areas expected soon.

On the basis of these various agreements, native forest timber supplies from state-owned areas should hold constant until 2025 for hardwood, and for a somewhat longer period in the case of cypress pine.
Supplies from private forests are likewise expected to remain essentially static for foreseeable future, although a decline in average log size and quality may occur if more productive forests are exhausted.

Log timber supply constraints from Queensland's mature timber plantation estate and the fact that state-owned native forests are increasingly being managed for conservation purposes presents a challenge for the timber processing sector of the Queensland forest industry. By necessity local timber processors will require additional imports of log timber or timber products, some of which may come from forests that are not as well managed or internationally recognised as Queensland's, to meet expected increasing demand for timber products. Alternatively, timber products will need to be substituted with alternative energy intensive steel, aluminium or concrete products if supply is constrained.

Over the longer term further investment in timber plantations in Queensland is needed to meet expected increased local demand for timber products to avoid further growth in timber product imports or a market shift to alternative unsustainable and energy intensive products. Failure to expand the timber plantation estate is also likely to result in declining competitiveness of some primary processors due to a lack of access to plantation resources of sufficient scale.

However Queensland currently has the second smallest timber plantation estate of all Australian states. Although an estimated 60,000 hectares of new timber plantations have been established in Queensland since 2000, this growth is relatively modest compared to other Australian states. Most of the newer plantations in Queensland are short rotation crops that were established for fibre production and therefore are unlikely to play any significant role in supplying log timber/sawlogs to the timber processing segment of the Queensland forest industry.

In addition, prolonged drought conditions, severe tropical cyclones and pest and disease incursions have recently taken a significant toll on the Queensland plantation estate, particularly in central and north Queensland. For example, one large plantation owner/manager is currently in the process of liquating their large central Queensland estate.

However past experience has demonstrated that private investors in timber plantations are discouraged by the long time period between incurring the costs of establishing a plantation and the returns from thinning (assuming there is a commercial market for these products) and from harvesting. There can also be other impediments to investment such as limited or no information about markets and prices at a future harvest time. Consequently private investors tend to discount future returns more heavily than 'socially desirable'.

Furthermore, the collapse of many companies operating forestry-based managed investment schemes (MIS) that have driven most of the expansion of Australia's plantation estate over the last decade has eroded market confidence in this particular investment model. The MIS model is being supported by Australian Government policy (in part) to respond to the 'market failures' for plantation investment outlined above. However most commentators note that the MIS model is unlikely to generate any significant expansion in the timber plantation estate for the foreseeable future.

Queensland, through the Primary Industries Standing Committee's Forest and Forest Products Committee, is supporting the development of an agreed approach to the future of the *Plantations for Australia: the 2020 Vision,* the 1997 national joint government and industry strategy designed to assist the growth of the plantation sector in Australia. In particular Queensland encourages the consideration of new policy options by the Australian Government to facilitate sustainable new investment in 'greenfield' timber plantations, particularly long rotation sawlog plantations, to support the actions being undertaken by the Queensland Government in the Strategy.

Opportunities for diversification, value adding and product innovation

A strong forest industry research and development capability has underpinned the historical growth and development of the Queensland forest industry. Research and development is the catalyst for industry innovation and expansion through the development of new products and improvements in productivity and business systems.

Investing in targeted research and development projects to support the development of the timber plantation sector is a key action in the Strategy. The Queensland Government, through DEEDI's Agri-Science Group (Horticulture and Forestry Science (H&FS) Unit) undertakes a range of targeted research projects to support forest industry diversification, value adding and product innovation, with a current emphasis on hardwood sawlog plantation development.

The current H&FS forestry research focus includes:

- Improving hardwood species for Queensland's climate and growing conditions.
- Developing effective timber plantation management strategies.
- Conducting tree physiology research and modelling.
- Developing effective pest and disease control strategies.
- Improving wood quality, processing and protection systems.

The Queensland Government also introduced the Plantation Hardwoods Research Fund (PHRF) in 2008 to support the transition from native forest wood production on State lands to hardwood plantations.

There are five projects being supported by the PHRF. These projects cover:

- Development of improved planting material,
- Management of pests and diseases,
- Production of composite and solid wood products and
- Modelling of the durability of solid wood products sourced from plantations.

