



Statement by the Minister for Agriculture, Fisheries and Forestry, the
Hon Tony Burke, MP

Preparing our Forest Industries for the Future

Wednesday, 24 June 2009

Mr Speaker, the purpose of this statement is to:

- update the House on the delivery of our forestry election commitments;
- reaffirm the policy framework for the sustainable management of our forests, and;
- reiterate the importance of forestry jobs and businesses during this time of global economic downturn.

This government is committed to ensuring the conservation and sustainable management of Australia's forests and supporting our forest industries and jobs into the future.

Our election commitments will help our forest industries prepare for the future.

In our first Budget, the Government committed \$20 million to assist industry and support jobs, particularly in regional communities, through measures that:

- invest in value-adding – through the Forest Industries Development Fund;
- address long-term skills and training shortages – through the new Forest and Forest Products Industry Skills Council and database development;
- deal with climate change – by addressing major knowledge gaps; and
- work with our Asia-Pacific neighbours and industry to tackle illegal logging – by investing in capacity building, certification, improving governance and in developing a Regulatory Impact Statement.

Mr Speaker, I can report to the House that we are on track in delivering all of these commitments.

Australia's Forests

Mr Speaker, Australia is blessed with unique and diverse forests, from the giant karris and tingle of the south west, to the mountain ash of Victoria and Tasmania, and the rainforests of the wet tropics.

Within weeks of being sworn in as the Forestry Minister, I saw first hand the stunning natural beauty of Tasmania's forests, how they are being sustainably managed and talked to the workers and company managers who dedicate their life to this sector.

Our forests are a uniquely defining national icon which inspires a breadth and depth of community feeling like few other features of our landscape.

Australia's forests cover almost 20 per cent of the continent – more than 149 million hectares – and make up four per cent of the world's forests.

Our forests are greatly valued by all Australians for many reasons:

- environmental protection;
- biodiversity conservation;
- recreation;
- tourism;
- and, importantly, as a sustainable resource that provides jobs, supports important Australian industries, and underpins many rural communities.

The diversity of these benefits will always be reflected in the range and strength of views about how our forests should be managed.

Indeed, how we should conserve and use our precious forest resources has been debated intensely many times in Australia's recent history.

Mr Speaker, striking the right balance between these objectives has been an enduring principle for forest policy over the past few decades.

As the Prime Minister Paul Keating said in 1995, our forests 'are a national treasure and their management must be ecologically sustainable and economically clever'.

Forest Management Framework

Mr Speaker, an important part of striking this balance is having the right framework in place for the conservation and sustainable management of our forests.

A cornerstone of this framework is the 1992 National Forest Policy Statement, jointly developed by the previous Labor Government in consultation with the State and Territory governments.

Pivotal to this approach, and arising from the policy statement, was the development of Regional Forest Agreements (RFAs).

RFAs are 20-year plans which deliver the right balance between conservation and sustainable production in native forests.

Mr Speaker, the Rudd government remains fully committed to RFAs as the primary mechanism to sustain jobs and support industry, to ensure high conservation values, and for the protection of biodiversity and threatened species.

They form the central pillar of our national forest policy framework.

A total of 10 RFAs, covering most of Australia's major native forestry regions, were endorsed between the Commonwealth and the states of New South Wales, Victoria, Western Australia and Tasmania between 1997 and 2001.

RFAs were developed on the back of the largest scientific assessment and stakeholder consultation processes ever undertaken for Australia's forests.

The agreements have delivered significant environmental outcomes, including Australia's world class forest reserve system.

Currently, 23 million hectares of Australia's native forests are protected in formal nature conservation reserves, as defined by the International Union for Conservation of Nature.

16 per cent of Australia's total native forest estate is now formally protected in reserves, up from 10 per cent in 1998.

About 4.6 million hectares of Australia's native forests are contained within World Heritage-listed areas.

More than 73 per cent, or more than five million hectares, of Australia's known old-growth forests are now protected within reserves.

Significant conservation outcomes are also being achieved outside the reserve system.

Central to the RFAs was the development of a rigorous sustainable forest management framework to ensure the environmental protection of key forest values including biodiversity, soil and water, and cultural heritage.

Strict codes of practice now underpin the management of production forests to protect these values.

In addition to the regulatory framework, many forest managers have achieved independent certification of high-quality forest management through internationally recognised forest certification schemes.

Mr Speaker, an interim report from Allan Hawke's independent review of the *Environment Protection and Biodiversity Conservation Act 1999* will be released next week. This report will discuss the issue of RFAs and their interaction with federal environment law.

Australia's various RFAs, and their underpinning frameworks, have been effective in delivering this environmental protection for forests within those regions.

As 20-year agreements, the RFAs ensure environmental protection whilst providing the certainty for industry to invest in its future.

Industry Investment

Mr Speaker, as forest growth cycles can span many decades, forestry requires long-term planning and investment horizons.

Australia's forest industry has had to factor a changing resource base into its investment planning and decision making.

The declining amount of public native forests available for production has coincided with a dramatic increase in the size of Australia's plantation estate.

The estate has nearly doubled since the mid 1990s, expanding by around 70,000 hectares a year, and now stands at nearly two million hectares.

This increase in area has been a key objective of the *Plantations for Australia: the 2020 Vision*, which is a partnership involving the Australian, state and territory governments and the forest industry.

It is important to note that the majority of this significant investment in new plantations over this period has been from the private sector, mainly through managed investment schemes (MIS).

The behaviour of some MIS companies and reasons for their recent failure is currently attracting much attention – and rightly so. However, it should be recognised that forestry MIS has fostered significant investment into regional communities.

The most appropriate investment model for forestry will naturally be a focus of our attention once the corporate cases become clearer and current inquiries run their course.

Mr Speaker, plantations now account for around two-thirds of this country's log production.

