

IN THIS BULLETIN...

Support for plantations essential for the future of the forest industry

Educating our children on sustainable forestry

NAFI submission: Tasmanian pulp mill to benefit national economy

Draft Code of Forest Practice for private land in NSW

Biodiversity Summit 2006

New face at NAFI

NAFI eNews covers topical issues, industry news, political events and regional developments. Reactions and contributions are always welcome.

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Support for plantations essential for the future of the forest industry

Announced in the 2006-07 Budget, the Federal Government is considering a proposal to change the existing taxation arrangements for plantations as part of a taxation review. The industry is asking for the industry's existing taxation arrangements to be maintained.

NAFI welcomes the support for the proposals such as the Gunns pulp mill in Tasmania by both major political parties and has called for this support to be extended to the continued development of the plantation resource as this is a vital component of the future of the forest industry.

"The continued development of plantations is crucial for the future of the forest industry as the plantations resource provides the feedstock for value added processing and is a critical factor in the Gunns pulp mill proposal," said NAFI's Deputy CEO, Allan Hansard.

"We have been waiting for 15 months for the Federal Government to finalise the review into plantations taxation. We recognise and welcome the strong support provided on this issue by the Federal Forestry Minister, Senator Abetz. However, we now believe it is time for a decision to remove the damage and uncertainty being imposed on industry and jobs in rural Australia," said Mr Hansard.

"This uncertainty is starting to hurt the industry and rural communities. There is consensus on this issue with the Opposition also providing strong support for the tree plantation industry," he said.

The Government's current proposal was released after the Budget and called the 'Dutton Proposal' after the Assistant Treasurer.

"We think the Government's current proposal is unworkable and will create significant uncertainty for the industry. We hope they are carefully rethinking whether they need any change to the existing tax arrangements. Current arrangements work well and we don't believe they should be changed. They have the confidence of both industry and investors," he said.

"Greens Senators Bob Brown and Christine Milne have indicated their party's support for removing the existing tax arrangements, a key characteristic of the Dutton proposal. A proposal which will draw investment funds away from plantations, reduce investment in rural Australia and hurt value added processing," he said.

Mr Hansard believes the fact that the Greens support the Dutton proposal means it will be negative for industry and rural Australia.

"The Greens have realised that value adding projects such as the Gunns, Visy, Penola and Heywood pulp mills are underpinned by certainty for future investment in tree plantations. These new value adding developments are worth around \$4 billion dollars to the economy and would create over 6,000 new jobs in rural Australia. The Greens know that the Dutton proposal will adversely impact on certainty in the industry and the development of new plantations," he said.

Industry recommends caution

When the taxation arrangements were changed in 1999 as part of the Ralph review there was a 70% drop in investment and rural communities were adversely affected. The Government implemented the current arrangements in 2002 as an election commitment to restore confidence in the industry.

"We should recall the disastrous outcome last time the tax arrangements for plantations were changed. The current proposal before Government is substantially more complex than the previous failed amendments. We are now seeing the benefits of the existing arrangements," said Mr Hansard.

"The benefits of these arrangements are jobs and much needed investment for rural Australia. More value added opportunities like the Gunns Ltd pulp mill will only be possible if we have long term, stable and workable taxation arrangements. This requires a long term commitment by the Government of the day. Securing these investments is key to reducing Australia's \$2 billion trade deficit in forest and wood products.

"With the decision on the current review stalling and the fact that it is less than five years since the existing arrangements were put in place, we are concerned that long term stability is required for major investments to be secured.

"It should be remembered that 11 million hectares of native forests have been withdrawn from production since 1992 under the Regional Forest Agreements. The Government made a commitment to the industry and timber communities to facilitate the development of the plantation resource as part of the Plantations for Australia *Vision 2020*. We encourage the Government to fulfil these commitments by maintaining the existing arrangements," he said.

Brown or Green?

In an address to the Federal Senate, Greens leader Bob Brown recently pledged his opposition to ongoing investment in tree plantations through Forestry MIS projects, while stating his support for cleared agricultural land instead.

"Bob Brown has been caught out politicking against the tree plantation industry and in doing so has sold out the environment by claiming that land cleared for agriculture has superior environmental benefits to tree plantations," said MR Hansard.

"Mr Brown's claims of the environmental benefits of dairy farms over plantations would be difficult for even dairy farmers to believe. Dairy farmers are very conscious about good environmental management but saying a dairy farm is better in terms of biodiversity, carbon and salinity control and water quality is hard to comprehend," he said.