H&FS collaborates with a range of research and funding partners including universities, Forest and Wood Products Australia, the Commonwealth Scientific and Industrial Research Organisation, the Cooperative Research Centre for Forestry, plantation and timber processing companies and other government agencies in relation to forestry research projects.

Queensland recognises that the Australian Government has been a strong historical supporter of research and development for the forest industry though the provision of matching funding to Forest and Wood Products Australia (and its predecessor), direct financial support for the various CSIRO forestry research programs, and funding of a number of forestry-related Cooperative Research Centres.

In 2009 the Primary Industries Ministerial Council agreed to a statement of intent on a national primary industries Research, Development and Extension (RD&E) framework to facilitate further cooperation between research agencies and industry for improving the efficiency and effectiveness of the national RD&E capability. The framework provides a broad national plan to provide a more comprehensive, structured approach, spanning fourteen primary industry sectors and seven cross-industry sectors. Each of these sectors has/is developing RD&E strategies under the auspices of the RD&E framework.

The RD&E Strategy for the Forests and Wood Products Sector (R,D&E Strategy) was endorsed by the Primary Industries Ministerial Council (PIMC) on 23 April 2010. The main objective of RD&E Strategy is to identify opportunities for improving the leadership and delivery of RD&E to meet the changing needs of the forest industry and other stakeholders.

Queensland is committed to collaborating with the Australian Government, other state governments and research providers in relation to the implementation of the RD&E Strategy. In particular DEEDI's Agri-Science Queensland will take a lead national role in tropical (and subtropical) forestry R,D&E and welcomes the opportunity to explore new opportunities to deliver targeted-industry relevant R,D&E to support the subtropical/tropical forest industry.

Environmental impacts of forestry, including:

- **Impacts of plantations upon land and water availability for agriculture**
- **The development of win-win outcomes in balancing environmental costs with economic opportunities**

Timber plantations can provide important services beyond commercial wood production. These include carbon sequestration, provision of recreation opportunities, rehabilitation of degraded landscapes, soil and water conservation, enhanced biodiversity and diversification of rural incomes.

Although these benefits are generally not captured in a market system by the private investor; they are well recognised and can motivate government policy. The policy response can be both an incentive and disincentive for timber plantation investment growth.

For example, the Intergovernmental Agreement on a National Water Initiative (NWI) was signed in 2004 by the Australian Government and most state and territory governments. Its overall objective is to achieve a nationally compatible market, regulatory and planning-based system for managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes.

Among other things, the NWI specifies that, in areas where water is already fully allocated or over-allocated, proposals for additional water interception activities, such as forest plantations, above an agreed threshold will require a water access entitlement. Such a requirement could have potential implications for further development of the timber plantation sector.

Under the legislative and policy focus area of the Strategy, the Queensland Government is committed to working collaboratively with the Australian Government to provide a supportive policy framework for the sustainable growth of the timber plantation sector in relation to the following policy issues:

- NWI program;
- Carbon trading
- Illegal logging
- Renewable energy initiatives
- Biosecurity systems
- Harvested wood product and climate change accounting framework issues.

Creating a better business environment for forest industries, including:

- **Investment models for sawlog production**
- **New business and investment models for plantation production**
- **Superannuation investment in plantations**

The Strategy articulates the Queensland Government's policy objective of securing sustainable growth in the timber plantation sector to deliver a range of economic, social and environmental benefits to Queensland. It is a whole-of-government strategy that will coordinate the Queensland Government's efforts to support the timber plantation sector.

The guiding principles used in the development of the actions in the Strategy are consistent with national and Queensland forest policies and strategies, and include:

- Recognition that the market and economic considerations will determine the eventual size, composition and location of Queensland's timber plantation estate moving forward.
- Recognition that the long-term nature of timber plantation investment requires stable and transparent government policy settings in order to minimise 'sovereign risk' (changes to government policy and regulation)
- Recognition that the successful implementation of this strategy will require close and ongoing collaboration between industry and government.
- The need for a competitive business environment.
- Commitment to identify and seek to address legislative and administrative impediments that adversely affect the timber plantation sector.
- Ensuring that actions by government to assist timber plantation sector development demonstrate net economic benefits to the wider community.
- Support for the sustainable management of commercial timber plantations.
- Regular review and refinement of the strategy to ensure that it is delivering its overall objective.

