

SUBMISSION No. 78
Inquiry into the Australian forestry industry



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HOR Standing Committee on Agriculture, Resources, Fisheries and Forestry
PO Box 6021
Parliament House
CANBERRA ACT 2600

Submission on the Inquiry into the Australian Forest Industries

Dr Bill Pender,

The Forest Industries Federation supports the submission made on behalf of the national forest industry by the National Association of Forest Industries.

In addition, we make the following submission which is specific to the circumstances of the Western Australian timber industry.

WA Regional Forest Agreement

The WA Regional Forest Agreement was signed in 1999 by the Howard and Court governments after a lengthy development and consultation period. It met all possible Jas-ANZ criteria in the establishment of the reserve system and provided for a long-term sustainable yield of 286,000 cubic metres p.a. of 1st and 2nd grade jarrah, 178,000 cubic metres p.a. of 1st and 2nd grade karri and 80,000 cubic metres p.a. of marri. Within weeks the RFA was repudiated by the WA State Government, all old growth areas of karri were banned from logging (but not put into reserves) and the karri cut consequently was very substantially reduced. Following the election of the Labor Government in 2001, all the old growth jarrah areas, along with the old growth karri and large areas of regrowth forest, were placed in reserves and the allowable cut reduced to 131,000 cubic metres p.a. of 1st and 2nd grade jarrah and 54,000 cubic metres of karri. The marri cut has never exceeded 15,000 cubic metres p.a. in this time and for most years it has been substantially less. These new arrangements were incorporated in the 2001 to 2013 Forest Management Plan which has legal force in WA and which consequently reduced the WA RFA to irrelevance as guide and security for the WA timber industry. Nevertheless the WA RFA was kept in place in order to give the industry

the benefit of the Commonwealth commitments to allow the export of woodchips from an RFA area and to accept that the Commonwealth's statutory environmental requirements under the EPBC Act were met by the RFA (which of course they were, as the Commonwealth's environmental requirements had been greatly exceeded).

The nett result of the abandonment of the WA RFA has had a great impact on the viability of the WA native timber industry, leading to the closure of some mills that survived the dramatic reduction of the industry after the 2001 election and the near-closure of others. After years of trying, we are now in the process of negotiating a more viable set of parameters for this industry with the Forest Products Commission which has itself been greatly impacted by the fall-out from these changes.

FIFWA supports the NAFI proposal that 20 year evergreen RFA's should be the basis of Commonwealth-State relations on forest policy in Australia generally, but this will not work for WA given the disparity between the terms of the RFA and the WA Forest Management Plan. However, we need a mechanism by which the Commonwealth recognises that the WA FMP meets its environmental requirements and maintains the protections from Commonwealth export licence controls and the Commonwealth EPBC Act.

Expansion of Pine Plantation Estate

The huge reduction in the WA native forest industry in the last decade has led to a shift in the use of timber in the WA housing market. Green sawn jarrah has now been replaced by structural pine in wall and roof frames and this has placed increased pressure on the WA pine plantation estate. The estate is currently adequate for the purpose, but WA's rapidly expanding population will require much more pine in the future. WA's pine estate has not increased in size since the late 1970's and as pine plantations require a thirty year lead time, action needs to be taken now.

FIFWA has researched efforts in Australia to find a mechanism, including privatisation, that would encourage private investment in pine plantations. We have not been able to find a private investment model which has led to the expansion of the pine estate. The length of time before a return on investment could be received is obviously a major disincentive and we do not see any likelihood of a viable model without substantial government tax breaks. The present pine estate nationally has been established largely by government-owned enterprises (much of it through Commonwealth government incentives in the sixties and seventies) and it is difficult to see an alternative model working in the future. We would ask the Committee to consider recommending that Commonwealth and State governments should work together to ensure that the pine plantation estate grows to meet the needs of our expanding population.

FIFWA appreciates the opportunity to make this submission to the Committee and would welcome the opportunity to appear before the Committee should it hold public hearings in Western Australia or elsewhere.

Sincerely,

Bob Pearce
Executive Director