"While Mr Brown has told the Senate that tree plantations are bad for the environment, the reality is plantations established through Forestry MIS projects offer a number of environmental benefits," said Mr Hansard.

Environmental benefits of plantations:

- Unlike areas cleared for agriculture, tree plantations provide significant biodiversity benefits.
- Plantations are greenhouse positive with Forestry MIS projects sequestering around 20 million tonnes of carbon emissions towards Australia's Kyoto target. On the other hand, carbon emissions from agriculture totalled over 90 million tonnes in 2004 or 16.5% of net national emissions.
- Tree plantations do not require irrigation, whereas dairy farms and other forms of agriculture often use significant amounts of irrigated water.
- Tree plantations require little or no application of fertilisers, herbicides, fungicides or pesticides in comparison with many other intensive agricultural activities.
- Plantations provide solutions to land degradation problems such as salinity and water inundation. Clearing vegetation for agriculture can exacerbate the cause of these problems.

"In addition to the environmental benefits, tree plantations complement Australia's native forests by providing an integral timber resource which will help stem the \$2 billion trade deficit Australia faces in forest and wood products," said Mr Hansard.

"But Mr Brown has pledged his support for wealthy farmers instead. Agriculture is the second largest greenhouse gas emitter in Australia, behind stationary energy. Plantations can help offset the high emission levels from Australia's agricultural sector. Mr Brown has hypocritically chosen to ignore these facts in his crusade to see the forest industry destroyed.

"The forest industry is hopeful that the Federal Government does not play into the hands of the Greens party by voting against any changes to the current taxation arrangements for investment in plantations," said Mr Hansard.



Unlike areas cleared for agriculture, tree plantations provide significant biodiversity benefits

Educating our children on sustainable forestry

A ground-breaking educational CD was launched recently at the Melbourne Showgrounds during the Royal Melbourne Show. The CD-ROM *Ollie's Island* is designed to educate children on the concept of sustainability and the endeavours of Australia's various industries towards achieving it.

NAFI's CEO, Mrs Catherine Murphy said, "Ollie's Island contains valuable information on Australia's forest industry and its 'world-leading' efforts towards achieving environmentally sustainable management of Australia's native forests and plantations."

"Unfortunately, in the past there has been a lot of misinformation on forestry practices dispensed to our younger generations by detractors to the industry. Ollie's Island is a fantastic opportunity to set the record straight by presenting the facts on these practices to our children," said Mrs Murphy.

"As timber is one of the only truly renewable and environmentally friendly materials used in our everyday lives, it is important that Australia's future generations understand the importance of sustainably growing and utilising forests towards addressing many of the world's concerns on sustainability," said Mrs Murphy.

Every primary and secondary school in Australia will receive a copy of Ollie's Island. Through video clips, fun interactive challenges and the CD's 'e-book', students are able to access a wide range of information about natural resources and innovations in Australian resource management.

The CD was produced by Australia's innovative leader in environmental education, Sustain Ability International, with funding from the Forest and Wood Products Research and Development Corporation.

For more information about the Ollie's Island Program contact Jane Stewart on (03) 9817 7722 or email: jane@sustain-ability-int.com

The Ollie's Island CD ROM Program explores chains of sustainable production and consumption across all major industries in Australia



NAFI submission: Tasmanian pulp mill to benefit national economy

NAFI has made a submission to the Tasmanian Resource Planning and Development Commission (RPDC) on Gunns Ltd's Draft Integrated Impact Statement (IIS) for its proposed pulp mill at Longreach in Tasmania.

NAFI's CEO Catherine Murphy said the submission outlines how the proposed pulp mill would benefit regional development and the Australian economy, and reduce the trade deficit in forest and wood products.

"Australia currently exports over \$2 billion of forest and wood products, while importing almost \$4 billion worth, mostly paper products. The pulp mill would reduce this \$2 billion deficit by 20 to 25%," said Mrs Murphy.

"In the context of Australia's forest policy, Gunns Ltd's pulp mill proposal is a critical step towards maximising the utilisation of our valuable forest resources and for the industry to become more competitive in both domestic and international markets.

"The pulp mill will also increase investment in rural and regional Australia by providing a facility that will encourage the continued expansion of Australia's tree plantation base.

"A recent poll has found that 60 % of Tasmanians would support the pulp mill if it meets RPDC environmental standards.