The changing resource base has required a significant investment by the forest industry to harvest, transport, process and manufacture wood.

Value-adding has been central to this investment – creating new revenue streams, boosting export earnings and making the industry more competitive.

The government is assisting this process through the \$9 million Forest Industries Development Fund to support industry initiatives which add value to forest resources.

The most significant value-adding investment proposed for Australia's forest industry is the Gunns Bell Bay Pulp Mill, in northern Tasmania.

At up to \$2 billion in capital expenditure, the mill would be the largest ever private sector investment in Tasmania, and the largest ever by Australia's forest industry.

The economic benefits for Tasmania should not be underestimated.

The mill will add an estimated \$6.7 billion to Tasmania's economy.

Construction of the mill and flow-on investment would create some 8,000 direct and indirect jobs spread across the trades and other areas. Another 1,500 jobs would be created during operation.

The mill will also provide a significant boost to Australia's export earnings.

It is important to note the mill would not result in any increased harvesting of Tasmania's forests, which are already subject to stringent conservation and

management frameworks through the Tasmanian RFA and Tasmanian Community Forest Agreement.

Mr Speaker, this project is about value-adding in every sense of the term.

Without it, we would be exporting revenue and jobs.

As the Minister for Forestry, let me state quite clearly that I want to see the Gunns Bell Bay Pulp Mill built – provided the requirements of federal environmental law are met.

At present, this assessment process is ongoing and will have to come before the Minister for the Environment, Heritage and the Arts for decision, before the Mill can operate.

Mr Speaker, the Gunns Bell Bay Pulp Mill will be good for jobs, good for industry and good for Australia.

Securing Jobs

Mr Speaker, job security remains a concern for our forest industries as they deal with the global recession – and securing these jobs is a priority for this government.

The forestry sector is not immune from the downturn in the global economy.

Companies are being forced to slow operations and reduce staff. Export opportunities are restricted. Forestry contractors are facing a tough business climate due to a reduction in the demand for forest products.

Forest industries make significant contributions to Australia's regional economies, providing over \$21 billion in turnover in 2005-06.

Currently, 76 800 people are directly employed in the sector.

These industries are vitally important to so many regional communities around Australia.

In Tasmania, for example, 32 per cent of the workforce in the Derwent Valley and 23 per cent in the Dorset area are directly employed in the forest industry.

During my visits to Tasmanian towns such as Maydena, St Helens, Lilydale and larger centres like Launceston, there was clear evidence of the importance of vibrant forest industries to these communities.

Within the Green Triangle, the areas of Grant, Mount Gambier, and Wattle Range all depend heavily on the forest industry for employment - with between 11 and 16 per cent of the workforce directly employed in the sector.

As part of our election commitments, we declared ForestWorks as the new forest industry skills council and provided \$1 million towards its implementation and operation.

This initiative will build the skill base and capacity of the forest industries workforce and keep government and the education sector apprised of future skills needs.

The government has also allocated \$1 million towards the development of a comprehensive industry wide database to help address skills shortages.

The database will contain essential information on skills requirements for the forest sectors, training providers and availability of courses, planning for areas of shortages or growth, and understanding trends in specific regions.

Forest Industry Leaders Ministerial Roundtable

The government is consulting closely with the industry on these and other important issues through the Forest and Wood Products Council, which I chair.

The Council not only acts as a bridge between government and industry, but also enables cooperation between different industry sectors.

Mr Speaker, to complement the work of the Council, today I am announcing that the government will establish a Forest Industry Leaders Ministerial Roundtable.

This will include the heads of Australia's major forestry and timber companies and will focus on government-industry collaboration to secure industry investment and jobs at a time of global recession.

The Roundtable will include leading representatives from Australia's native forest and plantation sectors, the wood processing sector, the pulp and paper sector, the skills and training sector and workforce.

I have discussed the Roundtable with industry and will be sending formal letters of invitation to representatives shortly.

My colleague Senator Kim Carr, Minister for Innovation, Industry, Science and Research, last week announced the formation of a new Pulp and Paper Industry Strategy Group by this government.

The Group comprises senior representatives from the leading pulp and paper companies, unions and all levels of government. It will undertake a review of the industry and develop a plan to encourage innovation and attract investment in pulp and paper manufacturing in Australia.

Forestry and Climate Change

Mr Speaker, Australia's forestry sector has a very important role to play in another priority of this government – dealing with climate change.

The government has allocated \$8 million towards projects which address major knowledge gaps about the impacts of climate change on forestry and the vulnerability of forest systems.

What we do know is that our forests absorb more carbon dioxide from the atmosphere than they emit – making them net carbon positive.

In 2007, forests provided a net sink of 21.1 million tonnes of CO₂ and the increase in the carbon stock of harvested wood products was 4.4 million tonnes.

The Carbon Pollution Reduction Scheme will provide important recognition and incentives for the ongoing role of forests and forestry in national efforts to address climate change.

The government expects that the CPRS will increase environmental plantings, while creating new jobs, while providing for climate change mitigation.

In the international climate change negotiations – leading up to a new agreement in Copenhagen at the end of this year – the Australian Government is pushing for revised treatment of land use, land use change and forestry.

Australia wants to recognise the full mitigation potential, including recognising stored carbon in harvested wood products.

Conclusion

Mr Speaker, as a cradle of biological diversity, as places of incalculable yet exquisite natural beauty, as a renewable economic resource, as an integral component of our response to climate change and as a defining element of the national landscape – we have responsibilities which weigh greatly upon our policy considerations.

This government will continue to achieve the right balance in the management of our forests.

We will ensure these resources are conserved and used sustainably for the benefit of all Australians.

It is a balance that will guarantee the future of this resource, enable its conservation and protection, and support jobs and our forest industries into the future.