The Queensland Government has also adopted a very clear and transparent policy position and regulatory environment with respect to the proportion of the native forest estate being utilised for sustainable timber production in Queensland. The Statewide Forest Process for state-owned forests and supporting policy actions has already been extensively outlined in this submission. For privately-owned native forests, the *Code Applying to a Native Forest Practice on Freehold Land* provides for the sustainable harvesting of remnant vegetation on a regional ecosystem map or a remnant map and regulated regrowth vegetation on freehold and Indigenous land without the need for a development permit.

The code, which applies to all forest practices, including silviculture and harvesting, specifies what must be done to conduct a forest practice lawfully.

Prior to July 2010 the Queensland Government was the major timber plantation grower in the State. *Under the Renewing Queensland Plan* the Queensland Government sold the right to manage its commercial plantation estate to Hancock Plantations Queensland, a company owned by the Hancock Resource Plantation Group.

The Queensland Government views this sale as an important step in a process to set the plantation sector on a firm commercial footing with the private ownership of wood production and signals a fundamental change in the role of the Government from direct participation in the market for plantation timber products to one of leadership and strategic direction.

The Queensland Government also supports the recent work undertaken by the Australian Government's Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) and Forest and Wood Products Australia (FWPA) to review policies and investment models/policies to support plantation investment in Australia, particularly in long rotation plantations. In particular, the conclusions of the recent FWPA report: *Review of Policies and Investment Models to support continued Plantation Investment in Australia* warrant further consideration.

Social and economic benefits of forestry production

Forest industry activity delivers a range of economic activity and employment benefits to Queensland, as well as potential processing and other value-adding opportunities, particularly in rural and regional areas.

The former Department of Primary Industries and Fisheries (now the Department of Employment, Economic Development and Innovation), estimated that for every $1 of value added generated by the forest industry in Queensland, an additional $1.80 of value added is generated in the Queensland economy. The research also reported that for each full-time equivalent job in the forest industry, another 1.3 full-time equivalent jobs are created in the broader Queensland economy.

Another study undertaken on behalf of Timber Queensland (Queensland's peak forest and timber industry association) found that the softwood plantation timber processing sector in Queensland generated over $570 million in direct sales from 2.25 million cubic meters of log timber processed, and directly employed almost 1800 people and a further 670 employees in contracting businesses.

Timber plantations on state-owned land in Queensland are also accessible to the public for a range of recreational and other activities.

Under the Strategy, the Queensland Government will initiate and support research projects to provide robust information about the timber plantation sector and its social, economic and environmental benefits.

Potential energy production from the forestry sector, including:

- **Biofuels**
- **Biomass**
- **Biochar**
- **Cogeneration**
- **Carbon sequestration**

Timber plantations also deliver a range of environmental benefits, including removing carbon dioxide from the atmosphere and releasing oxygen as part of the growing process. In a typical timber plantation situation, 20 mature trees can absorb about 1 tonne of carbon dioxide per year. Timber plantations also have the potential to:

- Improve biodiversity (particularly plantations comprising native species) when compared to some other commercial land uses.
- Offset demand for native forest timber products and unsustainably (and possibly illegally) harvested imported timber products.
- Provide salinity, water interception and erosion benefits.

New commercial opportunities for timber plantations as carbon sinks may also be generated by international and/or national carbon dioxide and other emission trading schemes, despite the plantations being harvested. Timber plantations (particularly large-scale plantations) are typically harvested on a rotational basis as opposed to the entire estate at one time.

Therefore, in these multi-age timber plantations there will continually be both immature and mature trees capturing carbon. The long-term net sustainable amount of carbon captured over the timber plantation estate may be traded to industries seeking to offset emissions, despite harvesting occurring on a regular basis.

The Strategy indicates that the Queensland Government will work with the timber plantation sector, prospective investors, and peak bodies to identify, clarify and support new market opportunities for timber plantations, particularly in relation to international/and/or national emission trading schemes, voluntary emission offsets and bioenergy opportunities.

The Australian Government's Carbon Farming Initiative (CFI) is designed to help farmers, forest growers and landholders earn income from biosequestration in vegetation and soil and by reducing agricultural emissions like nitrous oxide and methane through changes to land management practices. The CFI is designed to create a market in which carbon credits can be traded to industry, potentially creating a new income stream for land managers who seek to be involved.