"The pulp mill has been designed to set new environmental benchmarks and meet technological best practices. The pulp mill's wood resource requirements will not place any added pressure on the utilisation of native forests and plantations. It is about diverting wood resource that would otherwise have been exported as woodchips to the pulp mill for value-added processing.

"With the Gunns IIS comprehensively addressing the environmental, social and economic impacts of the pulp mill, NAFI looks forward to the successful implementation of the proposal," said Mrs Murphy.

The submission can be viewed on line: www.nafi.com.au/library

Draft Code of Forest Practice for private land in NSW

Government must allow industry voice on NRAC

As the industry body representing the major proportion of hardwood processors in NSW, NAFI has written to the State's Natural Resources Minister, Ian Macdonald, requesting its inclusion as a stakeholder representative on the Natural

Resources Advisory Council (NRAC) for the development of the Code of Practice for Private Native Forestry (PNF) in NSW.

"It would be unacceptable for the development of a forestry Code of Practice to proceed without proper representation of the major wood processors in NSW," NAFI's Deputy CEO, Mr Allan Hansard said.

"NAFI would offer valuable resources to NRAC which will add to the quality of outcomes from the process.

"In addition to the valuable input from the NSW Forest Products Association (FPA), NAFI will bring expertise in a range of essential policy areas which must be considered by the council," said Mr Hansard.

"As the national forest industry body, NAFI has knowledge relating to the successful implementation of Codes of Practice in other Australian States and NAFI employs experts in forest management, environmental science and economics.

"NAFI has also been heavily involved in the development of the Australian Forestry Standard (AFS) and could provide expertise in relation to how the Code could achieve compliance with the AFS.

"This is extremely important as NAFI understands that much of the industry in NSW is interested in achieving AFS certification for the timber it processes, highlighted by Forests NSW' recent announcement that it will strive for AFS certification this year.

"NAFI is confident that the Minister will recognise the need to have representation of the State's major processors to give the NRAC process maximum credibility and to ensure a positive outcome," said Mr Hansard.

Biodiversity Summit 2006

A biodiversity Summit was held at the Melbourne University recently to discuss the question: Is the EPBC Act protecting Australia's living heritage?

According to the summit handbook, the Environmental Protection and Biodiversity Conservation Act was implemented by the Australian Government in 1999 to achieve a significant reduction of the current rate of biodiversity loss at the global, regional and national level.

The summit was presented by Lawyers for Forests Inc., and included presentations by academics, generally conservationists, who appeared concerned that the EPBC Act needed reviewing. According to one presenter, the Act did contain some qualities that should be kept, one of these being that 3rd parties can call for a judicial review of a Government decision. It should be noted that this option was flagged as being underutilised by conservationists.

Interestingly, the Regional Forest Agreements'

(RFA) exclusion from the EPBC Act was continuously brought up throughout the summit as a major concern for conservationists. However, many of the conservationists may not have been aware of the scientific rigour underpinning the RFAs throughout Australia.

The RFA process was based on the three principles of comprehensiveness, adequacy and representativeness. While the outcomes of the RFAs were not always desirable, they were generally accepted by the industry as the final 'referee's decision'. However, conservationists have continuously attempted to alter the RFAs.

At the moment the RFA's are exempt from the EPBC Act. Industry must fight to ensure the EPBC Act does not ever get the power to undermine the RFAs and the certainty they were intended to provide. It is obvious that the conservation movement has its sights set on using the EPBC Act against industry.

New face at NAFI

NAFI has recently appointed Mr Grantley Butterfield as its new Environmental Policy Analyst. Grantley has joined NAFI after 5 years in the ACT Government, including 1 year at ACT Forests as Executive Officer to Tony Bartlett (now General Manager of Forest Industries as DAFF) and 3 years in Environment ACT as GIS Manager.

Grantley has an Honours degree in Environmental Science and is an expert in soil geochemistry and geomorphology.

NAFI's CEO Catherine Murphy welcomed Grantley to NAFI's team and looked forward to using his expertise in dealing with hot industry issues such as water and carbon trading.

"Grantley brings great expertise to NAFI and will complement an already impressive staff," said Mrs Murphy.

Grantley said he was pleased to have joined NAFI and looks forward to provide industry stakeholders the means to secure long-term benefit to the industry while ensuring positive environmental outcomes are met. He also looks forward to enabling the views of the industry to be heard and integrated into the policy-making decisions of the State and Federal Governments.



Grantley Butterfield, NAFI's new Environmental Policy Analyst, looks forward to enabling the views of the industry to be heard and integrated into policy-making decisions