However the extent to which the CFI in its currently proposed form adequately provides for the recognition and provision of incentives for forest based carbon sequestration, particularly for joint wood production and carbon outcomes (e.g. commercial timber forestry activities) appears to be questionable. A key issue is the complex 'additionality' requirements of the CFI which may preclude a broad range of commercial forestry projects for joint carbon and wood production outcomes.

There is also increasing market interest in the greater use of woody biomass to replace fossil-fuel-derived products and energy in a carbon emissions-constrained world. A range of opportunities for wood and fibre products exist, ranging from bioenergy to biomaterials. The Queensland Government recognises that timber plantations in particular provide a number of potential bioenergy investment opportunities. However most of these opportunities are still some way from being realised and require demonstration of their commercial and technical feasibility in order to stimulate investor interest.

The Queensland Government is working with a range of potential investors, including Local Governments to encourage investments into biomass-to-energy facilities based on a pool of diversified feedstocks i.e. municipal woody and green waste, plus sawmill residues to make up for the necessary volumes of raw material for commercial viability. Further information is required to fully evaluate the quantities and location of sawmill residues that are landfilled and therefore are a 'waste product' - as opposed to the amount of residues with a current economic value (which are therefore unlikely to be available for bioenergy purposes).

The Queensland Government has had discussions with the Future Farm Industries CRC to explore if a 'mallee' style strip plantation cropping bioenergy system, used in Western Australia, would be suitable for Queensland, potentially providing a new source of biomass.

There are potentially large areas of 'marginal' agricultural land in Queensland that may be suited to bioenergy plantation systems. If successful this could provide an opportunity for increased employment and regional economic development, but also provide an avenue for rural and remote areas to grow part of their own energy needs. Additionally, a successful outcome would contribute to the overall energy security of Queensland. Further investigation of these issues is required.

There is also increasing market interest in the greater use of woody biomass to replace fossil-fuel-derived products and energy in a carbon emissions-constrained world. A range of opportunities for wood and fibre products exist, ranging from bioenergy to biomaterials. However most of these opportunities are still some way from being realised and require demonstration of their commercial and technical feasibility in order to stimulate investor interest.

Land use competition between the forestry and agricultural sectors

- **Implications of competing land uses for the cost and availability of timber, food and fibre**
- **Harmonising competing interests**
- **Opportunities for farm forestry**

Land use competition is not an issue in most areas of Queensland as the economics of timber plantations pushes them to more marginal lands where competition pressures from extensive agriculture uses (grazing) are not as great as in the higher value land areas with existing intensive cropping activities.

However some Local Governments in Queensland have sought to require significant additional planning measures for timber plantations over other cropping activities, effectively risking economic disadvantage from reduced economic diversity.

The Strategy seeks to remedy this issue through input into the land-use planning framework to ensure that timber plantations are treated more in line with other cropping activities for general land-use planning purposes in Queensland. As an underlying principle the Strategy establishes timber plantations as purpose-planted tree crops which are consistent with other long-term agricultural crops, and are primarily developed with the intent of harvest on a periodic basis to provide a range of timber products valued by the market.

The Queensland Government is currently developing a timber plantation development code ('Standard Code') under the auspices of the Strategy. The Standard Code will be included in the next edition of the Queensland Planning Provisions, a statutory planning instrument, and will need to be used by those Local Governments electing to specifically deal with new timber plantation developments in their planning schemes.

The Queensland peak timber industry body, Timber Queensland, through the Queensland Government funded 'Plantation Industry Development project' recently developed a Plantation Industry Community Engagement Strategy for Queensland that has been endorsed by key Queensland plantation growers and managers, processors, Queensland Government and other stakeholders. Timber Queensland are also leading the development, on behalf of industry, of a 'Plantation Operations Code of Practice', aimed to complement the Queensland Government's timber plantation development code.

Implementation of this strategy has commenced and includes targeted engagement / discussions with key Local Governments and their industry associations and other industry sectors including sugar, beef and broadacre cropping, plus information industry information development aimed at building more effective working relationships to a gain a better understanding of issues and opportunities to improve coexistence.